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Preface

The collection of papers published here are those presented at the Annual International CHRIE Conference, held at Dallas, Texas, USA the 25-29 July 2007. International CHRIE organizes this highly esteemed event since 1946, when the inaugural conference was held at Chicago, USA. International CHRIE is an association representing the majority of universities and associated institutions worldwide offering higher education studies in tourism and hospitality. The aims of this conference are to promote and enhance the quality of research and teaching in tourism, travel, hospitality and leisure education all over the world, by enabling researchers to share good practices and innovative ideas. Over 62 years, the stature of the event has grown to mirror the maturity of research in all fields of tourism. Looking through the papers one cannot help but be impressed by the range of topics covered, the range of research approaches adopted and the quality of research that can justly stand against research in any other field.

This *Proceedings* contains 70 double blind-refereed papers from a total of 152 stand-up papers submitted by academics from 18 different countries – a record number of countries for an International CHRIE Conference! This year a total of 241 papers (152 stand-up papers and 89 poster papers) were submitted for review, representing an increase over previous years. The Refereed Papers Review Committee completed 503 reviews (as some papers were triple blind-reviewed) with the valuable assistance of 171 expert reviewers.

We are honored to be the Co-Editors of this Proceedings and Co-Chairs of the Refereed Papers Review Committee for this year's International CHRIE Conference. We wish to express our sincere gratitude to all the Associate Editors of this *Proceedings* as well as to all Reviewers who volunteered for this time-consuming but highly important task. Without their hard work it would have been impossible to guarantee the high academic standards of the 2007 International CHRIE Conference.
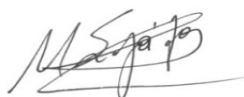
We would also like to thank the Department of Business Administration of the University of the Aegean, located at the Island of Chios in Greece, for the continued support that we received in this project. In addition, we would like to thank our graduate assistant Ms Konstantina Tsiakali who dedicated many hours of work to format the *Proceedings*. Heartfelt thanks are also deserved for the International CHRIE Office and especially for Ms. Jessica Brim for their support and encouragement.

Last but not least, we wish to thank all the authors who worked hard to submit their papers and wished to share their research findings and expertise with all of us.

If you are one of the delegates attending the conference, we hope you enjoy taking part in the presentations as much as reading these papers. For those of you reading these papers who did not attend, we hope that what you read encourages you to submit a paper to the 2008 International CHRIE Conference – we all look forward to seeing you there!

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MARKETING A TOURISM DESTINATION AFTER A CRISIS: THE CASE OF NEW ORLEANS AFTER HURRICANE KATRINA

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ABSTRACT

This paper is a case study of the marketing of New Orleans as a tourism destination after the devastating effects of Hurricane Katrina in August 2005. It examines the event from a post-disaster marketing viewpoint and first outlines the tourism industry in New Orleans before Hurricane Katrina, including visitor profile, destination image, and positioning statements. The paper then recounts the effects of the hurricane on the tourism infrastructure. The effectiveness of recovery marketing strategies, including the repositioning strategies undertaken by the city's tourism marketing organizations, is examined along with the lessons learned for post disaster destination marketing.

Key Words: Tourism destination marketing, crisis marketing, repositioning, Hurricane Katrina

INTRODUCTION

August 29, 2005, the day that Hurricane Katrina made landfall, will go down in history as the worst natural disaster to befall the United States of America in recent memory. The subsequent storm surge overwhelmed coastal communities in the states of Louisiana and Mississippi, leaving behind death and destruction of a magnitude unimaginable in a modern economically advanced nation. However, a less known fact is that, despite all this, the main tourism infrastructure of New Orleans remained intact with only minor damage. This presents an opportunity and a challenge for the city's tourism marketers who have to answer this critical question: How do you promote and attract tourists to a destination that has a relatively intact infrastructure but a completely devastated destination image?

PURPOSE

The purpose of this paper is to describe the events of Hurricane Katrina and its effects on the city of New Orleans, specifically focusing on market repositioning strategies developed by tourism marketers. The first section will be a narrative of vital tourism statistics for the city of New Orleans before the hurricane including a visitor profile, tourism demand generators, tourism related infrastructure, marketing strategies and advertising campaigns, and image and positioning statements. The second will be an account of the effects of the hurricane on the tourism infrastructure, and visitation. The final section will critically examine the effectiveness of recovery marketing strategies undertaken by the city's tourism marketing organizations. This section will focus on repositioning but will include discussions on product renewal, target marketing, advertising, and personal selling.

Although much has been written about the effects of a crisis on a variety of tourism destinations there has never been an event that mirrors the unique circumstances of Hurricane Katrina in the United States. Faulkner (2001) addressed the distinction between the definitions of a crisis versus that of a disaster but Hurricane Katrina can be described as an induced natural phenomenon (a disaster) followed by the inactions of organizations (a crisis). Bierman (2003) identified five types of events that could affect a tourism destination, including war and conflict, crime, terrorism, natural disasters, and health related crises. He provided examples of eleven specific case studies

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ranging from political conflict in Fiji to the 1999 earthquake in Turkey. Other case studies included the Indian Ocean tsunami of 2004 (Henderson, 2005); SARS (Henderson & Ng, 2004; Wen et. al. 2005); Bali bombings in 2002 (Hitchcock & Putra, 2005); terrorists attacks on September 11, 2001 (Stafford et. al. 2002); U.K. Foot and Mouth disease (Williams & Ferguson, 2005); Asian financial crisis (Henderson, 1999); political turmoil (Ioannides & Apostolopoulos, 1999; Richter, 1999); and floods (Faulkner & Vikulov, 2001). A common theme among these case studies was the enumeration of crisis management strategies used and the evaluation of the applicability of different crisis management models. However, it was rare among these cases that there was the degree and magnitude of negative images and publicity that dominated the world media as there was during and after Hurricane Katrina.

NEW ORLEANS AS A TOURISM DESTINATION

In a perceptions study conducted by the University of New Orleans (UNO) Hospitality Research Center (2005a) in January 2005, just seven months before Hurricane Katrina, New Orleans ranked sixth among the top U.S. vacation destinations in a nationwide phone survey of U.S. residents. In 2004, tourism was one of the city's main economic engines and prior to Hurricane Katrina hospitality and leisure employment in New Orleans accounted for 80,827 jobs generating $30 million in state income taxes (UNO Hospitality Research Center, 2005b). Visitation to New Orleans peaked in 2004, when 10.1 million visitors came to the city, spending $4.9 billion (UNO Hospitality Research Center, 2005b). The leisure market accounted for 75% of visitation while the remaining 25% was from the corporate and convention business markets.

There are two major organizations responsible for the overall marketing of the New Orleans tourism and hospitality industry. The first is the New Orleans Metropolitan Convention and Visitors Bureau (NOMCVB) whose primary mission is to bring in meetings, conventions, tradeshows and tour groups to the city and supply customers for the many hotels, restaurants, attractions and other providers of tourism goods and services. This is mainly accomplished by a group of 22 salespeople who solicit business from various tourism intermediaries such as meeting planners and tour operators.

While personal selling is the primary sales strategy used by the NOMCVB, the second organization, the New Orleans Tourism Marketing Corporation (NOTMC), which has a similar broad goal of spurring New Orleans visitation, uses most of its two million dollar budget for advertising and positioning the city to the leisure market. In order to capitalize on the strengths of New Orleans as an exciting and unique destination (Figure 1), intertwined with food and music, tourism marketers for the city created a new positioning statement, "happenin' every day" in early 2005. In addition, as part of the 2005 summer campaign (just two months before Katrina) marketers produced a television commercial, featuring well-known and talented local musicians from New Orleans, titled "Do They Play Jazz in Heaven?" However, there would have to be major shift in positioning strategy after the arrival of Katrina produced hundreds of hours of negative publicity in the mass media.

KATRINA AND ITS EFFECTS ON NEW ORLEANS TOURISM

After Katrina, the City of New Orleans was truly in a state of disaster. To make matters worse for the tourism industry, the national and international media was airing every detail of this crisis, repeatedly. Conventions that were scheduled for the imminent future began canceling. Not only had the Convention Center and Superdome endured tremendous wear and tear by the evacuees who had been temporarily housed in them, but meeting planners also lacked confidence that the city would be repaired in time to handle their meetings. Cancellations for the short term were understandable, but the magnitude of the crisis began to be realized when conventions set far off into the future began canceling

The biggest hurdle facing the New Orleans' tourism industry, however, is the perception that the city is somehow tarnished as a tourist destination. As suggested by Faulkner, (2001: 142.) "by virtue of the power of the media and the tendency for negative images to linger, the recovery of destinations usually takes longer than the period required for the restoration of services to normalcy."

In March 2006 (seven months post-Katrina), a perceptions study of a panel of 5,000 online travelers, 22% indicated they believed that some neighborhoods of New Orleans still had standing flood water from Hurricane

Figure 1. Importance/Performance of New Orleans destination attributes
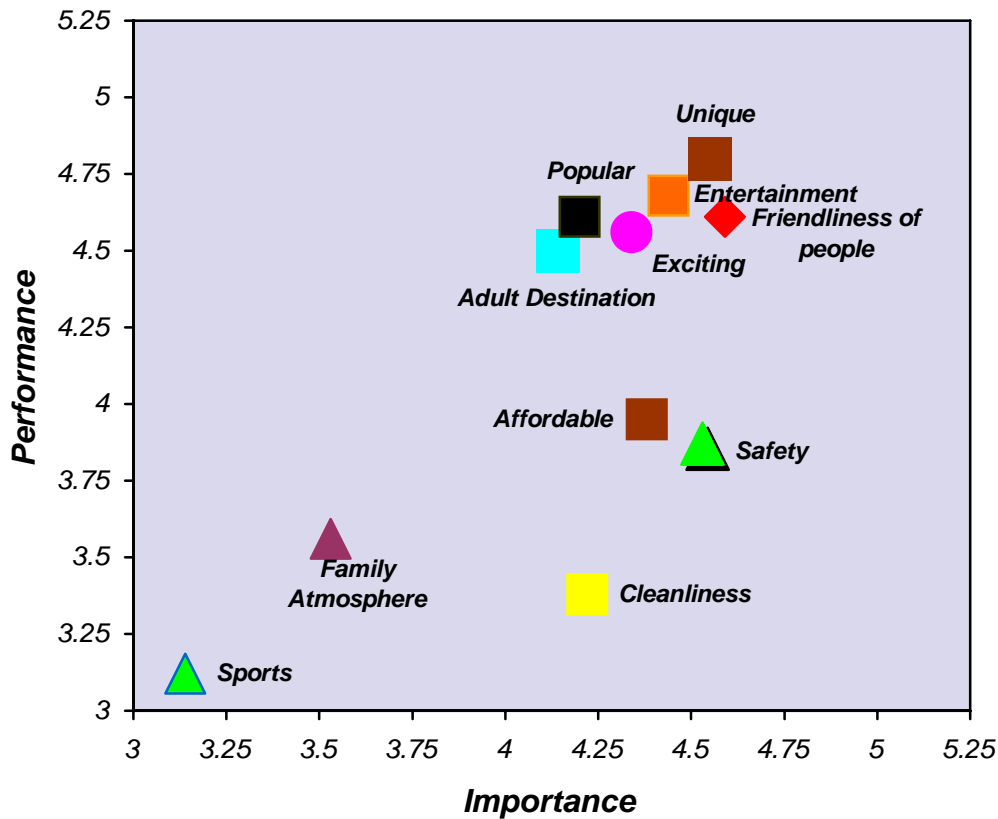
Source: University of New Orleans Hospitality Research Center, 2005b.

Katrina, 14% believed New Orleans was not safe to visit due to contaminated air or drinking water, and 12% indicated that the historic districts in New Orleans, such as the French Quarter, were still destroyed or devastated (Market Dynamics Research Group, Inc., 2006).

REPOSITIONING

Obviously, the reality on the ground in New Orleans is very different from the perception of potential leisure travelers. There is no standing water on the streets and the tap water in the city was declared safe to drink by city health officials as early as January. Most importantly, the main generators of tourism demand, such as the French Quarter and the Convention Center, are fully functional. Given this reality, the challenge was to find the appropriate marketing position for New Orleans.

According to Pike and Ryan, (2004: 334) "a major objective of any destination positioning strategy will be to reinforce positive images already held by the target audience, correct negative images, or create a new image". Although there is a belief that it is best to let the public gradually forget about a crisis (based on the theory that "time will heal") this was not an effective strategy, nor was it a viable strategy given the continuing media attention focused on New Orleans. City tourism marketers realized that a proactive stance was necessary to rebut negative media and decided that there had to be a concerted effort to get media coverage that reflected the reality of the undamaged areas of the city. The New Orleans Media Center, a public and private cooperative endeavor, was created to put out messages that reinforced the fact that tourism infrastructure was still viable. This Center was located at a downtown hotel and to attract media correspondents it offered high-speed and wireless Internet service, cable news access, computer resources, and general office services. Members of the media could use this facility for broadcasts and news conferences and were also given daily updates of the progress of the recovery efforts in the city.

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For the advertising strategy, marketers identified the most promising initial target market to be those visitors who had previously visited New Orleans. As stated by Ries and Trout (1993: 5): "The basic approach to positioning is not to create something new and different, but to manipulate what's already there in the mind, to retie the connections that already exist". The repositioning campaign asked visitors to "Come fall in love with New Orleans all over again" (Figure 2). This was common to both print and electronic media advertising and featured New Orleans' homegrown celebrities of national stature including actors, artists, chefs, and jazz musicians.

The public relations strategy included the production and distribution of a free DVD titled "Make Way for the Rebirth" providing visual evidence that the tourist areas, such as the French Quarter, were intact and that many businesses were open. In addition, live testimonials from corporate and convention meeting planners, of national repute, reporting their confidence in the city to host meetings were featured including one from the meeting planner who was going to bring a 16,000 person convention to New Orleans as early as June 2006. An advertising campaign targeted to meeting planners, who had previously been to New Orleans, featured the byline "New Orleans, just as you remember it," and displayed photographic evidence of time stamped French Quarter scenes before and after the storm (with no discernable difference). In addition, a direct email campaign was mounted, also to travel intermediaries, showing images of the undamaged areas of New Orleans.

Figure 2.
Sample of New Orleans Advertising Post-Katrina
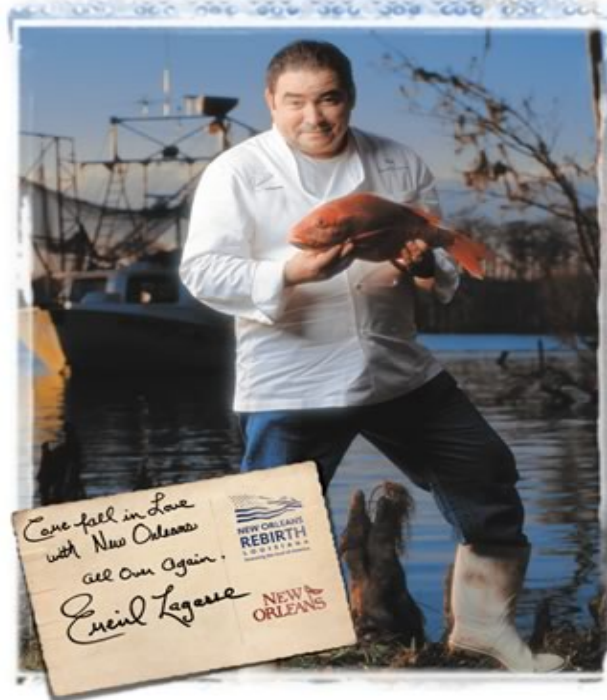
Source: New Orleans Tourism Marketing Corporation/Peter A. Mayer Advertising, New Orleans (2006)

CONCLUSIONS

Three major lessons can be learned from the New Orleans post Katrina experience that contribute to applied tourism marketing after a crisis. First, the creation of a location for members of the media to receive updates from local officials so that the perpetuation of disaster "myths" can be mitigated is of vital importance. Second, identifying and using opinion leaders in the dissemination of positive elements of a destination in crisis recovery is vital to offset negative publicity from emanating from the mass media. Third, it is appropriate to use an affective advertising strategy (Braun-LaTour, Latour, & Loftus, 2006), by capitalizing on the emotions and connections with previous visitors to New Orleans. Page et. al (2006) made an important point when they noted that during a crisis the media would set the pace of the coverage. An interesting difference with regard to New Orleans is that the media, with its overwhelming reach, continues to set the pace even during the recovery stage. However, given its use of a

repositioning strategy and the vanguard efforts of the city's tourism marketers, New Orleans has taken the first steps toward regaining its status as a preeminent tourism destination.

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OPINIONS OF GENERATION Y RESIDENTS OF NEW ORLEANS TOWARDS TOURISM IN THE POST-KATRINA ENVIRONMENT

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ABSTRACT

This paper examines the opinions of younger residents of the city of New Orleans as it recovers from the devastating effects of Hurricane Katrina. Generation Y represents the future of the city and although the results of the study show a tremendous support for tourism planning and development there were differences of opinions found based on spatial factors and also on ethnicity.

INTRODUCTION

New Orleans has been an attractive visitor destination for more than a century. In recent years, the tourism industry in New Orleans has boasted record numbers in visitors to the city and visitor expenditures. In August 2005, Hurricane Katrina forever altered the city of New Orleans and had a major impact on the tourism industry of the city.

In the wake of natural disasters such as the Indian Ocean Tsunami in 2004 and the earthquake off the Hawaiian Island of Oahu in 2006, the tourist communities surrounding these areas are burdened to rebuild the areas. The desire to rebuild has long reaching social, cultural and economic impacts for communities and literature on these events focus on the speculation of timetables to rebuild, the impact the events have on tourism, and crisis management for the future (Foster, 2006; Sharpley, 2005; Tipple, 2005). Bierman (2003) identified five types of events that could affect a tourism destination, including war and conflict, crime, terrorism, natural disasters, and health related crises. Other case studies included the Indian Ocean tsunami of 2004 (Henderson, 2005); SARS (Henderson and Ng, 2004; Wen et al. 2005); Bali bombings in 2002 (Hitchcock & Putra, 2005); terrorists attacks on September 11, 2001 (Stafford et. al. 2002); U.K. Foot and Mouth disease (Williams & Ferguson, 2005); Asian financial crisis (Henderson, 1999); political turmoil (Ioannides and Apostolopoulos, 1999; Richter, 1999); and floods (Faulkner and Vikulov, 2001). A common theme among these case studies was the enumeration of crisis management strategies used and the evaluation of the applicability of different crisis management models. However, the literature on the opinions of the residents in the affected areas is sparse and is an area that requires investigation.

Age has been explored as a factor in resident attitudes toward tourism development and should continue to receive attention as progressing generations seek tourist destinations in which to work and play. Generation Y, those born between 1977 and 1994, number approximately 72 million and "as they begin working and their buying power increases, this segment will more than rival the baby boomers in spending and marketing influence" (Kotler, Bowen, and Makens, 2006. p.123). Many members of this generation were attending school or entering the workforce as Hurricane Katrina hit the city of New Orleans. Subsequently, members of this generation are not only a part of the rebuilding effort in the city but more importantly, represent the future leaders of New Orleans. This study aims to examine the attitudes of Generation Y towards New Orleans tourism in the post-Katrina environment. The study addresses the loyalty of Generation Y to the New Orleans community and determines if other demographics such as race and spatial factors impact the attitudes of Generation Y towards New Orleans tourism in the Post-Katrina

environment. The study also explores Generation Y's perceived positive and negative impacts of tourism and if there is support for additional tourism development in the city of New Orleans Post-Katrina based on the model of support for tourism development (Perdue, Long and Allen, 1990).

LITERATURE REVIEW

Characteristics of Generation Y

Generation Y has also been named the Net Generation, Generation Next, and the Nintendo Generation. This generation is characterized by its deep seated social consciousness, increased technical skills, and strong entrepreneurial outlook (Wallace, 2001). This generation is also characterized by the desire for a clear career path and work-life balance (O'Mallery, 2006). Being heavily influenced by their peers, Generation Y is interested in brands that are popular with their age group and prefer items that can be highly customized to fit their tastes, colors, and feature preferences. Having come of age while witnessing events that impacted on a national and global stage including the Oklahoma City Bombing in 1992, the Columbine High School massacre in 1999, the September 11, 2001 attacks, and the Indian Ocean Tsunami in 2004, this generation has developed empathy towards others in their time of need.

Unlike many people born in the boom after World War II, who viewed their parents more as authority figures than friends, and unlike Generation Xers, who were too cynical or alienated to bond with older people in authoritative roles, members of Generation Y and their parents like to do things together. In addition, on civic matters parents often defer to their kids (Greene, 2003). Generation Y are better-traveled than young people from previous generations, and have been exposed to the values and traditions of a larger array of cultures in school, college, and on the Web.

This generation is widely viewed as upbeat about its ability to have a positive impact on the world. In 2002, a study found that 44 percent (n=3247) of 15-to-25-year-olds had participated in a community-service or volunteer activity within the past 12 months, compared with 35 percent of 26-to-37-year-olds (Andolina, Jenkins, Keeter, Zukin, 2002).

Generation Y has been successfully studied in the hospitality industry (Rodriguez and Gregory, 2005) in which the specialized training needs of this group were presented. Due to the unique characteristics of Generation Y and the differences of this generation to older generations, it is believed that Generation Y will have strong opinions towards tourism development in New Orleans.

Resident Attitudes and Tourism Development

In an extensive review of tourism planning literature, Harrill (2004) made a case for integrating resident attitudes into the current tourism planning literature. Harrill (2004) also determined the need to move away from a strictly physical development approach and towards a more sustainable development approach. Um and Crompton (1987) successfully measured resident attachment levels in a host community by length of residence, birthplace, and ethnic heritage. McCool and Martin (1994) examined relationships between tourism attitudes, length of residence, level of tourism development, and feelings of community attachment. Williams, McDonald, Riden, and Usyal (1995) measured community attachment as length of residence, age, and income, and Jurowski (1998) asked respondents to rate their quality of life and satisfaction with the community as a place to live.

McCool and Martin (1994) reported that strongly attached residents rated the positive dimension of tourism higher that unattached residents, although they were more concerned about sharing the costs of tourism development. While Jurowski (1998) reported that residents with stronger feelings for their community were more supportive of tourism development and more optimistic about the impacts of tourism on the quality of life in their community.

Iroegbu and Chen (2001) and Mason and Cheyne (2000) found that there is often great heterogeneity within communities and as a result, great variety in attitudes about tourism development. Iroegbu and Chen (2001) found that male college educated, urban residents who made more than $25,000 per year were more likely to support tourism development, regardless of region of residence in Virginia. McGehee and Andereck (2004) found that personal characteristic variables did not predict perception of the impacts of tourism except in the cases of age and having lived in the community as a child. Harrill and Potts (2003) concluded that enhanced awareness of neighborhood impacts and attitudes can guide regional tourism planning strategies. They also emphasized that

historic city preservation, in this case Charleston, SC, played two important roles: as a tourist attraction and a "symbolic community" important to the city's identity.

Katrina and its effects on New Orleans Tourism

On August 29, 2006, the storm New Orleans always feared, Hurricane Katrina, roared ashore as a category three (winds of 111-130 mph) hurricane. Within hours, the levees that protect the city from the waters that surround it began to give way, and the bowl-shaped city began filling up. The flooding continued for two days until the water level in the city and Lake Pontchartrain reached equilibrium. The City of New Orleans was truly in a state of disaster. To make matters worse for the tourism industry, the national and international media was airing every detail, repeatedly. Not only was the physical infrastructure of the city being washed away by the storm and subsequent flooding, but also the perception of the city as a viable tourism destination was being eroded every time the negative images were replayed. "By virtue of the power of the media and the tendency for negative images to linger, the recovery of destinations usually takes longer than the period required for the restoration of services to normalcy" (Faulkner 2001: 142.). While perceptions of potential visitors to New Orleans is essential to building a favorable destination image it is important that residents of the city also perceive tourism as a viable industry in the post Katrina environment. Hurricane Katrina had a serious impact on the population of the New Orleans area (Table 1) where in the city center, which represents the core of the tourism industry, the majority of the residents were African Americans. Although the tourism industry was a major employer in the city, it was evident that, as in other U.S. urban destinations, majority of the hourly wage employees were ethnic minorities and this distinction was also manifested in the immediate aftermath of Katrina when most of the people stranded in New Orleans were African Americans. Thus, it is also important to examine the differences in attitudes towards tourism of different ethnic groups that comprise post Katrina New Orleans.

Table 1
Population and Ethnicity in the City of the of New Orleans

Pre-Katrina Population[a]

Parish (*County*)	Population	% of Whites	% of Afr. Americans
Orleans	454,863	28.0	67.5
Jefferson Parish	452,824	66.2	26.7

Post-Katrina Population[b]

Parish (*County*)	Population	% of Whites	% of Afr. Americans
Orleans	191,139	42.7	47.0
Jefferson	434,666	61.2	25.9

a. Source: McCarthy, K., Peterson, D., Sastry, N., & Pollard, M. (March 2006).
b. Source: Louisiana Health and Population Survey (2006a,b).

METHODOLOGY

A survey questionnaire was used to collect the opinions of residents of the city of New Orleans in October 2006, a little more that a year after Hurricane Katrina. The survey included questions regarding (1) residents attitudes towards tourism measured by 22 statements (negative and positive) on 5-point scales (strongly agree to strongly disagree); (2) residents support for tourism development (8 items on 5-point scales similar to above); (3) perceived opinions of tourism before and after Hurricane Katrina; (4) preference for residing in New Orleans (5) impact of Hurricane Katrina on residential life; and (6) demographics. Attitude and development questions were similar to those used in previous studies including Chen (2000), McGehee and Andereck, 2004, among others. The survey was pilot tested with a small sample of Generation Y residents and changes were made to improve the precision and understandability of the questions.

Given the magnitude of the devastation caused by Hurricane Katrina, where many of the residents of New Orleans were still displaced from their homes, collecting data from a representative sample of current residents was extremely challenging. Since snowball sampling is a good method to reach populations that are not easily

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accessible, (Trochim, 2001) it was the sampling method used for this study and students at a local university were asked to collect data from their friends and relatives who were residents of the New Orleans area. Only responses (n= 324) of those between the ages of 18 and 31, representing Generation Y, were used in data analysis.

RESULTS AND DISCUSSION

Profile

Majority of the respondents (46%) lived in Jefferson Parish, the county that abuts the city of New Orleans while Orleans Parish (the city center) made up 39.5% of the respondents. The remainder was from other parishes (counties) still considered part of Metropolitan New Orleans. Respondents had lived in New Orleans for an average of 16.5 years and 91% were residents of New Orleans even before Hurricane Katrina. The magnitude of displacement of residents was exemplified by the fact that 42% were not living in the home that they lived in before the storm and the average length of time that respondents had stay away from New Orleans after the storm was 3.8 months. Ages of respondents fell into two main groups with 75% in the 18-24 age group while 25% were between 25 and 31 years of age. Gender breakdown was almost even while ethnicity was split mainly between Whites (53.9%) and African Americans (22.7%).

Attitudes towards tourism

Regarding attitudes towards tourism the results tended to be positive and the responses are shown in Table 2. Generation Y residents indicated that the overall benefits of tourism outweighed the negatives and that increasing the number of tourists would improve the economy of the city. There was limited sentiment toward restricting tourism and a sense that tourism would help to preserve the local cultural identity. On the negative side, residents were concerned about traffic, litter, and the increased cost of living due to tourism and less apprehensive about friction between locals and tourists, crime, and exploitation of locals to benefit out of state companies. The items that measured positive and negative attitudes towards tourism were coded appropriately and combined to create a Tourism Attitude scale with a resulting Cronbach's alpha of 0.76.

Support for additional tourism

On the questions regarding support for additional tourism, more than 80% of Generation Y residents agreed or strongly agreed with all but one of the statements thus indicating a positive future for the industry and 88% also indicated that the city should plan and manage the growth of tourism (Table 4). Tourism is seen as an important industry that holds great promise for the future of the city. Most respondents also support the vital role of tourism in the city and are happy and proud to see tourists coming to see what New Orleans has to offer. These items were combined to create a Tourism Development scale (McGehee and Andereck, 2004) and the resulting Cronbach's alpha was 0.88. Even though New Orleans is still only slowly recovering from Katrina, many (62.8%) of residents felt that the city was ready to welcome back tourists and did not need to restrict tourism until the recovery was complete (Table 3).

Community loyalty

While loyalty to a community was measured in different ways such as length of residence (Liu and Var, 1986; McCool and Martin, 1994) and willingness to attract more tourists (Chen, 2000), in this study the question was posed regarding the preference of residents to living only in New Orleans and not elsewhere in the U.S. Indeed, Louisiana is the third ranked state in the U.S. for the percentage of people living in the state of their birth at 80% (JS Online, 2006). Results of this study showed that almost 40% of Generation Y residents agreed or strongly agreed (loyals) that they would prefer not to live anywhere else while approximately another 40% disagreed or strongly disagreed (non-loyals) with the statement. T-Tests were conducted to examine the differences between means of loyal and non-loyals on the Tourism Attitude scale and the Tourism development scale and there were no significant differences (Table 3).

Ethnicity

The mean scores on the Tourism Attitude scale and the Tourism Development scales of African American and White Generation Y residents were compared using T- Tests. Significant differences were found in both cases. Whites were more favorably disposed in Tourism Attitude (t=-4.58; p<0.01) and Tourism Development (t=-2.07; p<0.05) than African Americans. This is contrary to Liu and Var's (1986) study of native Hawaiian residents that found no significant differences.

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Table 2
Tourism Attitude Items (n=324)

Tourism Attitude Items	1(%)	2(%)	3(%)	4(%)	5(%)	Mean
Tourism's negative impacts Strongly Agree Agree	Agree	Neither	Disagree	Strongly Disagree		
One of the problems with tourism is that most of the jobs in the tourism industry are low paying	15.5	36.2	19.2	25.7	3.4	2.65
Only a small minority of New Orleans benefits economically from tourism	6.8	20.8	12.7	46.0	13.7	3.39
Most of the money earned from tourism ends up going to out-of-state companies	6.5	12.7	38.1	37.2	5.6	3.23
An increase in tourists in New Orleans will lead to friction between local residents and tourists	5.3	18.0	17.6	42.1	17.0	3.48
New Orleans should take steps to restrict tourism development	3.7	9.0	8.7	40.9	37.8	4.00
Tourism development increases the traffic problems of an area	22.6	39.0	17.3	19.5	1.5	2.38
Tourism results in more litter in an area	19.2	44.6	15.8	18.3	2.2	2.40
Tourism results in an increase in the cost of living for local residents	8.4	29.8	32.0	26.7	3.1	2.86
Tourism development increases the amount of crime in an area	5.6	30.4	21.1	32.3	10.6	3.12
Tourists are a burden on the city's services	5.3	10.8	22.0	40.9	21.1	3.62
Local people are being exploited by tourism	6.5	15.7	26.2	40.1	11.4	3.34

Tourism Attitude Items	5(%)	4(%)	3(%)	2(%)	1(%)	Mean
Tourism's positive impacts Strongly Agree Agree	Agree	Neither	Disagree	Strongly Disagree		
The overall benefits of tourism outweigh the negative impacts	32.6	51.6	7.5	5.3	3.1	4.05
Increasing the number of tourists to New Orleans can improve the local economy	51.1	40.9	5.0	3.1	0.0	4.40
Tourism increases a city's tax revenue	18.6	51.4	24.8	5.3	0.0	3.83
The tourism industry provides worthwhile job opportunities for community residents	29.8	44.7	11.5	9.9	4.0	3.86
Tourism provides incentives for restoration of historic buildings	29.7	48.0	12.7	7.4	2.2	3.96
Tourism encourages a variety of cultural activities by local residents	21.9	56.8	14.5	5.6	1.2	3.93
Tourism helps preserve the cultural identity of New Orleans	32.1	46.0	14.5	5.9	1.5	4.01
The quality of public services in New Orleans has improved due to tourism	9.9	33.0	27.2	21.9	8.0	3.15
Tourism development improves the appearance of an area	21.1	49.2	13.6	12.7	3.4	3.72
Tourism improves understanding/image of my city and culture	28.4	48.1	13.0	7.1	3.4	3.91

Table 3
Support for Tourism and Opinions of New Orleans (n=324)

Support for Tourism Items	5(%) Strongly Agree	4(%) Agree	3(%) Neither	2(%) Disagree	1(%) Strongly Disagree	Mean
Support for additional tourism						
Tourism can be one of the most important industries for New Orleans	51.7	38.7	4.3	3.7	1.5	4.35
Additional tourism would help this city grow in the right direction	41.4	43.5	10.2	4.0	.9	4.20
The tourism industry will continue to play a major economic role in this city	49.2	43.3	4.3	1.9	1.2	4.37
I am happy and proud to see tourists coming to see what New Orleans has to offer	46.3	39.8	11.1	1.9	.9`	4.29
I support tourism having a vital role in this city	46.7	40.9	6.8	4.3	1.2	4.28
Tourism holds great promise for my city's future	42.1	42.4	10.5	2.8	2.2	4.20
The tourism organizations of New Orleans should do more to promote tourism	37.7	45.7	13.3	2.5	.9	4.17
I favor building new tourism facilities that will attract more tourists	30.0	43.0	15.2	10.2	1.5	3.90
Support for tourism planning	5(%) Strongly Agree	4(%) Agree	3(%) Neither	2(%) Disagree	1(%) Strongly Disagree	Mean
The city of New Orleans should plan and manage the growth of tourism	35.3	52.9	7.7	3.4	.6	4.19
Personal benefit from tourism						
I would personally benefit from more tourism development in New Orleans	17.6	31.5	25.0	19.1	6.8	3.34
Readiness of New Orleans to Welcome Tourists						
New Orleans is now ready to welcome tourists back to the city	20.7	42.1	16.4	14.6	6.2	3.57
Tourism should be restricted until New Orleans recovers from Hurricane Katrina	9.0	12.7	16.4	33.0	29.0	2.40
Loyalty						
I would prefer not to live anywhere else in the U.S.	21.7	17.5	22.3	21.7	16.8	3.06

Spatial factors

Previous studies including Gursoy and Jurowski (2002) and Harrill and Potts (2003) have indicated that residents who are closer to the tourism core of destinations held greater negative attitudes towards tourism. This was supported in this study where Generation Y residents in Orleans Parish (tourism core) had a statistically significant lower mean on the Tourism Attitude scale (t=-0.3917; p<0.05) than the mean for Generation Y residents of Jefferson Parish (suburb). However, there was no significant difference in the means of the Tourism Development scale.

Support for Tourism Development

According to the model developed by Perdue, Long, and Allen (1990), support for tourism development results from support for additional tourism, which in turn is based on perceived impacts of tourism (both negative and positive). This study found that there was a significant positive correlation between the Tourism Attitude scale and the Tourism Development scale for Generation Y residents of New Orleans (Pearson's r=0.60, p<0.01). This bodes well for support for tourism planning in a city that has just been through a major crisis.

CONCLUSION

While many tourism destinations have been through different types of crises and disasters, there are few that parallel the effect that Hurricane Katrina has had on the city of New Orleans. However, the findings of this study show that there is tremendous support for tourism planning and development from young people who are the potential leaders in the future. Despite a reduction in the perceived positive opinion of the tourism industry in New Orleans after Katrina, Generation Y residents indicated that New Orleans is ready to welcome back tourists to the city and that it was not necessary to restrict tourism until the recovery is complete.

FURTHER RESEARCH AND LIMITATIONS

As New Orleans recovers from Hurricane Katrina and residents continue to return to the city, further research on resident's attitudes should focus on the entire population and not just Generation Y. The sampling method used for this study may not be an accurate representation of the population because a non-random sample was utilized however, it was appropriate given the current situation in New Orleans.

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FORECASTING TOURISM ECONOMIC IMPACTS: THE IMPLICATIONS OF A REGIONAL DESTINATION

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ABSTRACT

Studies concerned with forecasting the visitation figures integrated with the tourism economic impact assessment are rare in the literature. This study focuses firstly on illustrating the importance of the input-output (I/O) modeling and direct, indirect, and induced effects. The second focus of the study is to present a forecasted economic impact assessment (EIA) by using an I/O model and forecasts (including future visitations and projected spending profiles) under the Impact Analysis for Planning (IMPLAN) system to estimate the forecasted EIA of a selected regional destination in the US.

Key Words: Input-output, Forecast, Economic Impacts

INTRODUCTION

In order to develop a destination strategically, operate services effectively, project the number of visitors more accurately, and foresee the needs for facilities, it is crucial for public and private tourism related organizations to understand the importance of forecasts and tourism economic impacts. Because of the importance of tourism economic impacts and visitation forecasts, statistics such as arrivals, expenditures, and receipts have been compiled by various tourism related organization in the past decades. Most recent economic studies have reported positive economic effects of tourism on surrounding communities. Several studies have been conducted on the economic impacts of destinations, national tourism, and recreational activities (Cordell, Bergstrom and Watson, 1992; Dawson, Blahna and Keith, 1993; Finn and Erdem, 1995; Gazel and Schwer, 1997; McHone and Rungeling, 2000; Mules and Faulkner, 1996; Sullivan, Patterson and Williams, 1992; Uysal, Pomeroy and Potts, 1992; Yuan and Christensen, 1994; Chen, 1996; Chen, Hunt and Ditton, 2003). In addition, forecasting demand has attracted considerable interest as well. Studies that have documented the visitation forecasts are numerous and include Geurts (1982), Van Doorn (1984), Uysal and Crompton (1985), Summary (1987), Sheldon (1993), Archer (1994), Gonzalez and Moral (1995), Lim (1999), Chen, Bloomfield, and Fu (2003), and Chen (2006a).

Studies concerned with forecasting the visitation figures integrated with tourism economic impact assessment are rare in the literature. This study focuses firstly on illustrating the importance of the input-output (I/O) modeling, economic impact assessment (EIA), and direct, indirect, and induced effects. The second focus of the study is to present a forecasted economic impact assessment (EIA) by using an I/O model and forecasts (including future visitations and projected spending profiles) under the Impact Analysis for Planning (IMPLAN) system to estimate the forecasted EIA of a selected regional destination in the US.

Input-Output Modeling

The first statement of the input-output model suggests that each sector is related to other industries in a defined region. This relationship can be expressed by an identity in terms of industry output in an n-sectors economy. Based on the flow of producing sectors and purchasing sectors in a local economy, the second statement of the I/O model presents the ratio of input required by industry j from regional industry i to the total output of industry j. The direct regional input coefficient, a_{ij}, is also termed a technical coefficient and input-output coefficient (Leontief, 1986; Chen, 2006b).

The matrix $(I - A)^{-1}$ is the Leontief (1986) inverse matrix. Each element in this matrix represents the direct and indirect requirements of regional industry i demanded to produce one unit of industry j. Summing the elements down the column of the matrix yields output multipliers. If a destination employs more local labor, purchases more local products from local manufacturers and businesses, linkages will be stronger and tourism effects will be more dependent on host community economic units. While the stronger linkages and higher multipliers were distributed to a local economy, there would be less imported products from outside of defined effect regions. On the other hand, selling more goods/services/facilities to non-resident visitors and purchasing fewer products from outside of a

destination or regional defined areas would reduce "leakage" and increase an industry's effects on the local economic impact toward the economy of a defined region.

Economic Impact Assessment (EIA)

Both primary and secondary data can be used in conjunction with an economic impact assessment such as Input-Output (I/O) model to determine the economic impacts of a tourism activity. Initial direct expenditures of target population in a defined area (e.g., a city, a county, a region, a state, etc.) by nonresidents constitute the direct economic effects on the local economy. An input-output model can describe the economic importance of an activity in terms of changes in total industry outputs, value added, labor income, and employment (Chen, Hunt and Ditton, 2003; Chen, 2006b).

Total economic impact is the sum of direct, indirect, and induced effects of visitor spending. The Input/Output (I/O) model calculates multipliers including direct, indirect, and induced effects. The use of multipliers is to estimate economic impacts resulting from a commodity or an industry changing in final demand. In order to estimate economic effects caused by a new industry or an activity in final demand, multipliers are used as the magnitude to weigh the leakages and linkages among various industrial and tourism sectors of the local economy. Lower leakages to economies are assumed to be represented by higher value added multipliers.

Direct, Indirect, and Induced Effects

The direct expenditure contributions of trading in goods and services generated by non-resident travel parties to the surrounding areas of a defined study region are one component of the economic impacts of visitation to a destination. Other economic impacts considered are indirect and induced effects. Indirect effects result from the suppliers of business and agencies that sell goods and services to the factories and organizations which directly provide their products to non-resident visitors. For example, restaurants purchased more vegetables to accommodate the increased number of non-resident visitors. Induced effects result from the direct and indirect effects generated by employee income in the defined region. For example, hotel employees spend their added wages or income in the surrounding counties along a regional destination for shopping, food, housing, transportation, and the daily goods and service needs.

CASE STUDY: FORECASTING ECONOMIC IMPACTS OF TRAVEL TO A REGIONAL DESTINATION

There are a limited number of studies about the economic impacts and/or visitation forecasts of the parkways. This case study is intended to present a forecasted economic impact assessment (EIA) by using an I/O model and forecasts (including future visitations and projected spending profiles) for the Blue Ridge Parkway, USA.
Background of the Blue Ridge Parkway
The Blue Ridge Parkway is the first national parkway in the U.S., the most visited unit in the National Park System, and the longest scenic drive (469 miles) in the world (Chen, 1996; Blue Ridge Parkway, 2005). It begins at Rockfish Gap, Virginia and ends at Cherokee, North Carolina. The Parkway connects the Shenandoah National Park in Virginia to the Great Smoky Mountains National Park in North Carolina and Tennessee. The construction of the Blue Ridge Parkway started in September 1935. The Parkway was built in non-contiguous sections, and it was not completed until 1983 when the Linn Cove Viaduct was finished. Although the Linn Cove Viaduct was completed in 1983, the adjoining 7-plus mile section along Grandfather Mountain was not opened for public use and travel until 1987.

To build the Parkway, landscape architects of the National Park Service and engineers of the Bureau of Public Roads worked together to create the unique corridor. In addition to the main corridor, a series of recreation areas were designed (Blue Ridge Parkway 2005). State highway departments for Virginia and North Carolina also played a major role in defining the Parkway route, working cooperatively with the National Park Services and Bureau of Public Roads. The Blue Ridge Parkway was designed to embody the variety of mountain cultures, wildlife, human resources, and historical images which are part of the Appalachian Mountains.
Western North Carolina and Virginia receive millions of visitors each year to the Blue Ridge Parkway. As the volume of visitors increases (from 11.7 million recreation visits in 1979 to nearly 17.9 million visitors in 2005), there has been substantial economic growth for communities adjacent to the Parkway. Past economic impact studies of the Blue Ridge Parkway in Virginia and North Carolina have quantified the average annual employment and estimated the average increase in per acre rural land values which occurs as a result of proximity to the Parkway (Williams and Knoeber, 1979; Williams, 1981). However, studies reported by Williams and Knoeber's (1979) and

Williams (1981), lacked extensive data collection necessary for conducting a comprehensive economic impact study of the area.

The results of a study conducted by the Southeastern Research Institute (1990) suggested that almost $1.3 billion was brought into the economies of corridor counties. These expenditures generated approximately $98 million in tax revenues, and supported over 26,500 jobs. The results of the 1990 Parkway study reported only the direct effect of Parkway visitor expenditures. Nonetheless, these three studies reflect the positive effects of the economic impacts of the Blue Ridge Parkway. Due to limitations of previous Blue Ridge Parkway studies: 1) only applying economic theories without data collection (such as Williams and Knoeber, 1979; Williams, 1981), and 2) only estimating the direct impact of travel to the Parkway without region definition (such as Southeastern Research Institute 1990), Chen (1996) conducted a comprehensive EIA study to overcome limitations of previous EIA studies of the Blue Ridge Parkway.

This case study presented here was designed to explore the possibility of integrating an economic impact assessment model with forecasting methods. The study inflated existed visitor spending profiles, employed the IMPLAN (IMpact analysis for PLANning) system to estimate the direct, indirect, and induced impacts of travel to the Parkway, utilized the approaches of deflation and inflation, and used forecasted visitation figures to estimate magnitude of future impacts.

METHODOLOGY

Visitor Spending Profiles
This study used the spending profile compiled by Chen in 1996 and inflated the 1995-1996 money figure to 2007 money figure. Readers are referred to Chen (1996) for the detailed data collection. This study used an input-output model to produce quantitative estimates, sector-by-sector of the economic impact of tourism and related industries of the regional economy along the Blue Ridge Parkway.

Forecasting Methods
Short- and medium-term forecasts can provide valuable information for pricing, seasonal employment, and short-term budgeting (Chen, Bloomfield, and Fu, 2003). With respect to developing long-run strategic plans and sustain the existing resources of a regional destination, forecasts can determine future infrastructure needs, community development, new attractions, and future employment (Chen, 2006b). The suggested forecasting methods in this study may include (1) Naïve models, (2) Holt Winter's seasonal double exponential smoothing model, and (3) Autoregressive Integrated Moving Average (ARIMA) model. Forecast accuracy may be assessed using mean absolute percentage error (MAPE) and root mean square percentage error (RMSPE). According to previous forecasting studies (Chen, Bloomfield, & Fu, 2003; Chen, 2006a), ARIMA was the best choice. This study mainly employed the ARIMA forecasting model (Table 1) to forecast the Blue Ridge Parkway's visitation figures. For more information about the calculation and limitations of the ARIMA method, readers are referred to Box, Jenkins, and Reinsel (1994).

Table 1
Equations of Advanced Time Series Forecasting Methods

Method/Equations	Definition
Autoregressive Integrated Moving Average (ARIMA)	
$\Phi_p(B)\nabla^d V_t = \Theta_q(B)\varepsilon_t$	where V_t = dependent variable (e.g., number of visitors in time t); Φ_p = regression coefficients; B = the backshift operator, where $B^h V_t = V_{t-h,}$; ∇^d = for the dth difference of the series V_t; Θ_q = coefficient, or called weights; ε_t = residual terms.

Economic Impact Analysis
The defined region of this study was the surrounding counties along the Blue Ridge Parkway in North Carolina (including Buncombe, Haywood, Henderson, Jackson, Madison, Swain, Transylvania, Alleghany, Ashe, Avery, Burke, Caldwell, McDowell, Mitchell, Surry, Watauga, Wilkes, and Yancey) and Virginia (including Bedford, Botetourt, Carroll, Floyd, Franklin, Grayson, Montgomery, Patrick, Pulaski, Roanoke, Wythe, Albemarle, Amherst, Augusta, Nelson, and Rockbridge). The model used was an input-output model named Impact Analysis for Planning (IMPLAN). The IMPLAN model estimated the effects of money that was brought in from outside the

region (in this case the surrounding counties of the Blue Ridge Parkway). Thus, average nonresidents' spending profiles were used for calculating the economic impacts based on the 'new money' concepts in the tourism areas. Nonresidents were defined as travel parties living outside or coming from counties/states outside of the defined regions.

In order to assess economic effects of the overall impact on the regional economy, estimates of total expenditures attributed to Parkway visits were simulated by multipliers (retrieved from the IMPLAN system). The main outputs of this model were distributed among numerous industries and included: total industrial output, employee incomes, property income, employment numbers, and total value-added.

IMPLAN (IMpact analysis for PLANning) System
In order to perform the economic impacts of various management replacements in contiguous areas, IMPLAN was developed by the USDA Forest Service Land Management Planning Division and Rocky Mountain Forest and Range Experiment Station in 1976. The initial application of IMPLAN was designed to calculate the economic impacts of land planning and timber related management (Alward and Palmer, 1983; Palmer and Siverts, 1985; Chen, 1996). The used version of IMPLAN in this study was modified by the Minnesota IMPLAN Group for estimating economic impacts resulting from different activities. The most updated IMPLAN system is able to adjust the input-output model to current industry statistics and newer technology for better assessment and more reliable results (Chen, 2006b).

In the IMPLAN system, yearly data sets are assembled from various secondary sources, and industries are categorized into 528 economic sectors based on SIC (Standard Industrial Classification) codes. IMPLAN calculates multipliers including direct, indirect, and induced effects. The use of multipliers is to estimate economic impacts resulting from a commodity or an industry changing in final demand. In order to estimate economic effects caused by a new industry in final demand, at the impact analysis stage, multipliers are used as the magnitude to weigh the leakages and linkages among various sectors of the local economy. Lower leakages to economies are assumed to be represented by higher value added multipliers. Miller and Blair (1985) provide detailed discussions for the advantages and disadvantages of the I/O modeling techniques. For more information about the calculation and limitations of the I/O IMPLAN, readers are referred to the IMPLAN Professional User's Guide (2006).

ANALYSES AND RESULTS

Visitor Spending Attributable to the Blue Ridge Parkway
The selected national park data set used in this study was the Blue Ridge Parkway. The national parkway data set referred to annual visitation figures and was supplied by the National Park Service. There were fluctuations in Parkway visitor numbers from year to year because of many factors such as bad weather, construction, and economic recession. Overall, the visitation series of the National Park Service revealed mostly upward trends. An estimated 17.9 million visitors traveled to the Blue Ridge Parkway in 2005. Data from 1960 to 1995 were used to estimate the next two year forecasts (2006 and 2007) (Figure 1). Expenditures made by visitors traveling to the Parkway and during the visit in the surrounding counties of the Parkway were primarily in seven economic sectors: (1) accommodation, (2) food and beverages, (3) transportation, (4) entertainment and recreation, (5) souvenirs, (6) film, and (7) other trip costs.

Figure 1
Visitation of the Blue Ridge Parkway, USA
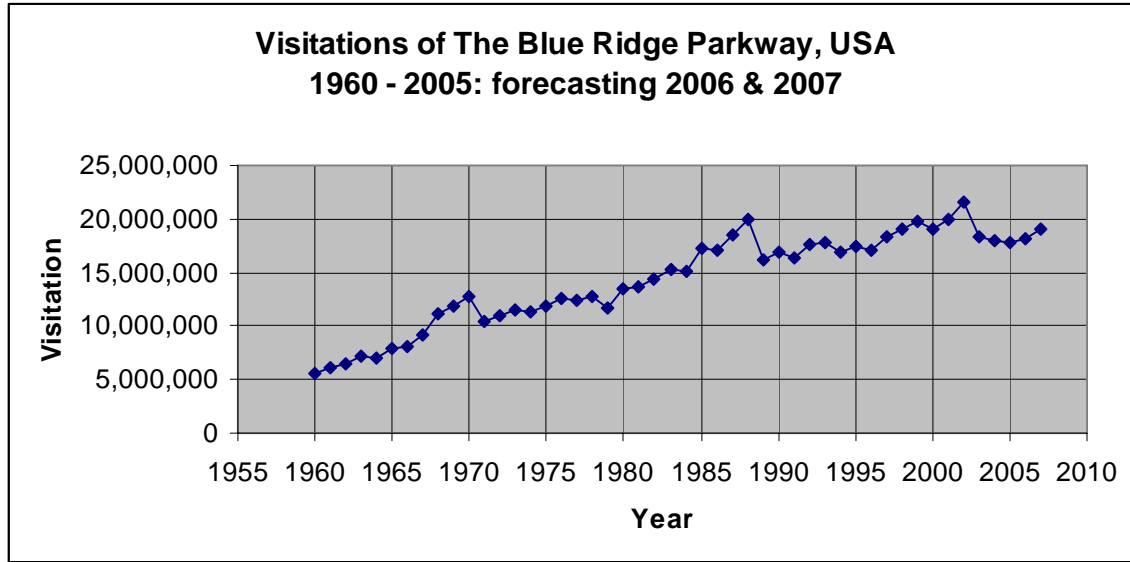
Non-resident travel parties are expected to spend an average of $509.08 per party in the surrounding counties along the Blue Ridge Parkway during the year of 2007. The average expenditures for non-resident travel party spending are presented in Table 2. Analysis of the results shown in the Table 2 reveals that 32 percent of the direct expenditures made in the surrounding counties along the Blue Ridge Parkway by non-resident travel parties were for lodging, and nearly 28 percent were for eating and drinking. Other substantial categories of expenditures were "transportation" which made up 15.5% of the total, and 11.04% for the "recreation and entertainment fees" category. Total non-resident travel party spending was estimated by multiplying the average expenditures per party visit by the Parkway visitation figures.

Table 2
Forecasted Average Travel Expenditures of Non-resident Travel Parties to the Blue Ridge Parkway, USA

Economic Sectors	Percent (%)	Dollars ($)
Lodging	32.09	$163.34
Food	27.81	$141.56
Transportation	15.50	$78.75
Recreation	11.04	$56.22
Souvenirs	9.75	$49.62
Film	1.50	$7.81
Other Expenditures	2.31	$11.78
TOTAL	100.00	$509.08

Economic Impacts on the Surrounding Counties of the Parkway

An input-output model in terms of changes in total output, income, value added, and employment describes the economic importance of a tourism activity (travel to the Parkway, in this case). In this study, all input figures were deflated to year of the IMPLAN's data base to obtain a consistent figure result. Then, after the economic activity calculations, all outputs were inflated to the forecasted year's figures. Total output is the dollar value of goods and services produced to satisfy final demand for goods and services and the inter-industry transactions needed to produce them. Value added is equivalent to gross regional product (payments to labor, capital and taxes), or the value of total output minus input purchases.

Type I, Type II, and Type III are three types of multipliers available within the IMPLAN system. Selection among these multiplier types has an important effect on the size of the impacts that are estimated. The Type I multipliers capture the inter-industry effects and exclude the induced effects. The Type II multipliers give the direct, indirect, and induced effects where the induced effect works by incorporating labor income and the household

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consumption into the multiplier. The Type III multipliers measure the direct and indirect, and induced effects where the induced effect is based on population. A fundamental problem with the Type III multipliers is that a change in the economy may have been a change in productivity or unemployment and does not always result in increase in population (Minnesota IMPLAN Group, Inc. 2006). Indeed, for service-intensive exports such as recreation and tourism, Type II multipliers are preferred over Type III. Thus, this study used Type II multipliers retrieved from the IMPLAN system.

Table 3 summarizes the total economic impact effects of non-resident visitor spending along the Parkway. Non-resident travel parties of the Parkway provided $2632.36 million in direct expenditures in the regional economy. The establishments also generated an additional $3,252.96 million in indirect and induced sales for a total of $5,885.32 million in total industrial output. The total value-added to the Parkway resulting from total sales was estimated to be $4,922.77 million. Finally, during the year of 2006, in the surrounding counties of the Blue Ridge Parkway, $3,441.18 million in total income and 134,262 full and part-time jobs were estimated and contributed by Parkway non-resident visitors.

Table 3
Forecasted Total Economic Impacts of the Blue Ridge Parkway, USA

Industry	TIO* (MM$)	Total Income (MM$)	Total Value Added (MM$)	Employment (Number of Jobs)
TOTAL	5,885.32	3,441.18	4,922.77	134,261.78

(*TIO = Total Industrial Output)

The results of economic effects indicated that about fifty-eight percent of the total value added impacts were in the 'Hotels and Lodging Places' (17%), 'Retail Trade' (14%), 'Services' (13%), and 'Eating and Drinking' (14%) industries. Most (79%) of the employment impacts were in the "Hotels and Lodging Places" (26%), "Eating and Drinking" (22%), "Retail Trade" (18%), and "Services" (13%) sectors. Nearly sixty-seven percent of the total income impacts were in the "Hotel and Lodging Places" (21%), "Services" (17%), "Retail Trade" (14%) and "Eating and Drinking" (13%) sectors. About fifty-eight percent of the total industrial output impacts were in the "Hotels and Lodging Places" (17%), "Eating and Drinking" (14%), "Services" (14%), and "Retail Trade" (13%) sectors.

DISCUSSIONS AND SUGGESTIONS

This study shows the positive economic impacts of forecasted non-resident visitation to the Blue Ridge Parkway in North Carolina and Virginia in the year of 2007. The economic impact of travel to the Blue Ridge Parkway extended beyond the jobs and income it directly created. During the year of 2007, the largest beneficiaries of the Parkway's economic impact will be in the "Hotels and Lodging Places", "Eating and Drinking", "Retail Trade", and "Services" sectors. These four business sectors will have a higher degree of dependence on the "non-resident tourist industry". Thus, the use of earned money to improve facilities, goods, and services in businesses (lodging places, food industries, retails, and services) may increase visitors' satisfactory levels. Since the lodging industry has expected to benefit from non-resident visitors, it should concentrate promotional efforts on this non-resident visitor segment. While the Parkway is closed (due to weather, construction, or policy conditions), the tourism-related organizations along the Parkway may cooperate with each other in creating new recreational activity opportunities such as special events in the adjacent local areas. These opportunities will entice the visitors to play, stay longer and spend money during the winter festival season.

Visitors to the Parkway are expected to be made up of primarily travelers (79%) from outside the counties contiguous to the Parkway. Suppose 1,000 travel groups visit to the Parkway, 790 parties will be estimated to be non-resident groups and 210 travel parties will be from the counties adjacent to the Parkway. Therefore, tourism-related-organizations along the Parkway may consider applying more promotional activities such as "15% discount for non-residents' and 20% discount for residents' purchasing at some souvenir stores" to increase both resident and non-resident visitors' purchasing power. In addition, creating various programs such as "New Friends of the Blue Ridge Parkway", "A Calling from the Blue Ridge Parkway - It's Your Second Home", may encourage non-resident visitors to revisit and educate them how to protect this mountain region.

FUTURE RESEARCH

This research focuses on using the I/O IMPLAN SYSTEM, utilizing the methods of inflations and deflations to establish consistent figures, inflating existed spending profiles, and employing forecasting models to generate results of the projected total economic impacts of travel to the Blue Ridge Parkway. Future studies of the Blue Ridge Parkway using the I/O IMPLAN System may consider conducting a survey of local businesses in order to obtain more reasonable multipliers for the impact analysis. Applying other economic and forecasting models to the Parkway data will also be needed. In the tourism and hospitality literatures, studies of comparison among different economic analysis models are rare. Therefore, evaluating the differences among IMPLAN and other EIA models will be able to provide valuable knowledge to estimate more reliable economic impacts at different situations.

Other economic analyses and forecasting models may be applied to achieve the objectives of comparing different models to provide credibility of an integrated economic impact and forecasting study. Since each model has different assumptions and different components including cost, time, merits, limits, sectors of a spending profile and so on, developing a comparison methodology for evaluating different integrated economic analyses with forecasting models will not be an easy task. Human resources and efficiency are also important components that influence the usages and comparisons of EIA and forecasting models. Finally, it should be reemphasized that economists and forecast analysts should conduct periodic reviews of strategies and policies based on the most current information available about the economic impacts and forecasts of visitations. Such reviews are needed timely because of the changing trends, intervention events, and intangible factors in the real world.

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CASUAL RELATIONS AMONG TOURISM EXPANSION, ECONOMIC ACTIVITY, EXPORTS AND EXCHANGE RATES

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ABSTRACT

This study investigates the causality among tourism development, exchange rate, exports and economic growth within four Asian tourist destinations based on a multivariate framework of Granger causality tests. The findings primarily lend support to the conclusion of Kim et al. (2006) that mixed results regarding the existence of tourism-led economic growth may be due to the level of openness of an economy, travel restrictions, and the size of the national economy. Moreover, the ability of tourism expansion to energize economic growth is dependent upon the degree to which a country's economic development is dependent upon tourism.

Key Words: Tourism development; Economic activity; Exchange rate; Exports; Asian tourist destinations.

INTRODUCTION

Tourist receipts can contribute the balance of payments through foreign exchange earnings, which in turn could be used to import capital goods to produce goods and services and hence improve the national economy (McKinnon, 1964). Economic benefits resulted from tourism activity also include tax revenues and employment generation (Avelini Holjevac, 2003). Dritsakis (2004) further stated that tourism also influenced the cultural sector by improving living standard of people and the cultural standards and facilities, and the fiscal sector through beneficial effects on public economics. Consequently, tourism has been widely promoted in many countries as part of the solution to their economic problems since it is seen as a critical source of foreign exchange earnings, employment of domestic labors, a significant improvement in the cultural and fiscal sectors and hence a contributor to economic growth.

Because of the crucial role of the tourism industry in the world economy, a positive impact of tourism development on the national economy is commonly assumed. However, Papatheodorou (1999) pointed out that economists have not paid much attention to empirical investigation of the impact of tourism development on a country's economy. A vast amount of economic research has been conducted on the causal link between trade and economic growth. In comparison, only a few research papers have examined the relationship between tourism and economic growth. Balaguer and Cantavella-Jorda (2002) proposed a tourism-led growth hypothesis that tourism plays as a major role in the national long-run economic growth. Marin (1992) argued that tourism-led growth could happen when tourism acts as a stimulating factor across the overall economy in the form of spillovers and other externalities. Balaguer and Cantavella-Jorda (2002) tested the tourism-led growth hypothesis that the tourism sector played a key role in the development of the Spanish economy. Results of cointegration and causality tests supported the hypothesis by showing a long-run relationship between tourism and economic growth and a one-way causality running from tourism activity to economic growth. Dritsakis (2004), on the other hand, examined whether tourism could serve as a long-run economic growth factor in Greece. He showed a long-run relationship between tourism and economic growth and a two-way causality between the two variables. Kim, Chen and Jang (2006) found similar results as in Dritsakis (2004) with Taiwanese data. Kim et al. (2006) also detected a long-run link and a two-way causality between tourism expansion and economic development in Taiwan.

However, not every study supports the hypothesis that tourism expansion can lead to economic growth. Oh (2005) reported no long-run link between tourism and economic growth in South Korea. In addition, he found a one-way causality running from economic growth to tourism development in South Korea. Because of mixed findings on a causal relationship between the two factors, Kim et al. (2006) and Oh (2005) recommended more vigorous research on this issue for the purpose of generalization. The first goal of this study aims to make a contribution in this aspect. The second goal seeks to contribute to the tourism development literature by examining the causality between tourism and exchange rate as well as between tourism and export growth because there are also very few empirical studies analyzing those two issues. Consequently, we investigate the casual relationship among tourism development, exchange rate, exports and economic growth using data from four Asian tourist destinations, namely China, Singapore, South Korea and Taiwan. Results from the examination of South Korea and Taiwan can offer a comparative investigation on the empirical relationship between tourism expansion and economic growth found in Oh (2005) and Kim et al. (2006).

Further, another two popular Asian tourist destination, Singapore and particularly China, provide us two unique cases to conduct research on the interactions among tourism development, exchange rate, exports and economic growth. China National Tourism Administration (2002) reported that the number of international tourists traveling to China reached 31.24 million and the tourism receipts were 16.23 billion in US dollars (US$), which ranked number five and seven, respectively, in the world in 2000. Avelini Holjevac (2003) predicted that Europe would have the lowest tourist growth rate, whereas East Asia and the Pacific would have the largest tourist growth rate according to the forecasts by World Tourism Organization (1997). Pizam (1999) believed that, by the year 2050, China would be one of four major tourist destinations. On the other hand, China has also become one of the fastest growing economies in the world since its economic reform and opening up to the outside world in 1979 (Liu, Burridge, & Sinclair, 2002). Understanding the causal links among tourism development, exchange rate, exports and economic growth can provide important knowledge regarding development strategies for China and many other countries that may want to promote tourism as part of their national economic development plan. Several issues along with the interactions between tourism development and economic growth are scrutinized in this study. First, when testing the tourism-led economic growth, Balaguer and Cantavella-Jorda (2002), Oh (2005) and Kim et al. (2006) used a bivariate analysis of Granger causality test, which ignored the potential impact of the exchange rates on the dynamic links between tourism expansion and economic growth. As Dritsakis (2004) stated, it has been considered that studies based on bivariate analysis may suffer from specification error. Copeland (1991) argued that exchange rates play a crucial role in the contribution of tourism expansion to economic growth in a small open economy. Moreover, the exchange rate is universally used as one of determinants of tourism demand and forecasting studies in the tourism literature. Dritsakis (2004) also found that foreign exchange rate had an impact on economic growth of Greece and its international tourism earnings. In this study, we carry all empirical examination with the inclusion of the exchange rate factor based on a multivariate analysis of the Granger causality.

Second, Singapore, South Korea and Taiwan have been commonly known for their export-oriented economy (Feenstra, Yang, & Hamilton, 1999; Ghartey, 1993; Wu & Eng, 1991). Nonetheless, Oh (2005) and Kim et al. (2006) did not consider the critical role of exports in both countries either when they studied the causality between tourism expansion and economic development. Shan and Wilson (2001) contended that there should exist a causal link between trade and travel theoretically, and the causality could run in either or both directions. Without a doubt, tourism development in the host country can attract tourist arrivals and foreign tourists traveling to a host country can promote the image of the country for its goods and services all over the world, which in turn generates trade opportunities. On the other hand, trade between countries can also create subsequent travels to the destination country after the first visit. Greater trade consequently expands awareness of each country and hence tourism demand. Shan and Wilson (2001) further showed that there existed a two-way causality between exports and tourism growth. We hence also incorporate the factor of exports, in additional to exchange rate, into the investigation.

Third, quarterly data predominated in previous research concerning tourism-led growth. In this study, we follow Shan and Wilson (2001) and Nakaota (2005) to use the monthly industrial production (IP) to approximate economic growth. Note that economists usually use quarterly data on gross domestic product to (GDP) measure the quarterly value of the economy, while they use IP to measure monthly output of the economy (Shapiro, 1988). The advantage of using IP is that IP data are usually available on a monthly basis, which in turn can offer a more sufficient sample of observations. Especially, the vector autoregression (VAR) model requires large sample size to generate enough degrees of freedom for estimation. Moreover, by using the monthly data of tourist arrivals (TA) and IP, we can offer a comparative investigation of the causality between tourism and economic development in Korea

and Taiwan since Kim et al. (2006) used quarterly GDP and TA, and Oh (2005) hired quarterly GDP and tourist receipts to perform the empirical test.

Lastly, we take the potential impact of some mega events related to the tourism industry in those four Asian tourist destinations into the examination as well. For example, Chen, Kim and Kim (2005) reported that the outbreak of the Severe Acute Respiratory Syndrome (SARS) in 2003, the terrorist attacks of September 11, 2001 in the U.S., the Asian financial crisis and the earthquake on September 21, 1999 had a negative impact on the hotel and tourism industry in Taiwan. Similarly, Chen (2006) found that the SARS outbreak in China and the terrorist attacks in the U.S. affected the Chinese hotel industry negatively. Raab and Schwer (2003) further reported that the Asia financial crisis in 1997 had a strong influence on Las Vegas Strip baccarat revenues. Most of empirical studies failed to take those mega-events into consideration when Granger causality tests were performed. Thus, when running the multivariate Granger causality tests, we further use dummy variables of mega events to control for the possible influences of those forces on causal links among four factors. Note that although we examine the dynamic interactions among tourism expansion, industrial production, exchange rates and exports, our major focuses are on the causal relationship between tourism development and the other three factors.

DATA, METHODOLOGY AND RESULTS

The total tourist arrivals (TA) are used as the proxy of tourism expansion (Kim et al., 2006; Shan & Wilson, 2001; Wang & Godbey, 1994). The choice of sample period for each country is in consideration of data availability. Monthly data of industrial production (IP), exchange rate (EXCH) and export (EXP) for all four Asian tourist destinations were obtained from the Taiwan Economic Journal database and the selected time period was identical with that of TA for each destination. The methodology used to examine the causal relationship among tourism development, economic activity, exchange rates and exports follows three steps. We first performed Augmented Dickey-Fuller (Dickey and Fuller, 1981) unit root test to examine the stationarity (the degree of integration) of all variables in their natural logarithms, and then used a maximum likelihood approach developed by Johansen and Juselius (1990) to conduct the Vector Autoregression (VAR)-based cointegration test. The direction of the causal link among four factors was investigated based on Granger causality test in the next section. All monthly time series data of IP, TA and EXP are seasonally adjusted. The terms *LIP*, *LTA*, *LEXCH*, and *LEXP* denote IP, TA, EXCH and EXP in their natural logarithms respectively.

Results of the Augmented Dickey-Fuller unit root test show that the null hypothesis of one unit root cannot be rejected for levels of *LIP*, *LTA* and *LEXP*, but is rejected for their first differences for the case of China. Moreover, the null hypothesis is rejected for both level and first difference of *LEXCH*. That is, *LEXCH* are $I(0)$, and *LIP*, *LTA* and *LEXP* are $I(1)$ for their levels; however, all variables are $I(0)$ for their first differences. For the case of Singapore, we find that *LTA* is $I(0)$ and *LIP*, *LEXCH* and *LEXP* are $I(1)$ for their levels. All variables are $I(0)$ for their first differences. In Korea and Taiwan, all four factors are $I(1)$ for their levels and $I(0)$ for their first differences. Based on the unit root test results, we then employ the Johansen cointegration techniques (Johansen, 1991; Johansen & Juselius, 1990) to test whether there exists a long-run equilibrium (cointegrating) relationship among tourism development, economic activity, exchange rates and exports in Korea and Taiwan. For cases of China and Singapore, *LIP*, *LTA*, *LEXCH*, and *LEXP* are of different integration orders and thus cannot be cointegrated. According to the Johansen cointegration test, the number of significant cointegrating vectors is determined using two likelihood ratio test statistics, the trace statistic and the maximum eigenvalue statistic. Based on both trace and maximum eigenvalue test statistics, we find that there are two cointegrating equations at the 1% level among four variables in Korea. For the case of Taiwan, trace test indicates one cointegrating equation at the 1% level and maximum eigenvalue test indicates two cointegrating equations at the 1% level among four factors. Thus, cointegration tests confirm a long-run equilibrium relationship among tourism development, economic activity, exchange rates and exports in Korea and Taiwan.

Because the four variables in China are of different integration orders and thus cannot be cointegrated, the causality can be identified only through the first channel using the Wald test. Results of the Granger causality test for the case of China reveal that the null hypothesis regarding no causality from export growth ($\Delta LEXP$) to economic development (ΔLIP) is rejected at the 1% significance level and the null hypothesis concerning no causality from $\Delta LEXP$ to tourism expansion (ΔLTA) is also rejected at the 10% significance level. That is, there is a one-way causality from $\Delta LEXP$ to ΔLIP and a one-way causality from $\Delta LEXP$ to ΔLTA. In addition, we detect a two-way causality between $\Delta LEXP$ and $\Delta LEXCH$. Both the tourism-led economic growth and the economy-led tourism development are not found in China. Among three mega events, the SARS outbreak in 2001 was found to

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have a significantly negative impact on tourism expansion ΔLTA. Similarly, we test the causality through the first channel only since the four factors are of different integration orders and cannot be cointegrated for the case of Singapore either. The Granger causality test results show that both ΔLTA and $\Delta LEXP$ can Granger-cause ΔLIP. Empirical results also support a unidirectional causality running from $\Delta LEXP$ to ΔLTA, from ΔLTA to $\Delta LEXCH$, and from $\Delta LEXCH$ to $\Delta LEXP$. Further, $\Delta LEXCH$ was significantly affected by the Asian financial crisis.

For the case of Korea, the causality among the four factors can be identified either through the first channel based on the Wald test or through the second channel (i.e. through the lagged error-correction term) because the four variables are of the same integration orders and cointegrated. Test results illustrate that a bi-directional causality between $\Delta LEXCH$ and ΔLIP is detected through the first channel and a bi-directional causality between $\Delta LEXP$ and ΔLTA is identified through both the first and second channels. Moreover, we find a unidirectional causality running from ΔLIP to ΔLTA, from $\Delta LEXCH$ to ΔLTA, from ΔLIP to $\Delta LEXP$, and from $\Delta LEXCH$ to $\Delta LEXP$ via the second channel. The Asian financial crisis had a beneficial impact on export growth $\Delta LEXP$. Similar to the case of Korea, we can use both channels to test the direction of causality among the four factors for the case of Taiwan since the four variables are also of the same integration orders and cointegrated. Test results indicate that a one-way causality from ΔLTA to ΔLIP is discovered via the first channel, and a one-way causality from ΔLIP to ΔLTA is identified by both channels. That is, there exists a bi-directional causality between ΔLTA and ΔLIP. We further detect a one-way causality from $\Delta LEXP$ to ΔLIP, a one-way causality from ΔLIP to $\Delta LEXCH$, and a one-way causality from $\Delta LEXP$ to $\Delta LEXCH$ according to the first channel. Through both channels, a one-way causality from $\Delta LEXCH$ to ΔLTA and a one-way causality from $\Delta LEXP$ to ΔLTA are identified. Of all four mega events, both the earthquake on September 21, 1999 and the SARS outbreak in 2003 were found to significantly damage the tourism development in Taiwan. The 911 terrorist attacks in the U.S. also had a negative impact on the tourism expansion, but the effect was not statistically significant.

DISCUSSIONS

This study examines the causal relationship among tourism development, economic activity, exchange rates and exports in China, Singapore, Korea and Taiwan based on a multivariate analysis of Granger causality test, while incorporating the mega events related to the tourism industry in those four Asian tourist destinations into the investigation. The main goal of this study, as mentioned in the introduction section, concentrates on the causality between tourism development and the other three factors. Results of the causality test from four tourist destinations are summarized in Table 1. The major findings, which both support and contradict empirical findings in the literature, are discussed as follows. First of all, while there is no long-run link between quarterly tourism receipts and economic growth in Korea (Oh, 2005), we detect an equilibrium relationship among monthly tourism development, economic activity, exchange rates and exports in Korea. Causality test results in this study are similar with the findings in Oh (2005) and Kim et al. (2006). That is, there is an economy-led tourism growth rather than a tourism-led economic growth in Korea, and a reciprocal link between tourism expansion and economic growth in Taiwan. Empirical results also indicate that tourism development leads to economic growth, but economic growth cannot cause tourism expansion in Singapore. Moreover, there is no casual relationship between the two factors in China.

Kim et al. (2006) asserted that the mixed results regarding the existence of the tourism-led economic growth in Taiwan but not in Korea could be attributed to 1) the level of openness and travel restriction and 2) the size of a national economy in the destination countries. Empirical result based on this study that the tourism development can promote economic growth in Singapore but not in China seems to support their explanations. First of all, Zhang, Pine and Lam (2005) indicated that tourism was not regarded as a business or industry after the People's Republic was established in 1949. Instead, tourism served for the purpose of the special political activities and was considered as a part of the foreign affairs of the country. It was not until 1978 that tourism was regarded as an economic activity that can contribute to the national economy through foreign exchange earnings. On the contrary, the technological improvements in transportations and communication after 1965 provoked tourism in Singapore (Teo, 1994). In Singapore, tourism was welcomed and viewed as a means to create much-needed employment in a newly-independent nation (Chang & Yeoh, 1999; Yeoh, Ser, Wang & Wong, 2002). Toh and Low (1999) stated that the establishment of the Singapore Tourist Promotion Board in 1964 shows that the government recognizes the significance of the tourism industry to Singapore's economic and planning agenda. Therefore, as Kim et al. (2006) claimed, the country like Singapore with a more open society is more likely to promote tourism and enhance economic growth.

Second, Kim et al. (2006) argued that the world demand for tourism would have a favorable impact on the long-run growth of a small economy. They used per capita GDP and population to measure the size (big or small) of an economy, and concluded that Taiwan exhibits the tourism-led economic growth because of its relatively smaller economy than Korea. To check if their explanation is reasonable, we summarize annual data of per capita GDP, population and GDP from 2002 to 2004 for all four countries in Table 2. Given that the tourism-led economic growth exists only in Singapore and Taiwan, it seems to be more appropriate to measure the size of economy in terms of population and GDP, but not in terms of per capita GDP since per capita GDP in China and Korea is less than in Singapore and Taiwan. In addition, we speculate that the degree of dependence of economic development on tourism may be another possible answer to whether tourism development can lift economic growth. According to the previous studies, Oh (2005) stated that value-added revenue derived from tourism-related activities accounts for 3.5 percent of South Korea's GDP, and Kim et al. (2006) reported that tourism receipts accounted for 4.2 percent of the Taiwanese GDP in 1996. The empirical findings that the tourism-led economic growth was found in Taiwan but not in Korea may be due to the Taiwan's higher degree of dependence of economic development on tourism. To further validate our conjecture, we compute the corresponding percentage of tourism receipts accounting for the national GDP in China and Singapore. Over a ten-year period from 1990 to 2000, we discover that tourism receipts accounted for about 0.6% of the Chinese GDP in 1990 and 1.4% in 2000 with an average rate of 1.1%. In comparison, the ratio of tourism receipts to GDP in Singapore is about 10.7% in 1990, 12.5% in 1991, 12.2% in 1992, 6.6% in 2000 and the average ratio for the ten-year period is 9.2%. Given the above demonstration, Singapore, compared to China, apparently exhibits a much higher dependence of economic development on tourism. This finding may explain why the existence of the tourism-led economic growth in Singapore, but not in China.

Tests results also support Copeland's (1991) argument that exchange rates can act as an important factor in the contribution of tourism expansion to economic development in a small open economy, and are in line with finding in Dritsakis (2004) that foreign exchange rate can influence economic growth and tourism expansion. Specifically, we find that foreign exchange rate can contribute to both economic and tourism growth in a small open economy, like Korea. In another small open economy, such as Taiwan, changes in the foreign exchange rate can also cause tourism expansion. Foreign exchange rate plays an important factor of export development in China, Singapore and Korea as well. On the other hand, Shan and Wilson (2001) declared that the causal relationship between trade and tourism could run in either or both directions and detected a two-way causality between trade and tourism growth in China. Our study outcomes reveal a one-way causal link between exports and tourism when another two factors, economic activity and exchange rate, are incorporated into the investigation. A unidirectional causality running from export growth to tourism development is found not only in China, but also in Singapore, Korea and Taiwan. In other words, advances in exports can promote tourism development in all four countries. However, tourism expansion can reinforce export growth only in Korea. Indeed, the export-led tourism growth hypothesis is the only one identified in all four Asian tourist destinations. Compared with the mixed results regarding the economy-led tourism development and the tourism-led economic growth in different countries, the support of the export-led tourism growth in all four Asian tourist destinations is considered as the most consistent and promising finding in this study.

Lastly, we evaluate the impact of some tourism-related mega events, which were reported to significantly damage the hospitality and tourism industry in the East Asia, on the four variables based on the VAR or VECM framework when running the multivariate Granger causality tests. For the case of China, the SARS outbreak in 2003 did not only harm the hotel industry (Chen, 2006), but also hurt the tourism expansion. While the SARS outbreak in 2003, the 911 terrorist attacks in the U.S., the Asian financial crisis and the 921 earthquake were reported to inflict severe damage on the Taiwanese hotel and tourism industry (Chen et al., 2005; Chen et al., 2006), the SARS outbreak and the 921 earthquake also deteriorated the tourism development on the island country. It is also observed that the Asian financial crisis considerably increased the export growth in Korea and depreciated the national currency in Singapore. Furthermore, the 911 terrorist attacks in the U.S. also initiated a negative impact on the growth of foreign tourist arrivals to Asian tourist destinations, but the destructive influence was not statistically significant.

CONCLUSION

Despite the belief that tourism development will positively affect a national economy, not many studies have empirically examined a causal relationship between tourism and economic growth. What's more, empirical findings based on previous studies suggested the need for continuous inspections on the relationship between tourism and economic growth using various destination countries for the purpose of generalization. On the other hand, there also

exist very few academic papers in the tourism research literature investigating the causality between tourism and exchange rate and between tourism and exports. This study contributes to the tourism development research area by examining the casual relationship among tourism development, exchange rate, exports and economic growth using data from four Asian tourist destinations, namely China, Singapore, South Korea and Taiwan, based on a multivariate analysis of the Granger causality. Cointegration tests show the presence of a long-run relationship among four factors in Korea and Taiwan. Results of causality analyses between tourism and economic growth demonstrate that tourism development can serve as an "engine" of economic growth in Singapore and Taiwan, but cannot lead to economic growth in China and Korea. Moreover, economic growth can enhance tourism expansion in Korea and Taiwan, but no economy-led tourism development exists in China and Singapore. In other words, we still obtain mixed results regarding the tourism-led economic growth hypothesis.

Nonetheless, causality test results further validate the argument by Kim et al. (2006) that the mixed results regarding the existence of the tourism-led economic growth may be due to the level of openness and travel restriction and the size of a national economy in the destination countries. However, empirical outcomes based on this study suggest that it may be more suitable to measure the size of economy in terms of population and GDP rather than per capita GDP. Moreover, whether tourism expansion can boost economic growth also relies on a country's degree of dependence of economic development on tourism. The crucial role of the exchange rate in contributing to the national economy, tourism and exports is identified in this study as well. Particularly, the exchange rate acts as a significant growth factor of tourism development in Korea and Taiwan, and reinforces export growth in China, Singapore and Korea. Among three factors (tourism, exchange rate and exports) in Korea, it is found that the exchange rate actually plays the most important role in improving the national economy. Different from the previous empirical work, this study incorporates some tourism-related mega events, such as the Asian financial crisis, the earthquake and the SARS outbreak, into investigation and evaluates their impact on tourism development, economic activity, exchange rates and exports in China, Singapore, Korea and Taiwan. Consequently, we observe that the SARS outbreak in 2003 damaged the tourism development in both China and Taiwan. In addition to the SARS outbreak, the 921 earthquake also injured the Taiwanese tourism expansion. The Asian financial crisis is found to have a significant effect on export growth in Korea as well as exchange rate in Singapore. The 911 terrorist attacks also damaged the tourism expansion in all four Asian tourist destinations, although the negative impact was not statistically significant.

Finally, although the theory and empirical evidence suggest a strong link between tourism and economic growth, the direction of the causality between the two factors is still under debate due to the mixed empirical results regarding the economy-led tourism development and the tourism-led economic growth from various countries. In comparison, this study provides a promising future research direction for the tourism development research area. Instead of investigating the direction of the causality between economic and tourism growth, we find that examining the casual relationship between tourism and exports may offer a more consistent and generalized conclusion. It is showed that export growth can robustly strengthen tourism expansion, i.e. the existence of the export-led tourism growth, in all four Asian tourist destinations. However, it is worth noting that empirical findings in this study should be interpreted with caution. For example, data from China and Singapore are only available over a limited nine-year and twelve-year period, respectively. Moreover, the support of the export-led tourism growth in China, Singapore, South Korea and Taiwan could be due to the export-oriented economy in those four countries. In other words, whether the export-led tourism growth can be found only in those countries characterized by the export-oriented economy deserves a further exploration.

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CONSUMERS' ENVIRONMENTAL CONCERN IN THE LODGING INDUSTRY: A COMPARATIVE STUDY BETWEEN GREECE AND THE UNITED STATES

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ABSTRACT

Using data collected in Greece and the U.S., this study examines customers' attitude and behavior intentions on hotels' environmentally responsible practices (ERP) and the impact of these on willingness to pay (WTP) for ERP measured by organizational ERP, operational ERP, and external ERP. The results indicate that (1) consumers in both countries were more likely to patronize a hotel that provides ERP and also WTP more for the hotel, and (2) consumers in Greece have higher environmental concern and higher WTP than consumers in the U.S., confirming that differences in culture and social structure affect consumers' green orientation and WTP.

Key Words: customers' attitude, behavior intentions, hotels, environmentally responsible practices, willingness to pay.

INTRODUCTION

Public concern for environmental issues in North America and Western Europe has increased since the 1970s. Environmental issues have now become one of the most important public agendas in Western Europe and North America (Dunlap and Scarce, 1991). According to Dunlap's (2002) analysis of opinion polls collected on a regular basis in the United States from the early 1970s to 2002, a majority of Americans have concerns regarding the environment and support environmental protection. Likewise, consumers in Greece have been increasingly supporting companies with superior environmental performance, that aim for the "triple bottom line"—that is, they seek to both please their customers and make profits, while also being good to the planet. Many studies concerning the relationship between firms' environmental strategies and their performance support this notion, showing that ERP improves employee satisfaction and customer loyalty, reduces costs, and enhances competitiveness (King and Lenox, 2001; Klassen and McLaughlin 1999). However, very few studies concerning this issue have been reported in the service sector, compared with studying the manufacturing industry's ERP. Thus, studying service firms' ERP would be challenging due to the unique characteristics of services vis-à-vis goods (i.e., the intangibility, perishability, and simultaneous production and consumption of services, Fitzsimmons and Fitzsimmons, 2000).

The hospitality industry has become the world's largest industry, with 120 million employees and revenues exceeding \$3.8 trillion worldwide; thus, studying ERP in this industry is worthwhile (Enz and Siguaw, 1999; Goodman, 2000). However, to date, there are only limited studies concerning this issue in the hospitality industry, such as Goodman's (2000) study on the Scandic hotels; and Enz and Siguaw's (1999) study on Hyatt Regency regarding environmental management systems (ISO 14001). Most of all, researchers have not established how the lodging industry makes environmental decisions by incorporating the individual values of stakeholders, especially consumers. In fact, for better ERP corporate strategies and competitive advantage, a firm ought to consider the various objectives of multiple stakeholders, which has been supported by stakeholder theory (Bramwell and Alletorp, 2001).

First, this study focuses on consumers who can have an impact on managerial decisions about ERP. Most previous studies collected data from interviewing managers rather than interviewing consumers. In contrast, this study uses data directly collected from the customers, measuring their awareness, attitude, involvement, and

behavior intentions on hotels' ERP. Secondly, this study investigates consumers' willingness to pay (WTP) for ERP as well as the relationship between the degree of their attitude and behavior intentions in ERP and WTP. Thirdly, this study uses data from Greece and the U.S. The results of this study can reveal whether differences in culture and social structure determine consumers' degree of attitude and behavior intentions on ERP and the impact of these on their WTP.

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LITERATURE REVEIWS AND HYPOTHESES

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ERP in the Lodging Industry in Greece:
    In 2004, travel and tourism in Greece, accounted for an estimated 14.3% of the Gross Domestic Product (GDP) and 16.5% of employment (WWTC, 2004). However, current development patterns in Greece make it difficult for firms to reconcile between economic growth and respect for environment (Svoronou and Holden, 2005). As the hospitality industry accounts on average for more than 10% of the local GDPs in Europe, consumers in Europe have been paying more attention to ERP in the hotel industry (Anguera et al., 2000). Accordingly, in the hotel industry in Europe, ERP is an important criterion for attracting and retaining customers (Fitzsimmons and Fitzsimmons, 2000; Schendler, 2001). Since the 1980s, Greece's legal systems with respect to environmental protection have reflected such ERP concerns. Still, despite strong environmental policy, tourism, including the hotel business, that has played a prominent role in the Greek economy, has had a considerably negative impact on the environment (Svoronou and Holden, 2005).

ERP in the Lodging Industry in the United States:
    Until the early 1960s, the U.S. hospitality industry was little interested in ERP. However, since the 1990s, as the contribution of the service economy into gross domestic product (more than 70%) and employment in the service sector (more than 80%) grew, increasing numbers of consumers in the hotel industry with their higher demand on ERP led the hotel industry to actively adopt ERP initiatives (Kirk, 1998). These initiatives included environmental dimension of sustainability, codes of conduct, best environmental practices, eco-labels, environmental management systems (EMSs), and environmental performance indicators. As a result, when a firm adapts and implements ERP, this positively affects the firm's performance through cost reductions, resource savings, customer retention and loyalty, and improved employee morale (Schendler 2001). In order to achieve operational efficiency in addition to environmental protection, the hospitality industry launched a number of coordinated environmental initiatives, including the Charter for Environmental Action in the International Hotel and Catering Industry (Turner 1997). Many studies have examined the type of ERP action that hotels are taking (Bramwell and Alletorp, 2001).

Green Consumers:
    Since the early 1990s, it is reported that even in developed countries, more than 75% of the population used environmental criteria regularly in their purchasing decisions (Peattie, 1992). With such growing consumer concern on ERP, green marketing has focused on the relationship with consumers. Many researchers and marketers have identified the characteristics of green consumers for efficient positioning as well as for future market opportunities (Peattie and Crane, 2005). In order to create green markets and satisfy their need so as to transform what consumers need into what products they would be likely to want, it is first necessary to analyze actual consumers' needs or wants. In this sense, the current study measures and analyzes what consumers want to in terms of a hotel's ERP by measuring their awareness, attitude, involvement, and behavior intention on ERP.

Consumers' Awareness, Involvement, Attitudes, and Behavior Intentions on ERP:
    The issue of consumers' awareness of ERP has become more important due to its possible effect on attitude toward ERP and buying behavior. Initially, consumers' awareness of ERP increased with their frequent participation in ERP (e.g., donating money to charities involved in environmental issues, buying products that do not harm the environment, purchasing cleaner fuel & organic foods, recycling). In turn, consumers' increasing awareness of ERP positively affects their level of attitude. Then, an attitude (different feelings that create an individual's overall attachment to a product, service, or organization) can affect an individual's degree of loyalty as well as purchasing behavior (Hallowell, 1996).

    In this study, awareness and involvement are measured by asking respondents about general ERP (not specific to the hotel industry). On the other hand, attitude and behavior intention are measured by administering the same questions to the respondents about specific ERP in hotels, which is operationalized and measured by three dimensions—that is, (1) organizational ERP, (2) operational ERP, and (3) external ERP. These three dimensions of

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ERP are addressed in the following section, the framework of the study. Given the above information, the following hypothesis is constructed.

>**H1**: *Consumers' ERP awareness is positively associated with their attitude, involvement, and behavior intention on ERP.*

Attitudes & Willingness to Pay VS. Behavior Intention & Willingness to Pay:
As long as ERP costs firms more, the hotel industry needs to find a balance between satisfying customers' expectations by responding to their heightened ERP awareness and making a profit. A number of surveys in the U.S. have identified consumers' positive attitudes towards ERP in relation to their willingness to pay (WTP). For example, 52–95% of households would be willing to pay more to buy electricity that was produced using renewable energy technologies (Farhar, 1999). Simintiras et al. (1994) also reported that 27% of British adults were WTP up to 25% more for 'environmentally friendly' products. Based upon the above information, the following hypotheses are formulated.

Attitude toward Specific ERP & WTP
H2a: *Consumers' high attitude toward organizational ERP is directly related to their willingness to pay higher prices that are needed to support ERP.*
H2b: *Consumers' high attitude toward operational ERP is directly related to their willingness to pay higher prices that are needed to support ERP.*
H2c: *Consumers' high attitude toward external ERP is directly related to their willingness to pay higher prices that are needed to support ERP.*

Behavior Intention on Specific ERP & WTP
H3a: *Consumers' high behavior intention on organizational ERP is directly related to their willingness to pay higher prices that are needed to support ERP.*
H3b: *Consumers' high behavior intention on operational ERP is directly related to their willingness to pay higher prices that are needed to support ERP.*
H3c: *Consumers' high behavior intention on external ERP is directly related to their willingness to pay higher prices that are needed to support ERP.*

Culture: Culture is value, which has some persistence through time and influences people's actions. Therefore, due to a difference in basic value orientations, individuals from different cultures find themselves to vary. Individual value deeply rooted in their culture affects their product attributes. Regarding ERP, culture would influence individuals' awareness and behavior toward environmental issues (Fineman and Clarke, 1996). Accordingly, the following hypothesis is formulated.
H4: *Due to cultural differences, the magnitude of the relationship between Greek consumers' attitude and behavior intention and their WTP would differ from the magnitude of the relationship between U.S. consumers' attitude and behavior intention and their WTP.*

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CONCEPTUAL FRAMEWORK

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Based on previous literature with respect to ERP in the hotel industry, we construct a hotel's ERP framework, which is later used for the development of the questionnaire. The ERP framework is composed of three dimensions: (1) Organizational ERP, (2) Operational ERP, and (3) External ERP activities.

Organizational ERP: According to Bichta (2003), ERP of firms depends on various factors such as corporate culture, individual ethical standpoints of the CEO and employees, national culture, and so on. Fineman and Clarke (1996) point out that the culture of a firm significantly affects organizational members' attitude and environmental behavior. They also stress that employees' perception of the corporate image with respect to ERP significantly influences their job satisfaction as well as their attitude and behavior toward ERP. In this sense, corporate culture oriented toward ERP may increase employee ERP training. Corporate culture oriented toward sound ERP is also important for other stakeholders besides organizational members (Pohlen and Farris II, 1992). For example, green information positively affects customers' attitude and purchase intention, while a lack of such information causes consumers to react negatively against green marketing and leads to higher discrepancies between consumers' attitudes toward ERP and their actual buying behavior (Montoro and Francisco, 2006). Accordingly, organizational ERP includes an employee training program for better ERP and visible communication about ERP to stakeholders.

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Operational ERP: AH&MA has encouraged hotels to become highly involved in ERP, such as waste management, recycling, saving energy, and nonrenewable resources. Besides, ERP in hotels encouraged by AH&MA includes leftover food donation to a local food bank and using toxin-free cleaning products. Customers' involvement in the service operating system affects service performance, especially in hotels. Therefore, whether customers are likely to stay in a hotel that asks them to be directly involved in ERP, such as the linen reuse option and recycling, is a challenging issue, in contrast to other types of ERP that take place in the back office and do not directly involve the customers. Based on the above information, operational ERP in the framework of the current study includes waste management, recycling, saving energy and nonrenewable resources, and the linen reuse option.

External ERP: Positive relationship with suppliers is significant for the success of ERP (Geffen and Rothenberg, 2000). Previous literature emphasized the importance of implanting ERP in collaboration with suppliers. Also, participating in environmental organizations may increase corporate image with respect to ERP, as well as their internal ERP activities. In the framework of the current study, external ERP includes selection of environmentally friendly service providers and participating environmental originations. The following Figure.1 shows the framework of this study.

Figure 1
Schematic Representation of Organizational Environmental Responsibility
Practices and Consumers' Willingness to Pay
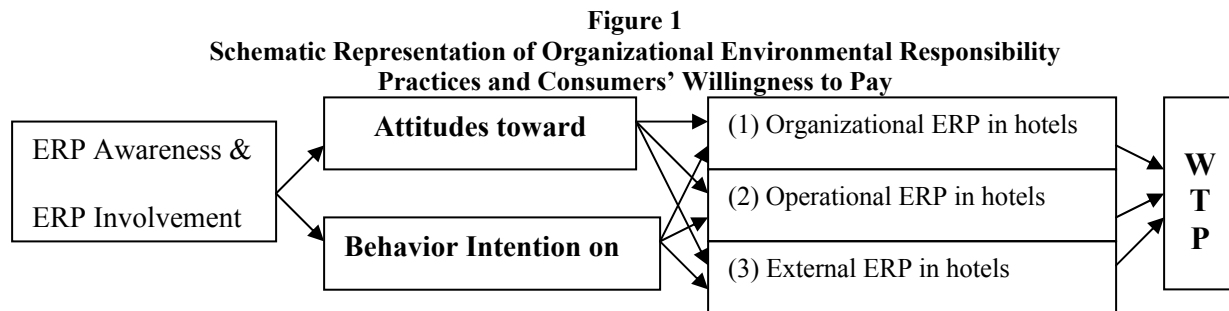
METHODOLOGY

Sample: The data was collected from college students in Greece and the U.S. Using a student sample, not a random sample, had an advantage in the response rate of around 95% in both countries. A total of 100 valid responses were received in both countries. More than 60% of the respondents were male (66% in Greece, 62% in the U.S). The average number of nights spends in a hotel in a typical month for business trips for respondents in Greece were higher than that for respondents in the U.S. (2.74 in Greece vs. 1.43 in the U.S.). However, the average number of nights spent in a hotel in a typical month for family trips was not much different between the countries (3.77 in Greece vs. 3.74 in the U.S.). Although education, age, ethnicity, and average income were asked in the survey, those variables were not considered in this study, since we selected student groups.

Survey Instrument: The survey instrument was grouped into five sections. Section I measured consumers' ERP awareness with respect to general ERP—5 items, that is, (1) energy efficiency; (2) solid waste minimization; (3) local products purchasing; (4) water conservation; and (5) environmental purchasing—by asking the respondents to indicate their level of awareness (1= do not know anything to 5= very knowledgeable). Section II measured their involvement in ERP in general (10 items) by using a five-point Likert scale (1=strongly disagree to 5=strongly agree).

Section III consisted of two sub-sections measuring customers' attitude toward a hotel's specific ERP in one sub-section and behavior intentions on a hotel's specific ERP in the other sub-section. Specific ERP are composed of three dimensions: (1) organizational ERP (3 items); (2) operational ERP (7 items); and (3) external ERP (2 items). In Section III, the respondents were first asked to show their level of agreement about whether a hotel should implement and adopt specific ERP on a five-point Likert scale (1=strongly disagree and 5=strongly agree). Then, the respondents were asked to indicate their behavioral intentions by knowing that a hotel implements those specific ERP (a rating between 1 = less likely to go there and 5 = more likely to go there).

Section IV measured consumers' WTP for promoting and adopting ERP in hotels by asking the respondents to indicate how much more they would be willing to pay (different room rates) while staying at green hotels (range from 1 = hotel should pay and thus I will not pay anything, 2 = pay 2% to less than 4%, 3 = pay 4% to

less than 6%, 4 = pay 6% to less than 8%, 5 = pay 8% to less than 10%, 6 = pay more than 10%). The cutoff point (10%) was based upon the industry average reported in the literature. Section V measured customers' demographic information as well as their previous experiences in hotels (number of nights spent in a hotel in a typical month for business/professional and for family/leisure trips; type of hotel stayed in the last visit).

Data Analysis Methods: First, the correlation analyses were performed among consumers' awareness, attitude, behavior intention, and involvement on ERP in each country' data set. Secondly, independent samples of T-tests were performed in each item between the data from Greece and the data from the U.S. Thirdly, principal component analyses were performed in items measuring attitude and behavior intentions in both Greece and the U.S. data in order to identify the key dimensions. Varimax Rotation (orthogonal rotation) was applied to reduce potential multicollinearity among the items and to improve reliability on the data. Finally, multinomial regressions were performed to identify the most determinant variable that affects WTP.

Results of Correlation Analyses: In data from both countries, all four above variables were found to be positively associated, as expected. However, respondents in the U.S. showed stronger associations among these four variables than respondents in the Greece. In the data from Greece, the correlation between awareness and involvement (.396) were found to be the highest, followed by attitudes and involvement (.218), and behavior intention and involvement (.198). On the other hand, in the data from the U.S., the correlation between attitude and behavior (.445) were found to be the highest, followed by behavior intention and involvement (.413), attitude and involvement (.381), awareness and involvement (.321), and awareness and behavior (.272).

Results of Independent Sample T-test: In general, from the mean scores of each item, the respondents in Greece showed higher awareness, attitude, involvement, and behavior intention on ERP, except for only one item, the "linen reuse option." Throughout the independent sample T-test, in Section I measuring ERP awareness, all five items (energy efficiency, solid waste minimization, purchasing local products, water conservation, environmental purchasing) were found to be statistically significant ($p = 0.00$), indicating that the respondents in Greece have higher awareness of those ERP. In Section II, measuring ERP involvement, most of the items were found to be statistically significant ($p=0.00$). This suggests that respondents in Greece are more likely to participate in ERP and tend to have a strong desire to save the environment and they strongly value more on ERP than price, compared with the respondents in the U.S. However, the respondents in the U.S. as the respondents in Greece fully understand the importance of ERP.

In Section III, among the items measuring attitude toward organizational ERP, operational ERP, and external ERP, all of the items included in organizational ERP ($p = 0.01$) and external ERP ($P = 0.01$) were found to be statistically significant, while in operational ERP, only "establishing a system for reducing waste" was found to be statistically significant ($p = 0.04$). This indicates that compared with the respondents in the U.S., the respondents in Greece had a higher and stronger attitude toward organizational ERP and external ERP, while the respondents in the U.S. had a similar degree of attitude toward operational ERP as did the respondents in Greece. In Section III, among the items measuring behavior intention on ERP, all of the items included in organizational ERP, especially visible communication ($p = 0.00$), and all of the items included in external ERP were found to be statistically significant at P-value of .05. These results suggest that respondents in the U.S. had a higher degree of behavior intention on operational ERP than on organizational ERP and external ERP, while the respondents in Greece had a higher degree of behavior intention toward all ERP activities.

Principal Component Analyses: Principal component analyses were performed only on items measuring attitude and behavior intention on ERP in Section III. In the data from Greece, three factors loaded from items for measuring consumers' attitudes were named, AORERP (attitude toward organizational ERP), AOPERP (attitude toward operational ERP), and AEERP (attitude toward external ERP), respectively. The 12 items reduced to three orthogonal factor dimensions explained 51% of the overall variance (**"**AORERP" - 30% of the total variance with an Eigen value of 3.68; "AOPERP" - 13% of the total variance with an Eigen value of 1.56; "AEEPR" - 8% of the total variance with an Eigen value of 1.12). Three factors loaded from the items measuring consumers' behavior intention in the data from Greece were named in a similar way: BORERP (behavior intention on organizational ERP), BOPERP (behavior intention on operational ERP), and BEERP (behavior intention on external ERP), respectively ("BEERP" - 40% of the total variance with an Eigen value of 4.88; "BOPERP" - 11.20% of the total variance with an Eigen value of 1.35; **"**BPRERP*"* - 9.20% of the total variance with an Eigen value of 1.10).

In the U.S. data, three factors loaded from items for measuring consumers' attitudes were named, AORERP (attitude toward organizational ERP), AOPERP (attitude toward operational ERP), and AEERP (attitude toward external ERP), respectively. The 12 items reduced to three orthogonal factor dimensions explained 63% of the overall variance ("AEEPR" - 40% of the total variance with an Eigen value of 4.86; "AORERP" - 13.45% of the total variance with an Eigen value of 1.61; "AOPERP"- 8.63% of the total variance with an Eigen value of 1.04). Three factors loaded from items measuring consumers' behavior intention in the U.S. were named in a similar way: BORERP (behavior intention on organizational ERP), BOPERP (behavior intention on operational ERP), and BEERP (behavior intention on external ERP), respectively (**"**BEERP**"-** 55.14% of the total variance with an Eigen value of 6.62; "BOPERP" - 8.63% of the total variance with an Eigen value of 1.14; "BORERP" - 8.20% of the total variance with an Eigen value of 1.10).

Result of Multinomial Regression Analyses: For this, six scales of customers' WTP to support ERP were recoded into three categories. From both countries' data sets, the lowest point 1 (hotel should pay and thus I will not pay anything) was regrouped into category 1. The two middle points, 2 (pay 2% to less than 4%) and 3 (pay 4% to less than 6%) were regrouped into category 2. The last three points, 4 (pay 6% to less than 8%), 5 (pay 8% to less than 10%), and 6 (pay more than 10%) were regrouped into category 3. This can make each category to have a similar sample size (In the Greece data, category 1= 35.6%, category 2 = 35.6%, category 3 = 28.8%; In the U.S. data, category 1 = 33.8%, category 2 = 32.4%, category 3 = 33.8 %).

Independent Variables & Dependent Variables: In this study, the multinomial logistic regression has six independent variables. The name of each independent variable was labeled by using factor names derived from the factor analyses – AORERP, AOPERP, AEERP, BORERP, BOPERP, and BEERP. The value of each independent variable was measured by the average scores of items which were highly correlated with each factor. The dependent variable was WTP for ERP, which has three categories.

In the data from Greece, as a result of fitting a three-category logistic regression model, in the likelihood ratio test, AORERP (Chi-square =4.815, df=2, p=0.09) and BOPERP(Chi-square =8.30, df=2, p= 0.01) were found to be significant among the variables loaded from principal factor analyses. In the logit function illustrating the result of the comparison between category 1and 2, consumers with higher attitude toward external ERP are 1.4 times more likely to be in category 2 than are consumers without such higher attitude. However, this result was not statistically significant. The confidence interval indicates the odds could be as little as .698 times or as much as 2.7 times larger with 95 % confidence. In the logit function illustrating the result of the comparison between category 2 and category 3, consumers with higher behavior intention toward operational ERP are 2.297 times more likely to be in category 3 than are consumers without such higher behavior intention. The confidence interval indicates the odds could be as little as .987 times or as much as 5.345 times larger with 95 % confidence. From these results, the different degree of consumer attitude toward external ERP was the major determinant of consumers' choice between paying nothing and paying 2%-6% for ERP. Whether consumers are WTP 2% - 6% or more than 6% for ERP depended on the level of their attitude toward organizational ERP. The following table 1 shows the result of multinomial regression in the data from Greece.

In the data from U.S., the likelihood ratios test showed that only behavior intention toward operational ERP (Chi-square =8.957, df = 2, p=0.01) had a significant effect on WTP for ERP. In the logistic regression models comparing category 1 with category 2 and category 2 with category 3, the degree of consumers' behavioral intention on operational ERP was found to be a major factor for determining customers' choice between paying nothing and paying 2% - 6% and between paying 2% - 6% and more than 6%. However, these results were not statistically significant. When comparing category 1 and 3, consumer with higher behavior intention on operational ERP are 2.684 times more likely to be in group3 than are consumers without such higher behavior intention. This result was statistically significant. The confidence interval indicates the odds could be as little as 1.206 times or as much as 5. 99 times larger with 95 % confidence. These results suggest that the different degree of consumer behavior intention on operational ERP was the major determinant of the level of WTP. The following Table 2 shows the result of logit function 1 comparing category 1 vs. category 3 by using data from the U.S.

Table 1
Results of multinomial regression in the data from Greece

Logit Function 1: Comparing Category 1 (pay nothing) VS Category 2 (Pay 2% to 6%)					
	B	Se	Wald	Sig	Exp(B)
AORERP	.166	.372	.199	.569	1.181
AOPERP	.102	.303	.112	.611	1.107
AEERP	.308	.344	.800	.693	1.410
BORERP	-.086	.337	.065	.474	.918
BOPERP	-.818	.426	3.689	.192	.441
BEERP	-.220	.339	.422	.413	.803
Logit Function 2: Comparing Category 2 (Pay 2% to 6%) VS. Category 3 (Pay more than 6%)					
AORERP	-.095	.358	.178	.673	.860
AOPERP	.831	.351	.042	.837	1.075
AEERP	.072	.338	.079	.779	.909
BORERP	**-.373**	**.431**	**3.723**	**.054**	**2.297**
BOPERP	-.151	.453	6.618	.010	.312
BEERP	-1.165	.368	1.298	.255	.658

Table 2
Result of logit function 1 comparing category 1 vs. category 3 by using data from the U.S.

Logit Function 1: Comparing Category 1 (pay nothing) VS Category 3 (Pay more than 6%)					
	B	Se	Wald	Sig	Exp(B)
AEEPR	-.035	.332	.011	.917	.922
AORERP	-.081	.357	.051	.821	.807
AOPERP	-.214	.361	.350	.554	.972
BEERP	-.234	.391	.358	.549	.791
BOPERP	.987	.409	5.835	.016	2.684
BORERP	-.150	.411	.134	.715	.860

SUMMARY & CONCLUSIONS

This study suggests that the respondents in Greece were strongly influenced by ERP in a hotel when selecting the hotel, probably due to higher ERP concerns than the respondents in the U.S. **H1** testing the associations among awareness, attitude, involvement, and behavior intention on ERP was supported although there were different strengths and variations in these relations between two counties. Respondents in the U.S. showed stronger association among these variables than the respondents in Greece.

In the data from the Greece, among H2a, H2b and H2c, testing the relationships between attitude on ERP and WTP, only **H2c** - stating the relationship between consumers' attitude toward external ERP and WTP - was strongly supported from the result showing that the different degree of consumer attitude toward external ERP was the predominant factor distinguishing category 1 from category 2. In the data from Greece, among the H3a, H3b, and H3c testing the relationships between behavior intention on ERP and WTP, only **H3b** – stating the relationship between consumers' behavior intention on operational ERP and WTP was strongly supported from the result indicating that consumers' WTP 2% - 6% or more than 6% for ERP depended on the level of their behavior intention toward operational ERP.

On the other hand, in the data from the U.S., H2a, H2b, and H2c testing the relationships between attitude toward ERP and WTP were not supported. Among the H3a, H3b, & H3c testing relationships between behavior intention on ERP and WTP, only **H3b** – stating the relationship between consumers' high behavior intention on operational ERP and WTP was strongly supported from the result showing that the different degree of consumer behavior intention on operational ERP was the major determinant of the level of WTP. From the results, overall, although there are differences in the level of WTP when the consumers' different levels of attitude and behavior intention on ERP are taken into consideration, consumers in both countries were more likely to patronize a hotel that provides ERP since behavior intention on operational ERP was found to be the significant factor affecting WTP in both countries. Accordingly, **H4** – stating that due to cultural differences, the magnitude of the relationship between

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Greek Consumers' attitude and behavior intention and their WTP would differ from the magnitude of the relationship between U.S. consumers' attitude and behavior intention and their WTP - was supported in this study, confirming that differences in culture and social structure determine consumers' green orientation as well as their WTP. Overall, this study provides information regarding why hotel operators strongly engage in operational ERP to increase performance. Moreover, this study reveals that adaptation and implementation of ERP in the hotel industry can impose higher prices for products and services on customers.

LIMITATIONS & SUGGESTIONS

The sample size (n=100) in each country wasn't sufficient to show clear evidence in the multinomial logistic regression analyses even if the sample size was large enough to carry out the statistical test of principal components analysis. Additionally, using student samples, even if they are also consumers, may cause the difficulty of generalizing this study into other settings, since they may have a lack of experience in using hotel properties as well as a lack of information about hotels' ERP. Incorporating a variety of consumer groups with a well-defined questionnaire can increase the external validity of the study. Also, by considering the fact that many customers did not assign any importance to the implementation of ERP in their daily life while a significant number of consumers shows their higher WTP for ERP, it is worthy of further study that determines the gap between what customers want to do (or are willing to do) and what they actually can do to support ERP in the hotel industry.

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TOURISM DESTINATION BRAND PERSONALITY: INFLUENCING PERCEPTIONS

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ABSTRACT

Past research into consumer behavior has examined the self-expressive role of brands, but has found little support for the premise that brand personality has an influence on consumer attitudes; relevant research has not been carried out in the tourism-destination sector. This paper thus proposes that tourists (as consumers) have a part to play in influencing how a tourism destination brand personality is perceived. This is in contrast to other research and propositions, which suggest that brand personality is created by how marketers intend to project it. The findings suggest that when a tourism destination brand commands a high preference, the preferred personality of the tourists actually has an influence over its perceived brand personality – provided that the tourist has built a positive relationship with the brand and then reinforces his/her personality on to the brand.

Key Words: Destination marketing, branding, brand personality, tourism brand perceptions.

INTRODUCTION

Each brand is supposed to have a "personality" that consumers use it to "self-express" or to experience the emotional benefits of the brand. In so doing, it helps to differentiate the brand from competitors in a particular product category (Aaker, 1996; Aaker, 1997); tourism destinations can also be considered as brands, hence they tend to have a personality associated with tourists' self-expression. While research has shown that self-expression can be an important driver for brand preference and choice, little progress has been made to show how the personality of brands can be used for the purpose of self-expression (Belk, 1988; Richins, 1994). This paper therefore suggests that tourists (as consumers) have a part to play in influencing how a tourism destination brand personality is perceived, in contrast to the suggestion that brand personality is created by how tourism marketers intend to project it (Batra et. al, 1993; Levy, 1959). When tourists build trusting relationships with their preferred destination brand, they will reinforce positive attitudes (which include their personality) on to the brand (de Chernatony & Riley, 1997). Dittmar (1992) supports this notion by suggesting that individuals share in the "process of transmitting, reproducing and transforming the social meanings of objects". The empirical findings of this research will highlight the conceptual underpinnings and managerial contributions to tourism destination marketing strategy and promotion.

BACKGROUND LITERATURE AND RESEARCH HYPOTHESES

Researchers have highlighted that attributes of a product alone may not be sufficient to build a strong brand (Aaker, 1996; Keller, 1998). As products have moved from a utilitarian perspective to a perspective of consumer-brand relationships, brand personality seems to be a contemporary tool for destination marketing strategists to use to build and enhance tourism destination brand equity (de Chernatony & McEnally, 1999). By endowing a destination brand with a unique personality, tourism planners differentiate brands with similar product attributes. Plummer (1984) argues that for many product classes, the brand personality is the key element in understanding brand choice. Tourism destination brand personality can be developed through a variety of marketing variables, such as user imagery, sponsorships, symbols and advertising (Aaker, 1997; Batra et. al, 1993; Levy, 1959). It can be based on typical users (tourists that visit the destination) or idealized users (as portrayed in the destination's advertisements and promotion). While user imagery can be an important driving force to visiting decisions, it is also likely to be product (or destination) specific.

In marketing literature several models have been proposed to define brand personality, some of which include "brand identity prism"', "Big Five prototypes" and "ACL" (Kapferer, 1997; John, 1990; Piedmont et al, 1991). All these models attempt to define traits that are related to the personality of brands. However, they only describe the personality traits that are perceived by consumers; they are not described as a set of consistent personality dimensions that are available across other brands, and they have never been applied to tourism destination brands. As such, Aaker (1997) suggests that brand personality should be defined as "the set of human characteristics associated with a given brand". To bridge this gap, five personality dimensions are introduced, namely "sincerity", "excitement", "competence", "sophistication" and "ruggedness". Derived from 15 personality facets of brands, one can further explore how these dimensions of brand personality would increase consumer

preference and usage or evoke consumer emotions (Sirgy, 1982; Biel, 1993). In particular, the relationship between culture and brand personality is very important in today's globalized tourism industry.

Past research has exploited the perspective of "culture meaning" by focusing on how the constructs of self-congruity, self-expression and brand personality are influenced by the cultural orientation of consumers (Aaker, & Maheswaran, 1997; McCraken, 1986; Singelis, 1994). For instance, Usunier (1994) suggests that consumers are cross-culturally different in both their preferences for products and their behavior towards brands. McCraken (1986) emphasises that all types of products are imbued with cultural meaning from the "culturally constituted world" through instruments of advertising and fashion. The concept of self-congruity suggests that people tend to choose situations and companions that reaffirm their self-schema (Linville & Carlston, 1994). Hence, a tourism destination brand with a reliable personality that is congruent to the personality of the tourist can play the role of a partner, associate or friend. In light of this, people are perceived to prefer brands that are associated with a set of personality traits congruent to their own (Kassarjian, 1971; Sirgy, 1982). The positive attitude towards familiar brands that are self-congruent is due to the fact that individuals exploit brands as an avenue for self-expression (Swann, 1987). The premise of the self-expression model which is consistent with self-congruity is that for certain groups of people, certain brands (including tourism destinations) can become vehicles to express part of their self-identity (Kassarjian, 1971; Sirgy, 1982).

While reviewing the literature, some gaps are inherent. Generally, the researchers call for more diverse geographical and demographic profiles to be included in future studies to shed new light on the universality in attitude formation. Different dimensions of brand personality should also be explored. The choice of product category and brand is also crucial for such studies. The product for research should be high in utility and exposure – various tourism destinations have been found to satisfy these prerequisites (Christou, 2003). The brand must also be dominant in the market and one that has a strong brand personality association. For the present study, the internationally well-known tourism destination of Mykonos Island in Greece was chosen, as it fulfils the above attributes.

Previous studies perceived the development of brand personality as an active role by marketers and advertisers. The focus on the role of consumers is less evident (Aaker & Schmitt, 1998); it can be inferred from the literature review that the perceived personality of a preferred brand for consumers can actually be influenced by their personality preference. This is based on the fact that people who possess a favorable perception of a brand are more likely to build a trusting relationship with it (de Chernatony & Riley, 1997). Therefore, tourists will reinforce positive attitudes such as their preferred personalities on to the destination brand's personality. The brand preference may also be segmented by using Kotler's (1997) "top of mind" and "share of heart" concepts. Top of mind is defined as brands that are most on people' minds, and share of heart as brands that have an emotional connection with people.

As tourists interact with their preferred destination brand, they not only participate actively in receiving the personality that the brand projects, but also transmit and create a new personality to it (Dittmar, 1992). Ultimately, a person who prefers a certain tourism destination will perceive that its personality is congruent to his/her preferred personality and will project their preferred personality on to the destination brand. This is in contrast with other research, where self-congruity was seen to develop from the fit found between the personalities of the person and of the brand. The following hypotheses summarize the preceding discussion:

- H1a: Perceived personality dimensions of Mykonos are influenced by the personality dimensions for respondents who share both "top of mind" and "share of heart" preference for Mykonos Island.
- H1b: Perceived personality dimensions of Mykonos are not influenced by the personality dimensions for respondents who do not share both "top of mind" and "share of heart" preference for Mykonos Island.

RESEARCH METHODOLOGY

The survey instrument used was a structured questionnaire containing three parts. The first part recorded the demographic profiles of the respondents, required respondents to rate on a five-point scale, how important the opinions of reference groups are to the respondents (measure of values), measured the extent to which the respondents consider the consequences of their decisions on their reference groups (measure of behavior), and measured brand preference through the concepts of top of mind and share of heart – this was used to segment the respondents based on their preference for Mykonos. The second part of the questionnaire was designed to measure the personality preference of the respondent based on the five personality dimensions of brands defined by Aaker

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(1997). Respondents were to rate on a five-point scale ranging from "uncomfortable" to "very comfortable" for some personality traits and "not impressed" to "very impressed" for other personality traits. The personality dimensions used were five (sincerity, excitement, competence, sophistication and ruggedness), while the personality traits used were thirty-five:

- For sincerity, the personality traits were: *down to earth, family oriented, honest, sincere, wholesome, original, cheerful, friendly, and sentimental*.
- For excitement, the personality traits were: *daring, exciting, trendy, spirited, cool, young, imaginative, unique, contemporary, up to date and independent*.
- For competence, the personality traits were: *reliable, secure, intelligent, successful, leader and confident*.
- For sophistication, the personality traits were: *upper class, glamorous, good looking, charming, feminine/masculine and gay/lesbian*.
- For sophistication, the personality traits were: *outdoorsy, rugged and tough*.

The third part of the questionnaire was designed to measure the respondents' perceived personality of Mykonos. The five personality dimensions of the destination brand are determined by measuring the personality facets of the brand instead of using personality traits, which are direct subsets of each brand personality dimension. Since personality traits are subsets of personality facets, they can be used to measure the personality dimensions of the destination as well. For example, personality traits of honesty, sincerity and reality are subsets of the personality facet of honesty (Aaker, 1998). This will improve internal validity and reduce selection bias effects and testing effects due to the influence of responding to questions in the second part of the questionnaire (Sekaran, 1984).

To ensure the validity of the data collected, the sequencing of items in the second and third parts of the questionnaire were deliberately changed and both itemized interval and semantic differential scales were applied. A pilot study on a sample size of 20 was conducted to test the reliability of the independent questions developed for the questionnaire. From the reliability analysis, the Cronbach alphas for all questions in both first and third part of the questionnaire were found to fall between the acceptable range of 0.8 and 0.9 (Sekaran, 1984). However, some of the personality traits in the second part of the questionnaire recorded Cronbach alphas of 0.6 and below; those between 0.5 and 0.7 were restructured, while those below 0.5 were dropped from the final questionnaire.

A survey approach using street contact and non-probability sampling was employed. Respondents were foreign tourists approached at major shopping centers, bus interchanges and tourist attractions at Athens in Greece. The questionnaire was accompanied by an explanation on the objective of the survey and the instructions for completing the form. They could either be returned by mail in a stamped envelope provided or submitted via fax. Five hundred questionnaires were distributed, and 138 (27.6 per cent) usable completed questionnaires were returned. Thirty-six (26 per cent) of the respondents share both "top of mind" and "share of heart" preference for Mykonos Island.

The tourists' personality preference and their perceived personality for Mykonos were normalized and then categorized to match the five dimensions of destination brand personality. The method used is similar to Aaker's (1998) brand personality scale (BPS). In this research, the new indices developed are called the "personality preference index" (PPI) for personality preference and "brand personality index" (BPI) for perceived brand personality. PPI was developed based on the mean value of all the personality traits (for personality preference). BPI was developed based on the mean of all the personality facets (for perceived destination personality) obtained from each respondent.

FINDINGS AND DISCUSSION

The survey yielded 138 responses, which were divided into a group with destination brand preference and another group not having brand preference for Mykonos. Preference was measured based on their top of mind and share of heart for any tourist destination. From the survey, 68 respondents (49.2 per cent of the respondents) were found to have top of mind preference and share of heart preference for Mykonos Island. Since brand preference is correlated with both top of mind and share of heart for a brand, respondents were grouped based on their extreme preference tendency towards the brand (Kotler, 1997). Table 1 illustrates the breakdown of the respondents in these two groups. The third group categorizes those with either top of mind or share of heart for the destination brand used in the research. They do not show a clear preference for Mykonos and thus were not considered in the analysis. The demographic profiles of the respondents are illustrated in Table 2. The distribution of the respondents' demographic profiles is relatively balanced.

Table 1
Breakdown of Respondents According to Brand Preference for Mykonos

Group	Description	N
1	Destination brand preference with "top of mind" and "share of heart"	68
2	No destination brand preference	53
3	With either "top of mind" and "share of heart"	17
	Total	138

Table 2
Demographic Profiles of Respondents with Preference for Mykonos

Demographic variable	Category	%
Age	18–24 years	32.97
	25–30 years	42.55
	31–40 years	19.14
	Over 40 years	5.31
Gender	Male	55.7
	Female	44.3
User status	Associated	38.6
	Non-associated	62.4
Marital status	Single	41.0
	Married	59.0

The BPI for each personality dimension was regressed against the PPI dimensions for respondents of Group 1 and Group 2 (Table 1). For example, the BPI of the "sincerity" dimension was regressed against the PPI of "sincerity" within each group and then compared. Group 2 functioned as a control, where the regression analysis was expected not to return any significant BPI (standardized β) as compared to Group 1. Table 3 illustrates the results. The value obtained for a significant β would also demonstrate the magnitude of the influence of the independent variable on the dependent variable.

Table 3
Regression Analysis Results for Hypotheses Tested

	β for each dependent BPI				
Personality Dimension	**Sincerity**	**Excitement**	*Competence*	*Sophistication*	*Ruggedness*
Group 1 (N = 68)	0.153	0.207	0.155	0.113	0.145
Group 2 (N = 53)	*	*	*	0.296	*
* not significant					

For testing hypothesis H1a, all BPI dimensions were regressed against PPI dimensions for respondents from Group 1 to demonstrate any significant influence of the personality preference of the respondents on the perceived destination brand personality of their preferred brand. The dimensions of "sincerity" ($\beta = 0.153$, $t = 1.577$, $p = 0.001$), "excitement" ($\beta = 0.207$, $t = 1.462$, $p = 0.001$), "competence" ($\beta = 0.155$, $t = 1.412$, $p = 0.001$), "sophistication" ($\beta = 0.113$, $t = 1.069$, $p = 0.001$) and "ruggedness" ($\beta = 0.145$, $t = 1.373$, $p = 0.001$) for the personality preference of the respondents demonstrated an influence on all perceived destination brand personality dimensions. This supports the hypothesis that the personality preference of the respondents in Group 1 has a positive influence on the perceived destination brand personality of a preferred tourism destination.

To test hypothesis H1b, a similar regression analysis on Group 2 was conducted. The preferred personality dimensions of "sincerity", "excitement", "competence" and "ruggedness" for the respondents from this group showed no significant influence on the perceived personality of the destination brand. This demonstrates the contrast between the influence of the PPI on the BPI for Groups 1 and 2. However, an unexpected result was obtained for the dimension of 'sophistication' ($\beta = 0.296$, $t = 2.305$, $p = 0.001$). The significant beta value indicates that there is an influence from the preferred personality in this dimension on respondents' perceived personality of a destination brand for which they had no preference.

It is hypothesized that the tourist's personality preference has influence over the perceived destination brand personality of one's preferred destination. The findings reflect a strong support for H1a and a weak support for H1b. These results are consistent with the suggestions made by de Chernatony and Riley (1997) and Dittmar (1992). The beta values demonstrate that for respondents who prefer a particular destination brand, their preferred personality dimensions have an influence on the perceived destination brand personality dimensions (of similar dimensions). In comparison, respondents who do not have any preference for a particular destination brand show very little influence (only for the dimension of "sophistication"). This implies that people have a more significant influence on the way they perceive the personality of a tourist destination they prefer. This could most likely be attributed to the destination brand-tourist relationship, whereby tourists reinforce their personality dimensions on to the brand (de Chernatony & Riley, 1997). At the same time, the findings also support the assertions by Schiffman and Kanuk (1997) and Solomon (1996) that respondents who prefer a brand use it to project their self-image to others.

Furthermore, the findings suggest that when a tourism destination brand commands a high preference, the preferred personality of tourists actually has an influence over its perceived brand personality. The preferred personality of the tourists would represent its "self", which could be their ideal, desired, actual or social self. Implicitly, this means that the preferred personality dimensions of the user/tourist can influence the self-congruity with a destination brand, provided that the person has built a positive relationship with the brand and then reinforces his/her personality on to the brand (de Chernatony & McEnally, 1999). Self-congruity is therefore not developed just by positioning the personality dimensions of the destination to fit those of tourists (Aaker, 1996). It could also be developed via the relationship between the visitor and the destination brand. Hence, tourists and their preferred destination brand would end up being more and more similar to each other as the relationship between them grows favorably.

Based on the findings of the present research, two major managerial implications can be identified. First, tourism destination brand personality alignment with the personality of tourists must be managed properly and more effectively. Destination brand managers must identify the major influences of their visitors' personality on the perceived personality of their destination brands. This would provide them with an indication of whether they have targeted suitable market segments. In terms of tourism marketing communication and promotion, which celebrity endorsers should be picked to project and influence the personality desired for a destination brand is an important decision. This is consistent with McCracken's (1989) transfer model, which states that brand personality is congruent to the personality of the spokesperson (early adopters and celebrities). Besides just using various advertising approaches to build the personality of destination brands, strategic initiatives can be made to steer and manipulate the brand's personality. Targeting suitable market segments and spokespersons who possess the personality dimensions that would reinforce those of the destination brand deserves optimum attention. Secondly, the building of destination brand personality can be managed and executed with more accuracy and effectiveness with influence from the personality of the majority of tourists-visitors. Destination brand managers can gain better alignment of their brand personality dimensions by "tuning" each of the personality dimensions of their brands to the personality dimensions of their targeted market segments. Subsequently, this would make it even easier for tourists to influence the perceived personality of their preferred destination brand and hence find a reconciling congruity between both their personality dimensions.

CONCLUSIONS

Past literature suggests that the consumers' self (involving their preferred personality dimensions) has an influence over their perception of a brand's personality, provided that they have a strong preference for the brand. This empirical research showed that self-congruity development with a preferred tourism destination brand could also be built based on the tourists' efforts in developing a relationship with the destination brand.

The findings from this research relied on only one tourism destination brand. A variety of different destination brands would most certainly help to improve the generalizability of the research findings. The research showed that the preferred personality of the individual (relating to the "self") has an influence over the perceived personality of their preferred brand. But it does not tell us which aspect of the self (actual self, ideal self, private self and public self) is responsible for this self-congruity with a preferred destination brand. This provides an opportunity for further research to test which is actually preferred by an individual.

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Finally, this research has demonstrated empirically that the development of self-congruity using destination brand personality is a dynamic two-way process. Individuals who have a strong preference for a particular destination can in fact endow and influence its perceived personality with their self-concept. The stronger the relationship that is built with a tourism destination brand, the more one is able to achieve congruity between the brand and the self. This theory is consistent with the proposition made by de Chernatony and McEnally (1999). Hence, the brand-individual relationship building is an important factor to consider in order to build strong self-congruity towards a tourism destination.

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ACCRUAL MEASUREMENT CHOICE FOR THE GAMING INDUSTRY DURING RECESSION

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ABSTRACT

This paper examines whether the Casino industry manages earnings based on different economic conditions. This research employs total and current accruals models to detect whether the Casino industry manages earning at all when the industry reserves little accruals to manage due to cash nature of the industry. This paper further examines if one of the two accruals models can be more effective in detecting the earnings management in the Casino industry settings. The results indicate that the Casino industry manages earnings differently during the recession periods and the current accruals models provide greater statistical significance over the total accruals model.

Key Words: The Casino industry, earnings management, accruals, recession, earnings

INTRODUCTION

The importance of transparency in financial statements cannot be overstated as investors and creditors make financial decisions based upon accounting numbers reported by management and certified by the auditors. In the same line, many managers believe that increasing earnings per share is one of the most important objectives suggesting that managers manage earnings to window dress their financial statement (Burgsthler and Dichev 1997). Therefore, a stream of research examines if and how earnings are managed (see Healy and Wahlen 1999 for a comprehensive review). If the idea of earnings management plays a crucial role in the assessment of firm performance by investors as well as creditors, then it is important to identify whether the economic conditions and income sources unique to each industry interact to create differences in how earnings are managed. Most of the research on earnings manipulation focuses on accruals to test whether earnings are managed. However, the level of accruals is not constant across industries. This study posits that because there are differences in the levels of accruals across industries, therefore, there will be cross-sectional differences in the ability of the detection models to detect earnings manipulation. Thus, this research will examine the gaming industry as a setting to identify a better measurement tool of earnings management when the industry generates a majority of income in the form of cash and cash equivalent, thus left with less of accruals to manage earnings. This paper will also examine whether the industry manages earnings differently based on industry specific economic conditions; recession vs. non-recession period.

Most of earnings-management research papers have adopted an accrual approach to assess the degree of firm related earnings management and use accruals to proxy for earnings management (Beneish 1998)[1]. The idea behind employing accruals is to dichotomize earnings into discretionary and nondiscretionary accruals. The non-discretionary accruals is the portion represented as earnings that are beyond management's control such as loan interest payments, employee payroll, and the likes. On the other hand, discretionary accruals are considered as an area where management exercises a great discretion to smooth earnings to provide more favorable financial outcomes.

However, the gaming industry generates much greater portion of cash revenue from gaming operation, leaving relatively less accruals to manage earnings. According to Laventhol and Horwath (1998), US lodging industry data indicate that typical gaming hotels record about 80% of their total revenue from gaming operation

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[1] Accounting accruals are resulted from timing differences from difference accounting choices (Watts and Zimmerman 1990).

(Jang 2000), and slot machines in the gaming hotels generate around 74% of the total gaming revenue[2]. Moreover, Garret (2003) states that the Gaming industry generated more than 40 billion dollars in 2001. Given the fact that the Gaming industry generates over 60% of its revenues in cash or cash equivalent from gaming operations, an important research question arises as to whether the Gaming industry is in a position to actively manage earnings using accruals since accruals are relatively a smaller portion of its earnings. Hence, if they are in the position to manage earnings, how do outsiders detect earnings management in an industry where most of its revenues are in the form of cash or cash equivalent?

As Guay et al. (1996) argue that managers use discretion over accruals to manage earnings returns only in bad news periods, accordingly a recession (i.e., bad news periods) generated from a specific industry affects general profit level of the industry. As an example, a lodging expansion boom occurred in the 1980s when the federal government deregulated the Savings and Loans industry and allowed it to participate in retail banking operations. During that period, the lodging industry enjoyed a remarkable growth as many investors were able to finance their hotel expansion projects through Savings and Loans. The rapid expansion in the lodging facilities without a commensurate increase in the demand resulted in a recession in the lodging industry and led to the downfall of the Savings and Loans institutions. Within the hospitality industry, gaming industry is considered most susceptible to economic conditions as gaming hotels offer gaming activities, top name entertainments, specialty restaurants and more (Jang 2000), which are considered non-necessary items and that people are less willing to spend money on such discretionary activities during recession.

Thus, this paper will focus on observing earnings management effects based on economic conditions and attempt to identify a better measurement tool to detect earnings management when an industry has less accrual bases from revenue sources. In order to observe distinct earnings management pattern in the gaming industry, the study will focus on the mean differences in discretionary accruals with respect to economic condition (i.e., recession), as evidence of earnings management. The remainder of the paper is as follows. In section 2, a discussion of how the financial literature has been investigated in different ways of measuring earnings management is presented. In section 3, the research design addressing research questions is discussed. Section 4 contains the research results followed by conclusions in section 5.

LITERATURE REVIEW

As the definition of earnings management states, managers use judgment in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic performance of the company or to influence contractual outcomes that depend on reported accounting numbers (Healy 1999).

The primary focus of earnings management research until recently has been to detect whether and when earnings management has taken place (Healy1999) and what would be motivations to manage earnings from the managements' perspective. Furthermore, research by Healy (1999) provides evidences that some firms manipulate earnings to avoid reporting negative earnings, or earnings decline. Also, Burgsthler and Dichev (1997) observe that managers do emphasize the importance of increasing in earnings in the opening lines of the management discussion section of the annual report. A research by Carslaw (1988) and Thomas (1989) demonstrated that firms exercise discretion to increase earnings when the level of earnings or earnings per share is slightly below a round number.

Research articles directly discussing management's earnings management based on external conditions such as recession have not been introduced in accounting literature. However, AlNajjar (2001) provides evidence that managers of multinational firms with a high level of the investment opportunity (economic boom) make accounting choices to reduce reported earnings compared to mangers of multinational firms with a low level of the investment opportunities. Additionally, Harris et al. (1994) argue that German mangers have incentives to manage earnings downwards to easily shape their dividend policies (Mora et al. 2005). Bitner (2005) also identifies that during dot.com period manipulating top-line growth became the method of choice for earnings management. Thus, there are evidences to make claims that earnings are managed in such a way to either increase or decrease based on the different economic conditions.

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[2] Commercial hotels make 54.5 % of their sales revenues from guest room rentals whereas gaming hotel generate much greater cash revenue from gaming operation. As a consequence, slot machines have become the greatest income generators in the gaming industry in the state of Nevada (Lucas 2003; Nevada Gaming Control Board 2000).

Among the existing literatures, Dechow et al. (1995) and Teoh et al. (1998) developed two distinctive accrual approaches to measure earning measurement: hereafter this paper will refer them as Dechow and Teoh. The modified Jones model developed by Dechow is the most widely used method to detect earnings management. This method has been employed in numerous articles such as influence on stock markets (Kasznick, 1999); measuring accruals quality (Francis et al., 2005); accruals signaling private information (Louis, 2005); mispricing abnormal accruals (Xie, 2001) and more. This model was originally developed by Jennifer Jones (1991) in her research article to detect earnings management during an import relief investigation. Jones' original model assumes that management has no control over revenues regardless of revenue type; account receivables, cash, and credit sales. However, Dechow further developed this model by adding a new variable and replaces the existing revenue variable with the new variable (Δ Revenue – Δ Account Receivable), implying that cash revenue is not under the discretion of management (Dechow et al. 1995). More importantly, the critical feature in the modified Jones Model employs Total Accrual Approach and makes an assumption that management has discretion over long-term assets such depreciation methods, and deferred taxes, etc.

Conversely, Teoh's model does not make such claims. His model builds on the same principle that cash is not under the discretion of management. However, Teoh states that management has discretion over short-term assets and liabilities from day-to-day operation such as advanced recognition of revenues from credit sales, delayed recognition of expenses, and low provisions for bad debts (Teoh, et al 1998). Thus, Teoh employs Current Accrual approach to measure firm related earnings management by replacing Total Accrual in the modified Jones model and delete the Property, Plant and Equipment variable. Other researchers like Francis (2006) and Guenther (1994) also contend that management has greater discretion over current accruals. Their statement is valid especially for the hospitality industry as the industry is notorious for high-employee-turnover rate and it is safe to assume that management does not stay long enough to manipulate long-term accruals such as depreciation methods or deferred tax accounts.

RESEARCH DESIGN

Hypothesis Development

One of the research objectives is to examine whether the gaming industry manages earnings differently during economic recession vs. non-recession period. During two observed economic recession period, many hotels had suffered financially from low occupancy rates[3]. Lodging industry had also experienced negative annual changes in RevPAR during the year of 1990, 1991, 1992, 2001 and 2002 as shown in Table 1. The average U.S. full-service hotel suffered 21.3 percent decline in profits during the first six months in 2002, compared to the same period in 2001 (Feneck, 2003). The fact is that the overall lodging industry suffering from economic recessions has placed a severe impact on hotel revenue generation. For the same reason, the gaming industry was likely to have generated less revenue during recession periods than non-recession period. In fact, Canina (2002) reported that Nevada and New Jersey, where most gaming facilities are located, were the states experienced one of the greatest declines in RevPAR as -7.17% and -6.99% in 2001 and -18.78% and -18.24% of annual percentage changes were reported, respectively.

During the last two observed recession periods it was expected that managers in the Gaming industry would attempt to manage earnings to window dress their financial statement. Furthermore, Burgsthler and Dichev (1997) identifies that managers emphasize the importance of increase in earnings and believe that one of objectives of any fiscal year is to show stable financial performance, especially in their annual reports. Hence, to assess whether the gaming industry treats earnings differently depending on economic condition, the authors develop the first null hypothesis.

Ho1: The gaming industry does not manage earnings differently during recession period.

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[3] During the economic recession of 1990 to 1992, many hotels had suffered financially from low occupancy rates resulting from overbuilding of hotel properties in the late 1980s (Andrew & Schmidgall, 1993). Second recession observed is in the year 2001 and 2002. The annual changes in RevPAR had declined significantly by 7.35 in 2001 from increase of 2.61% in 2000 (Canina, 2002).

Table 1
Annual Change in RevPar

Year	RevPar	Annual Change
1990	43.14	-2.92%
1990	43.14	-2.92%
1991	41.14	-4.63%
1992	40.65	-1.20%
1993	41.67	2.52%
1994	43.03	3.25%
1995	44.04	2.35%
1996	44.56	1.17%
1997	44.89	0.74%
1998	45.59	1.56%
1999	45.71	0.27%
2000	46.9	2.61%
2001	43.45	-7.35%
2002	42.41	-2.40%
2003	43.07	1.40%

(Source) Linda Canina (2002) Cornell Hotel and Restaurant Administration Quarterly; Smith Travel Research/Pinnacle Advisory Group 2004 Outlook

Dechow's modified Jones model, which theorizes on the basis that earnings management is more likely to be detected when using total accrual approach as managers make adjustment on accounting variables such as depreciation methods or deferred tax accounts. However, the authors' argument is that the earnings manipulation in the gaming industry is more likely to be detected using a current accrual approach as the gaming industry generates much greater portion of revenue in cash or cash equivalent. Consequently, it is expected that managers will find current assets more convenient to manage earnings. Moreover, as the majority of gaming operations are on cash or cash equivalent basis using chips and tokens (Greenlees, 1988), it is logical to assume that managers have more opportunities to manipulate earnings using cash and cash equivalents to make adjustment on current assets. Burgsthler and Dichev (1997) find evidence that managers manipulate both cash flow from operation and changes in working capital to achieve increases in earnings. Thus, the authors develop the following hypothesis to address the second research objective.

Ho2: Current accruals approach and total accrual approach measure the same magnitude of discretionary accruals.
Research Methods

Many earnings management studies examine managers' use of discretionary accruals to observe reported income manipulation (Tsui 2003). Most researches adopt the concept of discretionary accruals as a proxy in detecting earnings management. As one of the primary goals of this study is to evaluate empirically the ability to identify a better measure in assessing earning management in the gaming industry, we employed two measure approaches in using discretionary accruals; Dechow's modified Jones model using total accrual approach and Teoh's current accrual approach.

In order to extract discretionary accruals, the authors use two regression equations from both literatures to make a comparison of mean differences in discretionary accruals from the two accruals approaches. The Dechow's model employs the total accrual approach, which is computed by subtracting Net Operating Cash from Net Income and then regressed on independent variables; change in Revenue less change in Account Receivable and gross Plant, Property and Equipment. Each variable is scaled by the firm related lagged total assets to reduce heteroskedasticity and also to be consistent with the use in the accounting literature.
Modified Jones Model:

Total accruals$_i$ = 1/A$_i$ + (Δ Revenue – Δ Account Receivable)$_i$ + PPE$_i$ + ε$_i$

Total accruals$_i$ = Net Income$_i$ – Net Operating Cash$_i$

Teoh's current accruals approach employs the similar principle. The only difference between the models is the calculation of extracting accruals. Subtracting Cash from Current Assets estimates current accruals, and then the authors subtract current liabilities before adding Debt in Current Liability component.

Toeh Model:

Current accruals$_i$ = 1/A$_i$ + (Δ Revenue – Δ Account Receivable)$_i$ + ε$_i$

Current accruals$_i$ = Current asset$_i$ – Cash$_i$ – Current liability$_i$ + Debt in Current liability$_i$

TA is total accruals accumulated over the life of a firm $_i$ in year t

Δ Revenue is the changes in the total sales revenue for firm $_i$ from year t to year t+1

Δ Account Receivable is changes from year t to year t+1

PPE is Property, Plant and Equipment at year t

A $_{it-1}$ is total wealth from firm $_i$ in year t

ε$_i$ is the proxy for the discretionary accruals representing firm related earnings management portion

Once the authors obtain discretionary accruals from estimating two separate regressions, and conduct T-Test for mean differences between recessions vs. non-recession periods with respect to residuals.

Sample Selection

The samples have been collected from the Lodging, Gaming, and Manufacturing industries with SIC code number of 7011, 7990 and 311-339, respectively. The Lodging and Gaming industry were used to detect the degree of earnings management during the observed recession period with an assumption that earnings management will be more pronounced. Subsequently, the manufacturing industry is employed as a control group to observe any differences in earnings management during the recession years when the manufacturing industry did not suffer from the same economic conditions.

The sample years included in the models are from 1990 to 2005 using Compustat Annual industry data to obtain necessary accounting variables. Any firms from initial samples with missing values for independent and dependent variables were omitted from the panel data sample, which resulted in a great reduction in sample size. As shown in Table 2, the great discrepancy between the initial sample years and the final sample years are due to the availability of necessary accounting variables required to conduct two different accruals approaches. Each accrual method requires different accounting variables to meet the requirements. Moreover, each observation was scaled by the firms' lagged assets. As a result, the 1990 data was used only to scale the 1991 data and could not constitute an actual observation of its own.

RESULTS

Regression Analysis

The paper proceeded in two ways to evaluate the presence of significant discretionary accruals or earnings management. The first of which is to create a dummy variable (REC) for recession years and regress total accruals on REV, PPE, 1/A, recession related dummy variables (REC). It was a test for significance of the coefficient for REC to evaluate the presence of earnings management. The second step we conducted was to regress total accruals on REV, PPE, 1/A, and firm related dummy variables to obtain residuals. These residuals will represent discretionary accruals. The residuals from recession and non-recession years will then be compared by means of a t-test to evaluate the presence of earnings management.

The preliminary analysis began with graphing total accruals and current accruals versus each of the independent variables. Immediately, potential outlier problems were identified from graphs of total accruals versus inverse assets (1/Asset $_{t-1}$). Not only were these points associated with high leverage and studentized residuals with magnitude greater than eight, they had Cook's Distances of well over the generally accepted value of one. It was

considered the best that the outliers be removed from the sample. After removing the outliers, the regression model was reestimated and the studentized residuals versus the independent variables were regraphed. The predicted values showed no evidence of unequal variance. A normal probability plot of the residuals exhibited the characteristics of short tailed data. However, short tailed residuals do not necessarily have huge effects on the estimated regression coefficients. Since the main objective in this portion is to evaluate the regression coefficient of the recession variable, the possible short tailed nature of the residuals is not a huge concern. Multicollinearity was not an issue as none of the variance inflation factors approached unacceptable heights. Most of the VIFS were under two.

Test Results

      Several notable observations were identified with respect to mean total assets and sample observation years. As shown on Table 2, the mean total assets for the current accrual approach show considerably larger amounts for every industry when compared to those from the total accruals approach. The authors also observe the same phenomenon regarding the sample observation years. The reason behind the significant difference between the two approaches might have resulted from the accounting variable requirements for each approach. Depending on the firms that are included as final samples, the mean total assets are affected and resulted in great differences in amounts.

TABLE 2
Summary Statistics

	Initial samples	*Final samples*	*Mean Total Assets (SD)*	*Mean DA (SD)*
Total Accruals				
7011	1552	90	1889.13 (2531.07)	.584 (.080)
7990	2625	135	1357.68 (3063.65)	-.076 (.289)
7011& 7990	4177	225	1534.83 (2902.55)	-.054 (.236)
NAICS	2384	224	14013.3 (27113.9)	-.0546 (.048)
Current Accruals				
7011	1552	75	3253.01 (4200.13)	-.713 (.108)
7990	2625	150	1788.66 (3356.85)	.012 (.208)
7011& 7990	4177	225	2374.4 (3777.72)	.007 (.158)
NAICS	2384	195	14316.8 (26223.9)	-.027 (.214)

**Mean Total Assets in millions of dollars

      Based on T-Test results of the mean Discretionary Accrual shown in Table 3, the authors observed evidence of earnings managements with respect to the recession vs. non-recession periods for all of the sample industries, using both accruals approaches. Both approaches provide evidence that the lodging and gaming industry managed earnings differently during the industry induced recession years, which are identified as 1991, 1992, and 2001. The total accrual approach shows a statistical significance at 10% for both industries whereas the current accrual approach shows statistical significance at 5%. In order to test sensitivity of the observation years, the sample years are divided into four groups to account for variations. Interestingly, the authors observe distinctive patterns from both accrual approaches that the lodging industry shows little evidence of earnings management in the years of 1991, 1992, and 2002 whereas the gaming industry shows a strong evidence of earnings management during the same years.

      On the other hand, NAICS manufacturing firms, which the authors employ as a control group, did not show any signs of earnings management from both accrual approaches during the sample years. The result is another validation of the research assumption that the lodging industry induced years do not represent recession for the manufacturing firms. Thus, the null H1 is rejected and it is concluded that the gaming industry manages earnings differently during the recession period. Moreover, based on the test results, economic hardship will increase the likelihood of earnings management and favorable facet of financial statements.

TABLE 3
T test for DA: Mean Difference of DA during the Recession vs. Non recession

Recession Years	1991,2 2001,2	1991,2 2001	1991,2 2002	1991-98
DA from Total Accruals Approach				
Casino	-2.0692**	-1.8245*	-1.3187	0.5858
Lodging	1.3355	1.6857*	1.6735*	0.7694
Manufacturing	0.1842	0.4151	0.3038	1.0462
DA from Current Accruals Approach				
Casino	-1.8147**	1.9466**	-1.3615	0.8331
Lodging	-1.7904*	2.1502**	-2.1529**	-0.7879
Manufacturing	-0.9492	-0.4128	-0.6617	1.2613

*Represent statistical significance at 10% **Represent statistical significance at 5%

In order to select a better measurement tool in detecting earnings management in an industry where major source of revenue is in cash or cash equivalent, the authors employ both accruals approach to test the sample firms, which have all of the accounting, variables required for both regressions. Thus, the authors combine the lodging and gaming industry to increase the sample size. The final samples after combining both industries include 180 years from 12 different firms. As a result shown in Table 4, we observe statistical significance for the group with the recession years as 1991, 1992, and 2001, as opposed to that the rest of the groups do not show any difference in DA when they were compared to non-recession years. As for the degree of statistical significance, although it is marginal, the current accrual approach produces greater statistical significance of earnings management for the sample firms. Thus, the null H2 is rejected and it is concluded that the Current Accrual approach captures earnings management in an industry, where the revenue generated is either in cash and cash equivalent, with marginally greater statistical significance than that of the total accruals.

TABLE 4:
T-test Results for Combined Industry during Recession vs. Non-recession

Recession Years	1991,2 2001,2	1991,2 2001	1991,2 2002	1991-98
DA from Total Accruals Approach				
7011 & 7990	1.2436	1.6629* (-0.0981)	1.6174	0.9585
DA from Current Accruals Approach				
7011 & 7990	-1.3716	-1.8412* (-0.0673)	-1.6523	-0.8726

The figures in the parentheses represent p-values from the t-tests.

CONCLUSIONS

In order to test whether the gaming industry manipulates earnings using accruals, the study conducts Total accrual and Current accruals approach to extract DA (earnings management portion). The study also identifies the recession years to be 1991, 1992, 2001, and 2002 to account for any changes in mean DA within industry and have them compared to non-recession years. The idea of dividing years into two separate groups (recession vs. non-recession) is to detect whether gaming firms manage earnings differently during the industry recognized recession versus non-recession periods.

As explained in the Regression Analysis section, the authors first wanted to make sure that the gaming firms are not behaving in its own systematic way. In order to assess if there exists any firm related earnings management affect, the research employs recession-related dummy variables and concluded that the residuals exhibit no significant affects. Two test results the authors made after including group dummy variable are; 1) based on the t-test of the two groups of regression residuals to check if they are significantly different. The test result

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indicate that the two year groups (recession years and normal years) are significantly different in affecting manipulation as the t-test results is greater than α at 0.1 for the recession years; 2) after controlling for an apparent outlying value, the authors are able to have a better normality plot, which is a clear indication of better fit for the data. Given the both test results, the study provides empirical evidence that the gaming industry manage earnings differently during recession period vs. non-recession period.

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THE RELATIVE IMPORTANCE OF MENU ITEM ATTRIBUTES AT POINT OF SELECTION FOR YOUNG ADULTS IN A CAMPUS SETTING

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ABSTRACT

This study identified the relative importance of menu attributes affecting customers' decision process when selecting a menu item. A focus group interview and pre-survey were performed to elicit these attributes. Four attributes, taste, appearance, price and nutrition aspect, were identified in this study and analyzed for their relative importance. Nine menu profiles consisting of four attributes at two levels were elicited from a fractional factorial design. The subjects were asked to rank the order of nine profiles according to their preference. Taste (67%) was identified with the most important factor followed by price (17%), nutrition (12%), and appearance (4%). A comparison based on expenditure level for a lunch showed that those in high expenditure group think taste and nutrition aspects of a menu are more important than those in the low expenditure group.

Key Words: Menu selection attributes, relative importance, conjoint analysis

INTRODUCTION

In the highly competitive foodservice environment, foodservice professionals should create a system that identifies the customers' wants and needs as well as the primary factors affecting customers' decision for buying food. This, in turn, will guide the foodservice operators to create products that fulfill customers' desires. A buyer's decision process starts with recognizing that a need can be satisfied through the acquisition of menu items. Once a need is recognized, the buyer will initiate an information search process, defined as "the motivated activation of knowledge" stored in the memory or the acquisition of information from the surrounding environment (Engel et al., 1993), in order to be able to evaluate the existing alternatives. A customer's decision process is very complicated with several attributes that interact, mutually trading off each value according to relative importance. Therefore, the need is to identify the important factors affecting the decision process occurring during customers' menu selection.

Conjoint analysis is a decompositional method that estimates the structure of a consumer's preferences given his or her overall evaluations of a set of alternatives that are pre-specified in terms of set of different attributes. It is designed to estimate the trade-offs people make when choosing among a number of alternative products and services (Green & Srinivasan, 1990). Since the early 1970s, conjoint analysis has received considerable academic and industry attention as a major set of techniques for measuring buyers' tradeoffs among multi-attributed products and services (Johnson, 1974; Srinivasan et al., 1983). Conjoint analysis is also increasingly being applied with physical products as stimuli (e.g., food products/beverage).

Two basic assumptions are made in conjoint analysis. First, a product/service can be described as a combination of levels of a set of attributes. Second, these attribute levels determine consumers' overall judgments of the product/service. Because of the substantial amount of among-person variation in consumer preferences, conjoint analysis usually is carried out at the individual level (Wittink & Montgomery, 1979; Moore, 1980).

Conjoint analysis is a very powerful tool for obtaining information about the effect of different product attributes on liking and/or purchase intent of food product (Louviere, 1988). The result of conjoint analysis indicates the relative importance of each attribute in terms of its contribution to the overall evaluation of the product.

A number of conceptual and empirical studies have attempted to address the key attributes of food and service quality related to customers' satisfaction or preference using conjoint analysis (Baek et al., 2005; Koo et al.,

1999; Sweeney et al.,1992) However, little is known about young adults' determinant attributes of menu choice in the university campus dining area. The objectives of this study are as follows:
For young adults—to identify which determinant attributes play a critical role at point of menu selection through a qualitative study,
To examine the relative importance of these attributes in the determining choice of menu alternatives using a conjoint analysis.

LITERATURE REVIEW
Adolescents' food choice behavior

Understanding customer choice behavior is important in the highly competitive hospitality marketplace. A few studies have developed and tested a model of adolescents' food choice behavior and examined how those choices vary with the context of the decision.

Sztainer and Perry (1999) assessed adolescents' perceptions about factors influencing their food choices and eating behavior through focus group studies. The factors perceived as influencing food choices included hunger and food cravings, appeal of food choice, time considerations of adolescents and parents, convenience of food, food availability, parental influence on eating behaviors (including the culture of and/or the religion of the family), benefits of foods (including health), situation-specific factors, mood, body image, habit, cost, media, and vegetarian beliefs. They also suggested that actions such as making healthful food taste and look better, limiting the availability of unhealthful options, making healthful food more available and convenient, teaching children food eating habits at an early age, and changing social norms to make it "cool" to eat healthfully were needed to help adolescents eat a more healthful diet.

Isobel, et al. (2006) investigated adolescents' decision-making process they use to make food choices on an everyday basis and how they resolve their need for personal control over food choices with the values of family and peers. They used individual interviews for 108 adolescents asking in a simulated task to choose a lunch from a menu of offerings and give reasons for their choices. The primary food choice criteria were taste, familiarity/habit, health, dieting, and fillingness. They pointed out that the food choice process involved personal food decision-making rules such as trade-offs among choice criteria within a meal (e.g., taste for core items and health for secondary items), and between lunches with peer (taste) and family dinners (health). They suggested the food choice process for most adolescents seemed to involve cognitive self regulation where confliction values for food choices were integrated and brought into alignment with desired consequences.

RELATIVE IMPORTANCE OF MULTI-ATTRIBUTES USING CONJOINT ANALYSIS

Koo et al. (1999), illustrated the usefulness of conjoint analysis in determining the utility values of restaurant attributes. The nine attributes used for conjoint analysis were the location, type of food, variety of food, uniqueness, parking, price, quality/taste of food, decoration, and service. The levels of quality/taste of food used were high quality/average quality/low quality in terms: The levels of service were good service/average service/poor service. The taste of food was most important to customers of restaurants in Hong Kong followed by service and uniqueness.

Sweeney et al. (1992), investigated the important cues (attributes) on both the expected level of service and the choice of service using conjoint analysis. They selected price of meal, past experience with similar types of restaurants, reputation of restaurant, advertisement, appearance of other customers, appearance of employees, and premises as the cues. The most important cues in selecting a restaurant were the manners of employees and word of mouth.

Baek et al. (2005), compared differences of fast food restaurant selecting attributes between Korean and Filipino college students as a cross-cultural approach using a conjoint analysis. The menu price was discovered as the most important attribute for selecting a fast food restaurant in both cultural populations. Next important attributes, in Korea, were followed by brand, food-related factors and service- and Hygiene-related factors, while in the Philippines, they were food-related factors, service- and hygiene-related factors and, brand.

METHODOLOGY

Research design

The current study was done according to following a research design as shown in figure 1. As a first step of the study, a focus group interview was performed in order to identify actual adolescents' perception for the menu selection attributes. A number of attributes were elicited from the focus group interview. We then conducted a pre-survey of 123 undergraduate students in order to verify the results of focus group interviews. Taste, appearance, price, and nutrition information were selected finally as the key attributes of menu selection on the basis of the results of the focus group interview and pre-survey. The main survey included 9 profiles of menu choices elicited by statistical combination. The survey was conducted with 250 undergraduate students. Statistical conjoint analysis was performed using SPSS.

Figure1
Research Framework

Focus Group Interview
  Qualitative study through focus group interview in order to elicit the menu selection attributes
Subjects : 12 undergraduate students
▪ Appearance   ▪ Sanitation   ▪ Price
▪ Taste   ▪ Nutrition information ▪ Sanitation

Pre- survey
Final decision for the menu selection attributes and its level
Subjects : 123 university students
▪ Four attributes : Taste, Appearance, Price and Nutrition Facts

Main Survey
9 profiles of menu choices using full profile design & fractional factorial design (SPSS)
Subjects : 250 university students
▪ Taste : Bland & Good
▪ Appearance : Bad & Good using the pictures
▪ Price : 3.95 & 6.00
▪ Nutrition Facts : High & Low Calorie/Fat

Data Analysis
Conjoint analysis by SPSS 12.0 pc package

Focus group interview

The focus group interview was conducted in order to identify the menu selection attributes which affect the customer's menu selection decision. Twelve undergraduate students who signed an informed consent form approved by the IRB (Institutional Review Board) of the university, participated voluntarily in focus group interviews lasting approximately one hour.

The focus group interview was audio taped and transcribed verbatim to ensure systematic analysis of the discussion. It was facilitated by a moderator and a co-moderator who were principle investigator and co-investigator. Focus group questions (7 in total) were developed by the research team. The main questions were "what do you think of at point of menu selection, what attributes are important to you, and why." Questions developed from the focus group session were then reviewed for content and readability and approved by the IRB of the university for the pre-survey.

Pre-survey

The pre-survey was performed in order to make a decision about final menu selection attributes and the level of the attributes to be used in the main survey. The subjects were asked to rank the order according to the importance for the attributes presented (taste, price, nutritional content, speed of serving time, appearance of food, sanitation, variety of menu items ingredients, type of food) to elicit young adults' general perception for the important attributes they use when selecting menu items.

The point of "marginal cheapness" and the point of "marginal expensiveness" for the typical lunch menus (entrée, salad, pizza, sandwich combo) for on campus dining were examined through a PSM (Price Sensitivity Measurement) investigation (Westendorp, 2003). The information that customers want to have when selecting a menu and the detail of nutrition information as necessary information, was examined. Pictures were presented to describe the appearance level of menu items and were ranked according to the preference of the subjects.

Main survey

The instrument of the main survey was developed based on the results of the pre-survey and the focus group interviews. Four attributes were elicited as most important from the pre-survey and focus group study: taste, price, appearance, and nutrition facts. In other words, the number of attributes was reduced to four due to a possible limitation of cognition by subjects. Research by Cacioppo & Petty (1982) and Bagozi & Utpal (1999), shows people to be "cognitive misers" so they often limit the number of factors used to make a decision. Table 1 presents attributes and levels of attributes used in this study. The four attributes selected had two levels respectively. The number of possible combinations of all attribute levels is $2^4 = 16$. But, this study used a fractional factorial design of 11 combinations including 2 combinations as a holdout set. The holdout set was set in the orthogonal plan of SPSS in order to verify the validity and reliability for the conjoint model of this study (Addelman, 1962). Additional attributes would substantially increase the number of profiles needed for comparison and would, therefore, cause data collection difficulties (Green & Srinivasan, 1990).

The full profile method under a fractional factorial design was used. The fractional factorial design is usually utilized in order to reduce the number of evaluations collected while still maintaining orthogonal among the levels and subsequent part-worth estimate (Gustafsson et al.,1999). The SPSS 12.0 conjoint procedure can specify an orthogonal array of 11 profiles that present a complete concept.

The survey for the conjoint analysis was performed on the 250 university students. All respondents were presented 11 menu profiles and asked to rank each menu profile in terms of their preference. An 11-point scale was used to rank the profiles. The best menu profile was ranked as "1" and the worst one as "11".

Table 1
Attributes and Levels Used in the Profiles for the Conjoint Analysis

Menu selection attributes	Level of attributes	
Taste	Bland	
	Good	
Price[†]	3.95 (Low price)	
	6.00 (High price)	
Appearance	Picture A(Bad appearance)	
	Picture C(Good appearance)	
Nutrition Facet	Low Calorie/Fat	
	High Calorie/Fat	[†]

: based of PSM (Price Sensitivity Measurement)

Statistical analysis

Statistical analysis was performed using SPSS statistical package for Windows (version 12.0). Descriptive analysis and frequency analysis were performed to identify the demographic profile of the subjects. Conjoint analysis was conducted to identify the relative importance of menu selection attributes. The relative importance of each attribute can be calculated as the utility range (i.e. difference between the highest and the lowest utility for that attribute) divided by the sum of utility ranges of all attributes (Hair et al., 1998; Levy, 1995).

RESULTS AND DISCUSSION

Profile of respondents

A total of 250 respondents completed ranking the menu attributes profiles. There were 242 usable surveys used in statistical analysis. The ratio of female (60.7%) was slightly higher than male (39.3%). Most respondents were under 25 (99.2%) and were university students. Therefore, the respondents participating in this study represent the young adults group.

The relative importance of menu selection attributes

The results of conjoint analysis are presented in table 2. *Pearson's R^2* is an index which means the suitability of the conjoint model. *Kendall's tau* is also another index which means the suitability of the conjoint model. When the value of Pearson's R^2 is over 0.6 (the closer to 1, the better for the suitability of the conjoint model) and when Kendall's tau is over 0.5, the model is suitable for the conjoint analysis. In the result of conjoint analysis, Pearson's R^2 was 0.858 ($p < 0.01$) and Kendall's tau is 0.643 ($p < 0.05$), therefore the model used for this study can be acceptable as a conjoint analysis model.

The relative importance of the menu attributes is the percentage of utility range in relation to the total variation. The total variation is the sum of score ranges of each attribute (Green & Srinvasan, 1990). The respondents placed the greatest importance on taste (67.38%) and second greatest on price (16.77%) with nutrition (11.59%) and appearance (4.27%) respectively. The results of this study are consistent with the Koo et al. (1990) and Seo (2005) studies which found the taste of foods as the most important factor among restaurant selecting attributes and quality attributes of dining service for older adults. Even though we would expect that young adults will be more sensitive to price than taste of a menu, the result showed that they perceive the taste of a menu as the most important factor similar to other age groups.

The study done by Glanz et al. (1998), reported that taste was the most important influence on food choices, followed by cost, nutrition, convenience, and weight control. But they also pointed out that the customers' age and a predisposition toward a healthy lifestyle, especially in the area of nutrition and weight control, were significant influences on food consumption. Therefore, since the age group we tested usually has limited discretionary income, price was expected to be the dominate attribute.

We also found the nutrition facet of a menu to be important and highly considered by young adults through the results of both the pre-survey and the survey, and surprisingly, it preceded the appearance of a menu item in importance. This result implies the nutrition issue has broadened in the young adult segment and suggests the necessity for developing and applying nutritious menu items in campus dining.

According to the reports of the National Restaurant Association (NRA, 2006) for the restaurant industry forecast, seventy-two percent of restaurant customers say they are trying to eat healthier (Cobe, 2006). A study which examined the quick service restaurant customer's attitude versus behavior toward healthy menu items proved this healthy eating trend. The results showed that twenty-five percent of the population has a positive attitude toward nutrition and healthy eating and healthy menu item sales increased and sales of less healthy side items such as french fries or onion rings decreased significantly over the past three years (DiPietro et al., 2004). This recent healthy eating trend of restaurant customers is increasing nationwide and young adults are getting more interested in a more healthful dietary life style.

Table 2
Relative Importance of Menu Attributes

Attributes	Level	Utilities	Relative importance (%)
Taste	Bland	-.2669	67.38
	Good	.2669	
Appearance	Picture A(bad appearance)	-.0169	4.27
	Picture C (good appearance)	.0169	
Price	$ 3.95 (low)	.0664	16.77
	$ 6.00 (high)	-.0664	
Nutrition	Low Calorie/Fat	.0459	11.59
	High Calorie/Fat	-.0459	

A recent VNU Food Service Network survey showed that 44% of respondents from the quick service restaurant sector said they had added menu choices in the past year targeted to help customers manage their weight and all without mandates from lawmakers (Tyson Foods Inc., 2004). This would seem to indicate that even companies in the fast food restaurant sector are stepping forward in order to take advantage of this changing customer eating trend.

Even though consumers are not all alike and the number of consumers looking for healthy menu items is only a portion of total sales, the increase of reporting of the obesity epidemic worldwide has resulted in the prediction that customers choosing healthy menu items will increase in the future. Nevertheless, we should not overlook that the taste is the core factor at point of menu selection, even with the increasing healthy eating trend. Hence, successful restaurant professionals, regardless of restaurant sectors, should focus on the development of the taste of menu items as well as the healthfulness in the variety of their menu choices.

The comparative results of relative importance by expenditure level
It can be assumed that one's expenditure level for a meal may be related with their perception of relative importance of menu attributes at point of menu selection. So, the relative importance of menu attributes was analyzed separately according to subjects' expenditure levels for a lunch, based on a low expenditure (less than $4.00), moderate expenditure ($4.00 ~ $6.00), and high expenditure (more than $6.00) in campus dining (Table 3). These levels were based on results from the pre-survey.

Table 3
Comparison of the Relative Importance According to Lunch Expenditure Levels

	Low expenditure group (Less than $ 4.00)	Moderate expenditure group ($ 4~$6)	High expenditure group (More than $ 6)
Taste			
Relative of importance (%)	66.09	37.36	46.15
Bland[†]	-.3506	-.1635	-.4000
Good[†]	.3506	.1635	.4000
Appearance			
Relative of importance (%)	28.16	28.57	11.54
Picture A (bad appearance)[†]	-.1494	-.1250	-.1000
Picture C (good appearance)[†]	.1494	.1250	.1000
Price			
Relative of importance (%)	4.02	22.53	15.38
$ 3.95 (low)[†]	.0213	.0986	.1333
$ 6.00 (high)[†]	-.0213	-.0986	-.1333
Nutrition facet			
Relative of importance (%)	1.72	11.54	26.92
Low Calorie/Fat[†]	.0091	.0505	.2333
High Calorie/Fat[†]	-.0091	-.0505	-.2333
N	101	122	20
% of sample	41.6	50.2	8.2
Pearson R^2	.959***	.613*	.790**

[†] Utility value, * p < .05, ** p < .01, *** p < .001

Overall result shows that respondents in all the levels consider taste as the most important menu attribute. But the relative importance results in the moderate level group showed that they consider the price as more important than other groups. That is, the relative importance percent for the price in each group were 4.02 (low expenditure), 22.53 (moderate expenditure) and 15.38 (high expenditure) respectively. What this seems to indicate is that when the price is low, its importance in comparison to other attributes is also low, but when the price increases to a moderate level, its relative importance to other attributes increases considerably. This would seem logical. However, as the price increases higher to the highest expenditure level, its relative importance drops off somewhat. A possible explanation of this result might be that when menu items are perceived as expensive, they had better taste

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good, look good and be nutritious too. So the relative importance drops somewhat. To demonstrate this further, we found that the high expenditure level was related with concern of a healthful menu. In other words, the relative importance for the nutrition facet of a menu in the high expenditure group (26.74) was clearly higher than other groups (1.72 for low expenditure and 11.54 for moderate expenditure group).

These results implicate that the different customer segments which have different considerations for the attributes of menu items exist in the campus dining environment. Also, their consideration for the relative importance of menu selection attributes at point of menu selection seem to be different according to expenditure level as shown in this study's results.

These results could lead to various marketing strategies targeting customers with different preferences in campus dining. For example, for the small but growing segment of health oriented customers, foodservice professionals working in campus dining should be thinking about the introduction of healthy menu items in their menu selection in order to satisfy their customers' changing needs—keeping in mind that taste is still the major factor in menu selection.

CONCLUSION AND IMPLICATION IN THE FOODSERVICE INDUSTRY

Knowing what the customers want and what makes them come back is important for the restaurant sector in order to survive in our highly competitive environment. Therefore, many commercial restaurants are seeking to know the attributes which induce customers to return. The studies investigating which attributes affect the customers' decision-making and how they affect customers' choice at point of sales are on going (Glanz, 1998; Koo et al., 1999; Domingo, 2002).

But, campus foodservice establishments which are in a comparatively less competitive environment have not studied in depth customer wants and, therefore, may not be satisfying them completely. Most previous studies toward campus food service have focused on the service quality defined as the difference between expectation and performance (Aigbedo & Parameswaran, 2004).

Menu items are the main product in food service. Measures of the relative importance for the menu item attributes are crucial for an organization's success even if they are a nonprofit organization. A few studies proved that customers consider the taste or flavor of a menu item when selecting a menu item or a restaurant (Koo et al., 1999; Domingo, 2002; Seo, 2005).

The current study aimed to identify and examine the relative importance of the main menu item attributes affecting customers' menu selection, focused on the customers of campus food service, young adults who may have different values. We examined a few menu attributes such as the taste, price, nutrition value, appearance based on the results of a focus group study and a pre-survey with students. The relative importance of recognized menu attributes was analyzed by conjoint analysis technique.

Taste (67.38%) was identified with the most important menu attribute and price (16.77%), nutrition aspect (11.59%) and appearance (4.27%) also followed in sequence. The comparison for groups classified based on expenditure level showed that respondents choosing high expenditure think nutrition value is more important than for those choosing low expenditure. Also respondents in the low expenditure group thought taste as less important than those in high expenditure group.

Recently customer's interest and concern for the nutritional value of their food has been increasing (Cobe, 2006; Tyson Foods Inc., 2004). A few studies reported that nutrition information at point of sales is related with customer satisfaction and healthy menu selection (Cranage et al., 2004). So, the nutrition facet of a menu item is assumed to be one of the attributes affecting the menu selection process. Although the nutrition aspect of a menu item is suppose to be an important factor for young adults, our results show that it is in fact part of their value analysis for a menu item selection.

The findings of this study highlight that taste is the most critical point of a menu selection for young adults similar to other age groups, and that price and nutritional value of a menu item also are considered in their menu choice. This implies that managers or decision-makers in campus food service should focus on development of good tasting nutritious menu items that can be made economically.

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HOTEL MANAGERS' PERCEPTION TOWARD RELATIONSHIP MARKETING: A CASE STUDY OF ANTALYA

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ABSTRACT

The primary purpose of this research was to analyze the current usage of relationship marketing and potential application of customer relationship management in Turkey's lodging industry. A descriptive cross-sectional research design along with a questionnaire was used to conduct the study. The importance-performance analysis, multiple regression and ANOVA were employed for the analysis of the data. The results showed that there is a gap in hotel managers' perception towards the importance and performance of relationship marketing. The research also showed that younger managers with higher educational degrees are more aware of and more proponents of these newer marketing tools.

Key Words: Relationship Marketing; RM; Customer Relationship Management; CRM; I-P Analysis; Turkey

INTRODUCTION

The lodging industry in general and the resort type lodging industry in specific are under tremendous competitive pressure. In order to be effective at what they do (i.e., serve their customer), and efficient at how they do it (i.e., at the highest quality with the least amount of resources) they have to be more proactive in their operations. The traditional notion of "learn from your mistakes as you go" is replaced with "do it right the first time and be absolutely consistent in doing so throughout". The main ingredients of success in the lodging industry are to identify, acquire and to retain customers. The acquisition and retention of customers require identification, understanding and utilization of their likes and dislikes, which can only be accomplished through building close, one-on-one relationships with them.

Recently, Turkey has become one of the most popular tourism destinations in Europe. It is a country that, for many centuries, played the role of a bridge between Europe and Asia as a cultural and economic engagement point. For many years, Greece and Spain have been the premier choice for "summer and sun" tourism in the Mediterranean. In the last couple of decades, Turkey has been the emerging popular tourist destination.

With the increasing demand, the supply also increased. The lodging industry in Turkey has become a very competitive market place. Competing in this market requires a close and personal relationship with customers. The main purpose of relationship marketing and CRM driven initiatives is to establish this kind of personal relationship with customers. Turkey has great potential in the tourism industry, but still has problems with collecting and distributing tourism information (Egeli and Ozturan, 2001). They are good at making constant relationships with their customers, but still don't have a good data infrastructure. The continuing success of Turkey's lodging industry depends on successful use of customer-focused marketing strategies including RM and CRM.

The primary purpose of this research was to critically analyze the current usage of relationship marketing and potential application of customer relationship management in Turkey's lodging industry. More specifically, the objectives of the study were (1) to asses hotel managers' perception towards RM in Turkey's lodging industry; (2) to find out if there is a GAP between hotel managers' perception towards importance and performance of RM applications in Turkey's lodging industry; (3) to identify the relationship between hotel managers' perception towards RM and hotel properties' characteristics and hotel managers' demographics; (4) to identify the impact of hotel managers' perception towards RM performance on likelihood of using RM; likelihood of recommendation of RM; and, likelihood of continuing use of RM; (5) to explore if there is an impact of likelihood of continuing use of RM and familiarity with CRM on likelihood of implementing CRM in the future; (6) to asses the relationship

between importance of RM and performance of RM and hotel properties' characteristics; and (7) to asses the relationship between importance of RM and performance of RM and hotel managers' demographics.

Literature Review

The goal of relationship marketing programs is to deliver the highest possible customer satisfaction. The important and critical thing for companies is to deliver performance which matches or exceeds customer expectations. Because competition gets more intense, hotels depend more on relationship marketing. There is little differentiation among products in the hotel industry. For example, general managers of a Sheraton in Asia were shown pictures of hotel rooms from their hotel and three competitors. They were given a list of eight brands from which to choose but most of them couldn't identify even their own hotel's rooms. The difficulty experienced by hotel brands as a result of having almost the same physical attribute is a major factor that drew the industry's attention to relationship marketing in the 1990's. The major purpose of relationship marketing is to build customer loyalty. It is interested in customer loyalty more than pure economics and product attributes (Bowen and Shoemaker, 2003).

According to Yesawich (1991), who projected the importance of database marketing and/or CRM in 1991, the lodging industry should start building true customer relationships by having the following: First, a database, which is an automated file of consumption information on guests with whom a hotel wants to build a relationship. Second, a consumption monitor, who helps hotels track the consumption patterns of the guests with whom they intend to create a relationship. Recognition of important customer characteristics is the third one, because a relationship begins and grows with true recognition. It is an essential part of relationship building. Fourth, the effective reward system is used to build marketing relationships along with recognition. It doesn't matter what form it has, reward is essential to support purchase behavior. Last, is an ongoing communication, which is the most important element, because the others are not meaningful without maintaining communication between the two parties (Yesawich, 1991).

The underlying principle of relationship marketing is so simple: if a hotel recognizes repeat customers, rewards them for returning and engages them in two-way dialogue, they will be prompted to come back. This concept is important to the lodging industry for many reasons. First and most importantly, the purchase cycle among heavy consumers of hotel rooms is short and has weak repetition. Second, customers provide crucial information about themselves every time they consume in the lodging industry. Third, according to existing research, 60 percent of business travelers are visiting the destinations on their journey for the first time. Those three reasons suggest that it is easy to build a relationship with guests. But the important thing is that going beyond the essential demand, that all guests be given excellent service (Yesawich, 1991).

Customer Relationship Management (CRM)

Customer Relationship Management definitions range from theoretical to practical, such as; CRM is a philosophy which anticipates customer needs in order to provide the right product, in the right place and at the right time. It is an investment in the operating core of a company's interaction with customers. It is a strategy that aligns certain aspects of the business strategy, organizational culture, structure and information technology with customer interactions to the long term satisfaction of the customers and to the benefit and profit of the organization. It is a set of communication activities between the customer service representatives and the customer.

The goal of Customer Relationship Management is to align customer strategies and business process for long term customer loyalty which results in profitability of companies (Rigby, Reichheld, and Schefter, 2002). Customer relationship management related customer strategies are tailoring the physical product and service delivery process to the needs of customers and the preferences of individual customers. These strategies also include developing customized marketing communications at the individual customer level (Haley and Watson, 2002). Many hotel organizations implement one or all of these customer strategies. For example: Radisson International identifies three components in its customer relationship program which are recognition and personalized service, incentives and customized dialogues (Adams, 2001). Rosewood Hotels and Resorts send questionnaires to its guests before they arrive and ask their preferences such as pillow type or beverage type in the mini bar (Marsan, 2000).

CRM became the next big thing when companies realized that the labor intensive process of relationship marketing was becoming too costly, and can be improved by utilizing information technology. CRM is an important topic in the fields of marketing management, information strategy and business strategy. It reflects a number of

different perspectives, and sometimes it is described as marketing forms such as; quality management, database marketing, customer partnering, service marketing, customer retention, customer loyalty and customer share (Rich, 2000). According to the recent literature, the lodging industry in the U.S.A. uses CRM for the following benefits: to gain new customers for the organization; to make the best from the existing customers; and to retain the customers for a longer life cycle (Piccoli, O'Connor, Capaccioli and Alvarez, 2003). CRM differs from traditional marketing because traditional marketing has a short-term transaction approach while CRM has a long-term relationship with the customers. Despite its limitations, CRM is still a new and a very hot topic in today's competitive business world and the indication is that it will become a much necessary course of action for the future of the lodging industry in U.S.A. (Adams, 2001).

There is a four-step process which is the core of CRM. In the first step, companies should *identify* their customers; second, they should *differentiate* their customers in terms of both their needs and their value to them; third, they should *interact* with their customers to improve cost efficiency and the effectiveness of their interaction; in the fourth and final step, they must *customize* products and services for their customers (Harvard Management update, 2000).

Satisfaction and Attitude
Consumer decision about marketing organizations is to be guided by customer satisfaction, perceived service quality, perceived value, trust and commitment. These evaluations are believed to summarize consumers' knowledge and experiences with a particular firm. Overall satisfaction is an overall evaluation of a customer based on total purchase and consumption experience with service or a good over time. Trust is generally viewed as a subject for a successful relationship. It is confidence in the exchange partner's reliability and integrity. Research indicates that the psychological benefit of trust and confidence are more important than social benefits or special treatment in relationship management. Commitment is believed to be an important ingredient for a successful relationship. According to Garbarino and Johnson (1999) commitment has three components: First; an instrumental component that is a form of investment, second; an attitudinal component described as effective or psychological commitment and last; a temporal dimension which indicates that the relationship exists over time. They also argue that there is a strong statistical relationship among overall satisfaction, perceived service quality and value.

According to business marketing literatures satisfaction is an important but not a necessary condition for a party to be committed to the relationship. In some cases, a customer continues the relationship not because he/she satisfied but the quality of the available alternatives so bad. Ganesan (1994) argues that satisfaction directly relates to a party's relationship commitment. Halinen (1996) and LaBahn and Kohli (1997) examined the impact of satisfaction on commitment and they found that satisfaction related to customers' relationship commitment. On the other hand, Morgan and Hunt (1994) argue that satisfaction doesn't contribute significantly to a party's commitment in relationship with structural ties, trust and shared values.

Customer Service Quality and Customer Retention
ervice quality is considered to be a critical success factor for the service industry, just like hotels, because; first, it has service differentiation and competitive advantage to attract new customers as well as contribute to market share and second, it is viewed as a factor for customer retention. Service quality has an effect on the potential start of a relationship. Since it has a positive effect on customers' repurchase intentions, it leads to more interactions. Service excellence enhances customers' preference to buy more, to buy again, become less price sensitive and to look for other services (Venetis and Ghauri, 2004).

Different kinds of relationships was identified by Jackson (1985) ranging from transactional relationships to relational exchange relationship. For transactional relationship, a customer's first priority is price. He/she also uses multiple sources of supply and switches suppliers frequently over time. Exchange relationship occurs when a buyer and a supplier develop a long-term relationship. Even though the relationships are more than a plain sequence of transactions over time can be illustrated relationships in service markets they don't mean that a "real" relationship is created (Dywer, Schurr and Oh, 1987).

Importance and Performance (I-P) Analysis
Importance and performance analysis was introduced by Martilla and James in the 1970s. This analysis helps firms to decide which aspects of the marketing mix they should pay more attention to or which marketing mix for which they shouldn't consume too many resources. For the analysis, the I-P matrix is divided into four quadrants

to distinguish between high and low performance and between high and low importance. If a firm's performance is high for the important variables, they "keep up the good work" according to I-P analysis. If that firm has high performance for no important variables it indicates "possible overkill" for those areas (Weber, 2000). The most critical quadrant for firms are "concentrate here" which means importance is higher than performance for some variables. Marketers shouldn't worry about "low priority" because both performance and importance are low for this quadrant (Martilla and James, 1977).

METHODOLOGY

The purpose of this study was to uncover relationship marketing and the future of customer relationship management in Turkey's lodging industry. A descriptive cross-sectional research design was used for this study and a questionnaire was used to collect the data. In total, 12 hypotheses were tested in this study (H1 to H12). These 12 null hypotheses were (1) there is no significant GAP between hotel managers' perception towards performance of RM attributes and the importance of RM attributes; (2) there is no significant impact of hotel managers' perception towards performance of RM on likelihood of using RM; (3) there is no significant impact of hotel managers' perception towards performance of RM on likelihood of recommendation RM; (4) there is no significant impact of hotel managers' perception towards performance of RM on likelihood of continuing use RM; (5) there is no significant relationship between hotel managers' likelihood of continuing use of RM and likelihood of implementing CRM in the future; (6) there is no significant relationship between hotel managers' familiarity with CRM and likelihood of implementing CRM in the future; (7) there is no significant relationship between hotel managers' perception towards RM and hotel properties' characteristics; (8) there is no significant relationship between hotel managers' perception towards RM and their demographics (e.g., age, education level, gender); (9) there is no significant relationship between importance of RM and hotel properties' characteristics; (10) there is no significant relationship between importance of RM and hotel managers' demographics; (11) there is no significant relationship between performance of RM and hotel properties' characteristics; and (12) there is no significant relationship between performance of RM and hotel managers' demographics.

The data was collected through a structured-undisguised questionnaire survey and RM and CRM attributes were derived from the published literature. An invitation letter directed the target responders to the Web page where the online survey was hosted. The survey questionnaire was accompanied with a cover letter explaining the purpose of the research. The questionnaire consisted of six sections. The first section included organization related questions; the second section asked about hotel and resort hotel managers' perception towards relationship marketing. A well known 5-point Likert-type scale was used ranging from (1) strongly disagree to (5) strongly agree to measure their perception toward RM; In the third section, it assessed hotel and resort hotel managers' perception toward importance of RM and their perception toward performance of RM. Two sets 5 point Likert-type scales were used ranging from (1) not important at all to (5) extremely important and (1) not high at all to (5) extremely high to measure importance and performance of RM; The fourth section was to find out hotel and resort hotel managers' overall satisfaction level towards RM and their likelihood of using RM, recommending RM and continuing use of RM. Two sets 5 point Likert-type scales were used ranging from (1) very dissatisfied to (5) very satisfied to measure hotel and resort hotel managers' overall satisfaction level towards RM, and ranging from (1) very unlikely to (5) very likely to measure their likelihood of using RM, likelihood of recommending RM and likelihood of continuing use of RM; The fifth section was to identify hotel and resort hotel managers' familiarity with customer relationship management and their likelihood of implementing CRM in the future. Again a similar two sets 5 point Likert-type scales were used to measure hotel managers' familiarity with CRM and to measure hotel managers' likelihood of implementing CRM; and the last section was to asses the hotel and the resort hotel managers' demographic profile such as age, gender and education level.

A convenience sampling technique was used: the 4 and 5 star hotels and resort hotels were drawn from Antalya and its surrounding regions in the south part of Turkey. Antalya and its nearing regions are selected because this region hosts most of the hotels and resort hotels in Turkey. The 4 and 5 star hotels are chosen because they are known to be more customer-satisfaction driven due to the stiff competition they face both nationally and internationally. The survey was conducted during the high tourism season (June 1, 2006 to July 15, 2006) in order to increase the likelihood of reaching the target population in this region. The survey was made available on a website. An e-mail invitation was sent to the mangers of hotels and resort hotels in Antalya and surrounding regions. A reminder e-mail was sent to hotel and resort hotel managers two weeks later. In order to increase the response rate, the results of the study were offered to be shared with the participants once the study is completed.

The Statistical Package for Social Sciences (SPSS) software was used to analyze the collected data. Data analysis in this study included the following techniques: Descriptive statistics, Importance-Performance Analysis (IPA), Analysis of Variance (ANOVA), and Multiple Regression Analysis.

FINDINGS AND DISCUSSION

In total 294 hotel and resort hotel managers were solicited and 95 surveys were returned, out of which 82 surveys were usable for the statistical analyses. The response rate for the research was 28%.

Hotel Managers' and Hotels' Characteristics: Analysis of data revealed that most of the respondents were sales managers (36.6%) and most of the managers (75.6%) were working for the present hotel above 2 years. According to findings, almost half of the hotels were independently managed hotels (42.7%). Interestingly, 31.7% of hotels had 100-199 rooms and 31.7% of hotels had 200-499 rooms. Therefore, just 2.4% of hotels had above 750 rooms. The findings showed that the majority of the managers were male (81.7%). In terms of age, 26.8% from the 26-35 age group and 26.8% from the 36-45 age group were equally distributed. So, 53.6% of the respondents were younger managers. 48.8% of managers held bachelor degrees while 30.5% of managers held doctoral and master degrees. These findings showed that most of respondents were educated managers.

Satisfaction with RM and likelihood of using, recommending and continuing use RM: The mean of the managers' satisfaction level with RM was 3.85 and it showed that the managers *were satisfied* with RM. "Likelihood of using RM" had a mean score of 4.35 that shows that the managers were *almost very likely* to use RM. "Likelihood of recommending RM" had the mean score of 3.89 which showed the managers were *likely* to recommend RM to others. "Likelihood of continuing use RM" had the mean score of 4.30. In other words, they were almost *very likely* to continue to use RM. The overall mean score of the hotel managers' perceptions toward relationship marketing was 4.00. In other words, the hotel managers had a high level of agreement in their perception toward RM.

The familiarity with CRM and likelihood of implementing CRM: According to the findings, the hotel managers were between *somewhat familiar and familiar* with CRM (3.22). Findings also showed that they were *likely* to implement CRM in the future (4.15).

Managers' perception towards RM: The mean score of the hotel managers' perceptions toward relationship marketing showed that the seven statements about RM were over 4.00. In other words, the hotel managers agreed with the all statements. The overall mean with the level of agreement of the hotel managers' perceptions toward RM was 4.24. In the other words, they had a positive perception towards relationship marketing.

The relationship between managers' perception towards RM and their demographics: According to ANOVA testing the male and the female hotel managers showed difference in their perception toward RM. Hence, the male and the female hotel managers didn't have similar level of agreement with their perception toward RM. In terms of the relationship between the hotel managers' age and their perception toward RM, only the statement "forming partner-style relationships is not too much work with little return" (sig. < 0.090) showed statistically significantly difference. In other words, the managers from different ages had similar perceptions toward RM, except with regard to the statement mentioned above. Post Hoc Tukey test showed that the younger managers (especially ages 26-35) were more open to RM than the older managers (especially ages 56-65). Post Hoc Tukey test showed that the younger managers had a higher level of agreement with RM than the older managers. The hotel managers from different educational backgrounds showed a relationship in their perception toward RM. The managers who held bachelor degrees and post graduation degrees usually had a higher level of perception toward RM than the managers who held some college degree and high school degree. One can predict that managers with higher educations had a higher perception of relationship marketing.

The relationship between the managers' perception towards RM and the hotels' properties' characteristics: The managers from different management affiliations and different sizes of hotels showed relationship in their perception toward RM. According to Post Hoc Tukey test the managers from chain-franchise hotels and the managers from chain- management contract hotels had a higher level of agreement than the managers from independent hotels for their feelings about RM. In terms of size, the managers from bigger hotels, those with more than 200 rooms, had a more positive attitude about perception of RM than the managers from smaller hotels, with less than 200 rooms.

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Satisfaction with RM, likelihood of using, recommending and continuing to use RM: According to regression analysis, there was a significant impact of hotel managers' perception towards performance of RM on likelihood of using RM. Managers who have a higher performance at customer relationships were more likely to use relationship marketing ($Y = 1.61 + 0.86X_1$ with an adjusted $R^2 = 0.68$). There was a significant impact of hotel managers' perception towards performance of RM on likelihood of recommending RM. Managers who had a higher performance at customer relationships are more likely to recommend relationship marketing ($Y = 1.13 + 0.86X_1$ with an adjusted $R^2 = 0.58$). There was also a significant impact of the hotel managers' perception towards performance of RM on likelihood of continuing use of RM. The managers with higher customer service quality performance and higher customer relationship performance were more likely to continue to use relationship marketing ($Y = 1.29 + 0.46X_1 + 0.49X_2$ with an adjusted $R^2 = 0.60$).

Familiarity with CRM and likelihood of implementing CRM: There was a significant relationship between hotel managers' familiarity with CRM and the likelihood of implementing CRM in the future. Likelihood of implementing CRM increased as the familiarity with CRM increased ($Y = 2.08 + 0.64X_1$ with an adjusted $R^2 = 0.68$). There was also a significant relationship between hotel managers' likelihood of continuing use of RM and likelihood of implementing CRM in the future. Likelihood of implementing CRM increased when the likelihood of continuing use of RM increased ($Y = 0.41 + 0.87X_1$ with an adjusted $R^2 = 0.68$).

Importance and Performance Analysis (IPA): Importance-Performance Analysis (IPA) was employed to compare the hotel and resort hotel managers' perception toward the importance of RM and their perception toward the performance of RM (see Figure 1). According to the paired-sample t-tests between the importance means and the performance means, 13 attributes about perceptions toward RM showed that there was statistically significant difference at 0.00 level. By using the overall mean values of the importance (4.06) and performance (3.2), vertical and horizontal lines were used to separate the derived factors into four quadrants. Only one variable fell in the "low priority" quadrant, two variables fell into the "possible overkill" quadrant and eight variables fell into the "keep up the good work" quadrant-The most critical quadrant, "concentrate here," had four variables. The managers' importance rating about "initiating and implementing long-term relationships with customers for improved competitive advantage" (D) had a mean of 4.16, while the performance rating had a mean of 3.15. The managers' importance rating for "inquiring about customers' willingness to form personal and close relationships" (G) had a mean of 4.20 while the performance rating had a mean of 3.07. Their importance rating had a mean of 4.06 for "managing conflicts and resolving service conflicts with customers" (I) while their performance rating had a mean of 3.16. For (J) "working on customer retention" (J), the managers' importance rating had a mean of 4.16 while their performance rating had a mean of 3.20. This quadrant is the most critical one since the managers considered these attributes to be important, but they didn't perform well for them. Thus, it reveals the respondents' hotels' weaknesses.

Importance and performance of RM: Relationship Marketing (RM) was divided three groups in the questionnaire. Those groups were customer relationship, customer service quality and customer retention. ANOVA was used to find the managers' perception towards the importance of RM and their perception toward the performance of RM. Post Hoc Tukey was used to explore which group had the most agreement with importance and performance of RM.

Importance and performance of RM and the managers' demographic profile: According to the findings, the male managers and the female managers had similar opinions with regard to the importance of RM, while they didn't have similar opinions with regard to the performance of RM. In terms of age, the managers had similar feelings about importance and performance of RM too. Post Hoc Tukey test showed that ages 26-35 managers and ages 36-45 managers had a higher level of agreement with regard to importance and performance of RM than ages 56-65 managers. Again, younger managers were more open to RM than the older generation. The findings explored whether or not the managers from different education levels had different opinions about the importance and performance of RM. Post Hoc Tukey test identified that the managers who held bachelor and post graduate degrees had a higher level of agreement with the importance and performance of RM than the managers who graduated from high school and some college. This result explains that more educated managers had more favor in RM than less educated managers.

Figure 1:
The Quad Chart of I-P Analysis
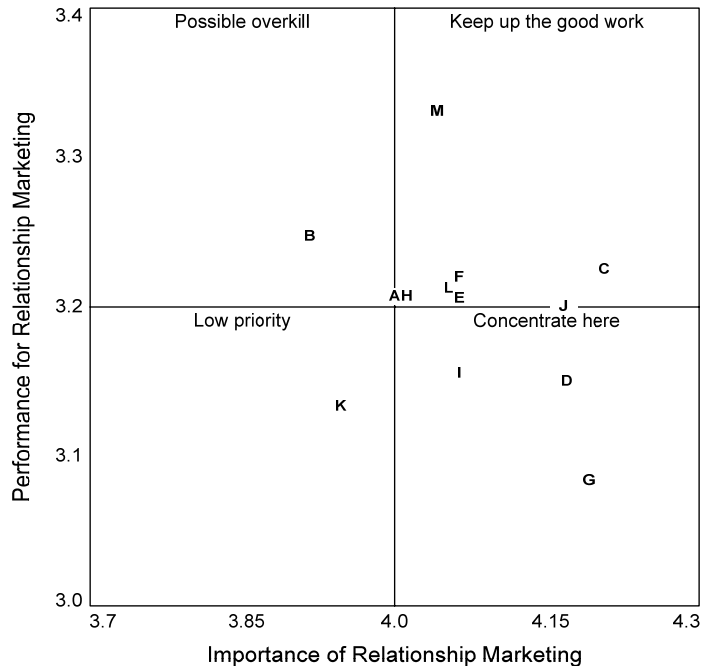
A: Identifying key customers for building better business relationships.
B: Discerning important customers from not so important ones.
C: Enhancing and building trust and commitment with customers.
D: Initiating and implementing long-term relationships with customers for improved competitive advantage.
E: Analyzing competitors' relationships with their customers.
F: Securing and spending the resources required in building close relationships with key customers.
G: Inquiring about customers' willingness to form personal and close relationships.
H: Customizing service to suite the customers' needs.
I: Managing conflicts and resolving service conflicts with customers.
J: Working on customer retention.
K: Identifying customer satisfaction as the first priority.
L: Maintaining good relationships with customers to improve customer loyalty.
M: Rewarding loyal customers to encourage expanded purchase behavior.

Importance and performance of RM and hotel properties' characteristics: The managers from different management affiliations and from different sizes of hotels showed a relationship in their perception towards the importance and performance of RM. According to Post Hoc Tukey findings, the managers from chain-franchise hotels and chain-management contract hotels had more positive feelings for importance and performance of RM than the managers who work for independent hotels. Therefore, the managers from more than 200 room hotels had more positive feelings than the managers from less than 200 room hotels about their perception towards the importance and performance of RM.

CONCLUSIONS

The result of the present study has a number of practical implications for the lodging industry in Turkey. According to the research results, there is an I-P Gap in hotel managers' perception towards the importance and performance of relationship marketing. While most managers think that relationship marketing indicators are important, very few of them think that the hotels are performing at the level that they should in those key indicators. To be successful in this competitive marketplace, the lodging industry should perform what they think is important to build and maintain better relationships with their customers.

The research showed that most hotel managers are not aware of CRM and its potential implication in being more competitive. This emerging concept, as well as related technologies, needed to be taught to managers of the lodging industry. Maybe a comprehensive awareness program at the level of the Tourism Ministry or hotel association should be launched to make the interested parties (lodging industry managers) aware of the technology, its advantages and how to implement it.

Younger managers and the managers with a higher level of education are more aware of the newer, more customer focused technologies, such as relationship marketing and CRM. That is a good sign for Turkish tourism since younger and better educated managers were the majority for this study, indicating the emergence of the

younger generation of managers in the Tourism industry. On the other hand, older managers should have more technology education and training for the newer technologies. Also, the managers of relatively smaller and mostly independent establishments are less aware of RM and CRM. One would guess that the chains and franchises are more aware of the latest concepts and technologies in an effort to become and to stay competitive. Also, one might think that they are more likely to invest in these types of technologies and training programs because they have enough establishments to take advantage of the economies of scale. At the level of the Tourism Ministry or hotel association, a program can be designed to make the independent lodging industry owners and manages aware of RM and CRM and possibly help them to implement it by subsidizing the high cost of implementation.

The managers who think highly about the importance of RM are also the ones that perform better at practicing it. That is, the practice requires a high level of awareness and depth of knowledge of the concepts and technologies. The programs need to be designed to make the lodging industry more aware and better knowledgeable about RM and CRM, so that they would implement it to become competitive and to make the Turkish tourism industry more competitive in the world market.

Like any research, this research also had some limitations. The sample size of this research was relatively low (83 usable responses). The response rate for the study (28%) could have been higher, but reaching the hotel and the resort hotel managers in the Turkish lodging industry, who would have the level of knowledge to fill-out the survey, was difficult. They were also too busy to fill out the survey. Another limitation was the fact that the sample was not randomly selected. The last limitation was on location, that is, this research was limited to the hotels and resort hotels located at Antalya and surrounding areas.

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WINE TRAINING IN MULTI-UNIT, CASUAL DINING RESTAURANTS

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ABSTRACT

This paper examines how wine is sold to customers in restaurants and specifically examines the interaction between the wine consumer and the marketer of wine in multi-unit, casual dining restaurants. According to Ben Salisbury, Vice President, Global Account Development Stimson Lane Vineyards & Estates (dba Chateau Ste Michelle) upselling is "out", and service is "in". Increased check averages should be the natural result of meeting guests' needs. Servers do not like to "sell" and guests do not like to be "sold". The real "art" of selling is finding out what people want and then helping them get it. This paper defines the wine consumer, the marketing of wine and introduces a training system for increasing wine sales in multi unit, casual restaurants.

Key Words: Wine, Wine Training, Wine Sales, Multi Unit Casual Dining Restaurants

INTRODUCTION

The greatest shift in consumer purchase behavior over the past generation has been from table wines to quality wines, particularly in traditional wine drinking countries. Relatively few people consume wine. In the United States 40 to 45 percent of the adult population does not drink any alcoholic beverages. Of the remainder, less than 20 percent are "regular" wine drinkers, and they account for most of the wine consumption. The occasional wine drinker, an additional 40 percent of the remainder, tends to like wine and might buy more of it if persuaded to do so (Moulton & Lapsley, 2001). This paper defines the wine consumer, the marketing of wine and introduces a training system for increasing wine sales in multi unit, casual restaurants.

WINE CONSUMER

As found in previous studies (Wine Market Council, 2004), core wine drinkers, those who drink wine weekly or more often, account for a preponderance of wine consumed in the U.S. While core wine drinkers represent just 12.5 percent of all U.S. adults, they account for 86 percent of the wine consumed. The remaining 14 percent of wine consumption is accounted for by the 13.9 percent of adults who are marginal wine drinkers, those who drink wine less often than weekly but at least 2-3 times a month and like wine. The occasional wine drinker tends to like wine and might buy more of it if persuaded to do so (Moulton & Lapsley, 2001).

The overall fragility of the marginal wine drinker segment is highlighted by the long-term trend among them for growing preferences of other forms of beverage alcohol over wine. In the 2003 Merrill Research study, only 50 percent of marginal wine drinkers stated that they actually preferred wine over beer and spirits. Marginal wine drinkers have trimmed their wine consumption levels overall in the past three years. Some of this is due to a segment of marginal wine drinkers achieving core wine drinking status, but increased marketing efforts by beer and spirits brands are also claiming a share of the purchase and consumption habits of marginal wine drinkers.

Looking at all age categories, it remains true that the over-40 age groups have the highest representation of core wine drinkers, and the under-40 age groups are dominated by marginal wine drinkers. Nonetheless, the relatively strong showing of core wine drinkers in the age 21-29 segment is a further demonstration of the early adoption trend.

The overriding conclusion of the Merrill Research & Associates (2003) tracking study is that the U.S. wine industry now stands at a crossroads. For the first time in thirty years, a new generation of young adults gives evidence of a strong preference for wine as part of their lifestyles. Many of them are entering the category as core wine drinkers. With their significant age-group numbers and their adoption of wine in their mid-twenties, they are a leading indicator of great potential as their cohorts likewise reach adulthood. With adult per capita consumption of table wine now at a twenty-year high, the prospect for continued and rapid growth of demand for wine in the coming decade is significant. At the same time, a shrinking population of marginal wine drinkers and their diminished preference for wine are challenges for the industry.

MARKETING OF WINE

Consumers purchase wine for various occasions at a variety of hospitality outlets including restaurants, bars nightclubs and catered events. One of the key factors in the successful marketing of wine is the identification of what is important to the consumer (target market).

A review of the literature on wine marketing reveals that there are both explicit and implicit considerations involved in the purchase of wine. A study of the Northern Ireland wine market, for example, found that respondents offered an array of responses when asked why they preferred a particular wine (Keown, 1995). The majority of these responses were related to "taste", "quality", "palatably" and "value for money". Other replies related to intrinsic qualities of the wine such as "dry", "fruity", "sweet", "full-bodied" or "refreshing". In that study, pricing was also found to be extremely important to all respondents. Similarly, in a study conducted by Jenster and Jenster (1993) the overriding criteria in making the purchase decision among wine consumers, were familiarity, price, reputation, value for money and curiosity.

When purchasing wine, the intrinsic attributes color, type of wine and vintage have been found to influence choice as well as extrinsic attributes including familiarity, price, quality/reliability and suitability. Although the primary extrinsic product attributes influencing the wine purchase decision include the brand, the label and the specific terms utilized in describing wine, Gluckman (1990) advises that the quality of wine is an important characteristic and that the attributes that signal quality to consumers can be either extrinsic or intrinsic. This is because wine quality is based on consumers' perceptions and these perceptions may be influenced by a variety of factors including price, recommendations of friends or experts, and the wine label (Zeithaml, 1988; Spawton, 1989). As a result, an interpretation of consumer perceptions on the relative importance of wine attributes can provide meaningful data for wine marketers.

In addition to these intrinsic and extrinsic attributes, the consumption situation has been found to have a determining influence in the selection and purchase of wine. Indeed, situation is becoming an important area of focus in marketing research because the situational influence on consumer behavior suggests that situation may be used as a basis for market segmentation (Hall and Lockshin, 2000). Despite this growing importance, however, to date a limited number of studies have been conducted which investigate situation as a determinant of choice behavior. Sandell published an early work in 1968 in which subjects were presented with an inventory of beverages. This study found that personal differences and differences in situations, considered separately, were poor predictors of product preference. The interaction between these two variables, however, provided a better predictor of beverage preference. Similar results, in terms of the interaction between product choice and usage situation were found by Green and Rao (1972), Belk (1974) and Srivastava *et al.* (1978). In a later study, Srivastava (1980) examined the appropriateness of financial services in a particular situation and found it to be relatively stable across situations, thus providing further support for using consumption situations as a basis for segmenting the market. Dickson (1982) combined a number of these previous studies when he created a person/situation segmentation model. His call for more research led to further studies such as the one conducted by Dubow (1992), which compared occasion-based and user-based segmentation for the jug wine market in the US. Dubow concluded that occasion-based segmentation is richer and more relevant for brand positioning and as an advertising strategy. The importance of social situations was also found to be particularly relevant in an investigation into the effects of the status associated with the consumption of wine and food (Dodd, 1996).

Adding a further layer of complexity, Judica and Perkins (1992) found that because the environment of consumption is most frequently a social gathering, consumers are less likely to take a chance and risk a poor quality product. This has a marked influence on the wine selection process because the product becomes a means to social recognition and approval for the buyer rather than simply a beverage. As a result, in many consumption situations

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the consumer does not have to decide whether or not they will consume a particular product or brand, but what product or brand to select from a list of products/brands suitable for consumption in the particular social situation. The selection of a particular wine from these lists, however, is perceived to involve an element of risk. In a UK study, for example, the top three perceived risks were: the taste of the wine, whether the wine complemented the meal, and the approval of family and friends (Mitchell and Greatorex, 1988).

In summary, it can be concluded that the major influencers of the purchase decision are: perceived risk; product characteristics such as brand, label and price; product experience and knowledge; and the product-use situation. There are also many other benefits in the consumption process some of which relate to intellectual prestige through education and the acquisition and display, of knowledge about wines. When these factors are combined with the beliefs associated with the enjoyment of a quality product the product becomes "… a bundle of benefits which in combination satisfy a consumer requirement" (Spawton, 1991: 20). Spawton stipulates, however, that the core benefit may vary according to the reason for purchasing the wine. Marketing aims to uncover the nature of these benefits or needs and one way of doing this is to investigate consumers' perceptions of these benefits. By adding situation to these purchase decision influencers our understanding of consumer behavior is likely to be improved.

WINE LISTS AND SOMMELIERS

In restaurants that offer high-quality wine, customers are provided with a wine list from which to consider their selection. A common practice is to sort the wines into white, red, and sparkling wines, and then group by varietal and/or origin within each subset. In many instances, restaurants supply a description of the sensory qualities of the wine along with the brand, vintage, origin, and price.

Restaurant wine stewards or sommeliers generally provide sensory descriptions based on personal tasting, though accuracy may be questionable in restaurants which lack sufficiently trained or experienced employees. Some winemakers include descriptions with their wine shipments (Hochstein, 1994). While research into the impact of sensory descriptions on choice is limited, their broad use and inclusion in critical wine evaluations from The Wine Spectator and The Wine Advocate suggest a perceived importance. Charters, Lockshin, and Unwin (1999) found that 57 percent of a sample of 56 Australian wine consumers claimed to read the back label of wine bottles, and these consumers reported the most useful information was the "simple descriptions of the tastes or smells."

WINE SALES

Like all elastic goods, how much a consumer is willing to pay for wine is directly correlated with the economy. During the on-going recession, many restaurant operators are struggling and the days of customers buying $100 bottles of wine is over, at least for the foreseeable future. However, ignoring the potential of your wine program in tough times is a mistake. Laverick (2002) suggests smaller but smarter wine lists that provide value to bolster wine sales.

A pervasive theme in the literature is that user-friendly wine lists are recommended; most guests do not want to spend significant time going through a massive wine menu. A list of as few as 50 extremely well chosen wines is considered more than enough to cover all the bases, even for fine dining restaurants. Current sales trends show that while wine consumption is holding, many customers are trading down a notch. This means that they are looking for value and are less willing to make selections at super-premium price points or suffer onerous mark-ups. The research recommends that marketers think about dollars instead of percentages. If restaurants hold onto their mark-ups, but experience a 50% drop in volume, they are worse off than if they were to drop prices and keep a strong volume. The vast majority of restaurants have gotten away from a straight three-time markup across an entire list. Additionally, restaurants need to recognize the fact that certain staples, such as Opus One or Dom Perignon, act as barometers diners generally know how much the wine costs, and look to these selections as benchmarks on list pricing. Dom Perignon Champagne is listed anywhere between $100 and $300 per bottle. Dropping prices on some of these benchmarks may increase sales.

Furthermore, Americans have gotten more sophisticated about food and have learned their fair share about wine. These days, wine tastings take place at the local liquor store, and comprehensive classes can be had at community colleges and universities, democratizing a formerly elite subject (Malone, 2003). In the past, diners were at the mercy of the sommelier, now they read books like "Wine for Dummies" and make authoritative choices on their own. As grape grower Piero Antinori writes in his book's Foreword, "Wine is for everyone, after all, and we should not treat it as if it were something reserved for a mystical elite."

WINE TRAINING IN MULTI-UNIT, CASUAL DINING RESTAURANTS
Wine training has been shown to increase wine sales in fine dining restaurants like the Disneyland Resort's Napa Rose. Michael Jordan, who has led the operations at Napa Rose, has undertaken an ambitious wine training program for his staff. Currently, 34 of the restaurant's 75 staff members – including executive chef Andrew Sutton, his sous-chefs and bussers and hosts – are certified as sommeliers (Spector, 2004). Jordan believes that this training translates in increased wine sales and a growing local-customer base. Turnover is virtually non-existent in this restaurant.

However, few multi-unit casual dining restaurants can afford managers like Jordan. Employee turnover in casual dining is high and many servers are under the legal drinking age. Duplication of training programs for hundreds of units requires a different system than training at one or two restaurants. According to Ben Salisbury, Vice President, Global Account Development Stimson Lane Vineyards & Estates most wine training fails because there is too much emphasis on "wine knowledge" that no one remembers. Salisbury further states that it falsely assumes "wine people" alone can do the training. Simple wine sales techniques can be taught by anyone, regardless of their knowledge. Salisbury truly believes a server can tell you how well a Ferrari handles even if he has never driven one, how cold it is in Alaska without having been there. Therefore, a server can tell you how rich and buttery a Chardonnay is even if he has never tasted it. Or how smooth a Merlot is even if the server hates red wine. He further states that upselling is "out", and service is "in". Increased check averages should be the natural result of meeting guests' needs. Servers do not like to "sell" and guests do not like to be "sold". The real "art" of selling is finding out what people want and then helping them get it. The Ascend System is designed to address and overcome the primary reasons why wine goes unsold in casual restaurants;

1. Servers are uncomfortable bringing up the subject of wine at the table
2. Customers may lack confidence in their own wine knowledge, and in the absence of assistance from the server, may not order wine at all.

Instead of squandering valuable training time trying to teach servers wine knowledge and food and wine pairing, the Ascend system focuses on teaching servers how to:

i. Approach the table and bring up the subject of wine.
ii. Discover what the guests' wine preferences are (if any).
iii. Recommend a wine that meets the guests' preferences.

The reason why this system works for such companies as TGI Friday's is that it is simple therefore easy to learn and remember, effective because it places the emphasis on *selling* not wine knowledge, and is transferable which means it is great for multi-unit applications.

CONCLUSION AND RECOMMENDATIONS
The good news for increasing wine sales in the casual dining segment is that the US is presently enjoying the highest per capita wine consumption in twenty years and that the large segment of young adults (20 to 29 year olds) are showing a real interest in wine. The challenges are that core wine drinkers make up only 12.5 percent of the overall adult population and that marginal wine drinkers need to be convinced to drink wine more frequently and to choose wine over beer or spirits. The marginal wine drinker is most likely to be the customer in casual dining restaurant. According to the literature, it will be important for the casual dining segment to find a way to lower the perceived risks associated with wine, offer products with brand recognition and to offer wine in a manner appropriate to the casual dining segment. The Ascend Program recommends that the server should know something about wine but equally necessary is to be intuitive as to the decision-making process, risk aversion and tastes of the consumer. The recommendations of the Ascend Program appear to address the specific issues of the marginal wine drinking in a casual dining environment. These recommendations are a departure from the more traditional training programs to sell wine, which emphasized a server's wine knowledge, and more readily addressed the needs of the core wine drinker.

FUTURE RESEARCH
A comparison study of wine programs like ASCEND and WineQuest Solutions and their overall effectiveness might interest many restaurateurs. Not all Casual dining concepts use canned programs therefore

restaurants with significant wine sales should be evaluated. Furthermore, the implementation process of a wine program needs further examination.

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A SURVEY OF LODGING EXECUTIVES' VIEWS ON INTERNSHIP COMPETENCIES

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ABSTRACT

This study reports on lodging executives' views regarding student internship competencies. Investigated are requisites for lodging internships and expected competency level of interns upon completion of those programs. Reported by industry professionals is that students exiting effective internship programs will be skilled in 18 core essential competencies falling under Sandwith's (1993) leadership, interpersonal, creative and technical domains. Based on research results, the authors present five newly proposed internship prerequisites: 1) demonstrating professional appearance and poise, 2) portraying enthusiasm, 3) portraying work commitment, 4) listening skills and 5) oral communication skills. Study findings have implications for educators and lodging industry, alike.

Key Words: internships, competencies, prerequisites, CECs

INTRODUCTION

The integration of internship programs into academic curricula provides an effective forum in preparing students for their hospitality career pursuits (Coco, 2000; Ford and LeBruto, 1995; Breiter, 1993; Breiter, 1991). Internships allow for student competency development through active learning (Wildes and Mount, 1997). This learning process can benefit students early on in their employment pursuits, as well as throughout their careers. Research has suggested that students completing internship programs are better prepared for employment (Van Hoff, 2000) and more marketable than their peers who have no internship experience (Petrillose and Montgomery, 1997/1998; Roush, Dickson and LeBruot, 1996; Downey and DeVeau, 1987). Reports indicate that industry-experienced graduates enter the workforce with less anxiety, higher perceived self-efficacy and increased skill confidence than non-experienced graduates (Herrick, 1987). Furthermore, students that have internship backgrounds are shown to experience faster advancement opportunities than their non-intern counterparts (Coco, 2000).

Past research on lodging internships, however, has been limited regarding the identification of specific learning outcomes and expected competency level of students upon completion of their lodging internships. Thus, the authors of this study seek to identify industry-defined exit competencies associated with lodging internships. Also, sought is to determine if there are competencies lodging professionals believe students should master prior to their internship engagements, an area given even less attention in the hospitality literature. Establishing these pre- and post-internship competencies can provide direction on effective utilization and coordination of classroom and practical learning environments.

BACKGROUND ON STUDY-SPECIFIC COMPETENCIES

The author Kay in a *Cornell Hotel and Restaurant Administration Quarterly* study on hospitality-management competencies identified 18 core essential competencies (CECs) determined to be important for entry- and middle-level management success in food and beverage, front office and sales (Kay and Russette, 2000). These identified CECs were derived primarily from four earlier studies on hospitality competencies and general management: 1) Tas, 1988, 2) Okeiyi, Finley and Postel, 1994, 3) Tas, LaBrecque and Clayton, 1996 and 4) Sandwith, 1993). The studies ranged from Tas' lodging GM-trainee and property management competencies to Sandwith's hierarchy of general management requisites. The 18 CECs identified in the 2000 *Cornell Quarterly* paper fell under four of Sandwith's five competency domains of leadership, interpersonal, conceptual-creative, technical and administrative as follows:

LEADERSHIP	Recognizing customer problems.
	Maintaining customer satisfaction.
	Maintaining customer problems with understanding and sensitivity.
	Developing positive customer relations.
	Solving customer problems.
	Portraying enthusiasm.
	Portraying competence and confidence.
	Portraying work commitment.
	Demonstrating professional appearance and poise.
	Portraying diligence and initiative.
	Maintaining professional and ethical standards in the work environment.
	Cultivating climate of trust.
INTERPERSONAL	Listening skills.
	Face-to-face communication skills.
	Oral communication skills.
	Resolving conflicts with a win-win-resolution approach.
CREATIVE	Adapting creatively to change.
TECHNICAL	Working knowledge of product-service.

As the CECs in the author's previous study were considered industry-desired competencies and identified as essential across six job titles, we decided to use those 18 CECs, classified under Sandwith's competency-domains, as the framework for this research on lodging internship competencies. Thus, the purpose of the study is to gain insight on industry professionals' views regarding interns' competency levels in each CEC upon completion of their internship programs. In addition, we solicit subject matter experts' opinions on possible requisite competencies students should be equipped with prior to entering into their internships.

METHODOLOGY: POPULATION AND SAMPLE

Lodging properties in Florida's Dade, Broward and Palm Beach counties constituted the research population for this study. Participation was restricted to those properties belonging to one of the three county hotel and motel associations and having 100 or more guest rooms. This convenience sample provided a study group of lodging executives working in full-service, medium to large staffing environments. Based on data from the three associations, 180 lodging properties met our criteria.

Letters from Lynn University and two hotel and motel associations, Greater Miami & The Beaches Hotel Association, Palm Beach County Hotel & Motel Association that endorsed this study were mailed to respective county property GMs. Included with each letter were five survey questionnaires with GM distribution instructions. The survey instrument design included an introduction script briefing participants on the research purpose and the industry-education partnership arrangement between the three counties (Dade, Broward and Palm Beach) and the two researchers' university affiliations (Lynn University and Florida International University). The enclosed instructional piece directed GMs to complete one survey and distribute the four remaining questionnaires to property directors of human resources, sales & marketing, rooms and food & beverage. Accompanied with each survey questionnaire was a pre-addressed, stamped return envelope.

From the 180 properties that met the study criteria, thirty-three GMs responded, resulting in a response rate of 18 percent. In pursuit of higher participation (Johanson and Woods, 1999), a reminder letter was sent to the GMs in Dade County, as a test group, which generated no additional responses. As a result, reminder notices were not sent to the remaining Broward and Palm Beach counties. A final 119 usable surveys from respondents (GMs and directors of human resources, sales & marketing, rooms and food & beverage) were returned.

From the total group of respondents, over 90 percent were associated with full-service properties, many being upscale resorts and all-suites. Affiliations were primarily with mid-size properties, employing between 100 and 500 employees. Over half of the respondents held GM/AGM or director of human resources job titles, with the remainder being primarily split among rooms, food & beverage and sales & marketing director titles. A few of these individuals had multiple areas of concentration and expertise, but most were tooled in their respective areas of responsibilities. The majority of property executives were males (61%), over age 35, with ten or more years of industry experience. The number of employees under their direct supervision ranged between five and fifteen, on

average, with higher spans of control for operational directors. Many (58%) respondents reported holding two-year college degrees or higher in business or hospitality.

METHDOLOGY: INSTRUMENT

The self-administered mail survey instrument was design to gain insight from industry professionals regarding the level of competence interns would have upon internship completion. Respondents were asked, as well, which competencies students should master, if any, prior to entering into an internship program. The last sections of the survey instrument questioned respondents about their property affiliations and professional profile, respectively.

As previously mentioned, the Kay and Russette (2000) 18 core essential competency (CECs) items were adopted for this study to establish knowledge and skills learned through internship experiences. A five-point rating-type scale (1=not at all skilled to 5=extremely skilled) was used to measure the degree of skill level upon internship completion. One additional assessment point was used to identify competencies viewed by hospitality professionals as internship prerequisites.

The instrument was pilot tested for face and content validity by a panel of ten industry professionals and educators. Industry subject matter experts consisted of general and human resources managers, and one executive assistant. Educators included a hospitality dean and tenured associate professors. Using Cronbach's alpha, the scale was tested for reliability. The coefficient alpha for the study's four competency constructs was over .70, meeting the generally acceptable level of .70, indicating a reliable measure.

RESULTS AND DISCUSSION

Industry professionals reported that students, upon internship completion, would be most skilled in leadership, role-modeling competencies: *demonstrating professional appearance and poise* and *portraying enthusiasm and work commitment* (see Table 1).

Table 1
Student Competency Level upon Completing Internship and Program Prerequisites

Domain	Rank	Mean	Competency	N	Mean	Prerequisite
Leadership:						
Role Modeling	1	4.16	Demonstrating professional appearance	79	4.32	*
			Portraying enthusiasm.	84	4.31	*
			Portraying work commitment.	86	4.23	*
			Portraying diligence and initiative.	91	3.96	
			Portraying competence and confidence.	101	3.91	
Ethics & Trust	2	4.02	Maintaining professional and ethical	91	4.20	
			Cultivating climate of trust.	103	3.83	
Customer	3	3.93	Maintaining customer satisfaction.	113	4.08	
Centeredness			Recognizing customer problems.	116	4.04	
			Developing positive customer relations.	117	3.95	
			Managing customer problems with	117	3.85	
			Solving customer problems.	116	3.75	
Interpersonal	3	3.93	Listening skills.	89	4.12	*
			Face-to-face communication skills.	99	3.96	
			Oral communication skills.	88	3.93	*
			Resolving conflicts.	116	3.63	
Creative	4	3.84	Adapting creatively to change.	104	3.84	
Technical	5	3.82	Knowledge of product/service.	115	3.82	

Over 25% of respondents stating students to master competency prior to entering into internship program.

Scale: 1=not at all skilled; 2=not very skilled; 3=somewhat skilled; 4=skilled; 5=extremely skilled

Corresponding with the high ranking of these exit competencies, many respondents believe students should possess role-modeling presence prior to entering their internships. Regardless of when these competencies are fully mastered, students should demonstrate and be most competent in role-modeling abilities upon graduation. Among the respondents, sales directors took the strongest position that students should be skilled in these competencies. Additionally, prior research has reported that GMs especially place high value on professional appearance and poise, as well (Kay and Russette, 2000). Respondents judge students mastering other role-modeling competencies, such as *portraying diligence, initiative and competence/confidence*, to a somewhat lesser degree. Implied is that these competencies require extended practice beyond most internship tenures before gaining equal proficiency.

Industry professionals reported that internship programs positively influence students' practices of professional and ethical standards, ranking second under the leadership competency domains and fourth among the list of 18 CECs. Students' abilities in *cultivating climate of trust* are presumably more fully developed over time and perhaps beyond students' typical internship tenures.

Surveyed respondents reported that students upon internship completion would be quite skilled in a number of customer-centeredness competencies, as well as interpersonal abilities such as listening skills. Intern competency levels in customer-centeredness and interpersonal skills ranked and tied at third. Industry professionals suggest students will be competent in recognizing and managing customer problems, developing positive customer relations and maintaining customer satisfaction upon completing their internships. Some respondents believe that students should master listening and oral-communication skills prior to internship pursuits. In contrast, however, lodging professionals perceive students exiting with less competence in the interpersonal skill of *resolving conflicts*, as well as customer-centeredness competency of *solving customer problems*. Similar results regarding difficulty with developing certain learner skills through experiential setting have been reported in prior research (Breiter, 1993). Both abilities involve complex cognitive capabilities that are achieved only after extensive practice and considerable experience. Human resource directors believe with stronger conviction than their executive counterparts that students should be most competent in interpersonal skills. This emphasis on interpersonal competencies--skills required for human resource management success--is not surprising and may suggest possible job-title bias on the part of the human resource respondents, as propositioned in past research (Kay, Martin and Newman, 2000).

Other competencies industry executives believe students will be skilled in, but to a lesser degree, upon internship completion include creative and technical abilities ranking fourth and fifth, respectively. Creative capabilities such as *adapting creatively to change* may be viewed by some as more of an innate talent than a learned ability, giving rationale to the lower ranking. Also, the tempered expectations in technical competence (*knowledge of product/service*) is not surprising considering prior internship research reported that technical knowledge commonly takes second place in management education (Breiter et al., 1995).

Findings under this study, suggest that quality internship experiences expose hospitality students to industry-desired qualifications and equip them with critical leadership and interpersonal managerial capabilities. Hospitality graduates possessing these skills are highly valued by hospitality recruiters and employers (Kay and Russette, 2000).

CONCLUSIONS

In pursuit of our research purpose, we were able to gain additional insight into industry professionals' views on internship requisites and exit competencies. As a result of our study, five internship prerequisites are newly proposed.

1. demonstrating professional appearance and poise
2. portraying enthusiasm
3. portraying work commitment
4. listening skills
5. oral communication skills

Students should be able to perform at least minimally in these competencies prior to entering their internships. Upon completion of an effective internship program, students should have the equivalent of one year of line-level experience (Kay and DeVeau, 2003), exiting with leadership and interpersonal skills and some technical knowledge and creative capabilities. Such extensive experiential backgrounds help ensure students employment

upon graduation and advancement into those highly sought after management positions. Internships provide students with the industry-desired CEC credentials, ultimately benefiting both students and industry for today and in the future.

The exit competencies identified in this study support and coincide with prior propositions and research (Petrillose and Montgomery, 1997/1998; Breiter et al., 1995; LeBruto and Murray, 1994). For instance, Dr. Coco (2000) from the College of Business Administration at Abilene Christian University, educator of the year for the state of Texas in 1996, states that internship programs "foster an awareness of the constant need for adaptability and creativity in a changing world," a competency listed among our internship exit competencies (p. 42). Scholars report that students gain important lodging expertise and supervisory/management capabilities through internship programs (Petrillose and Montgomery, 1997/1998) and can reinforce knowledge learned in the classroom (Breiter et al., 1995).

IMPLICATIONS AND FUTURE RESEARCH

This study has implications for educators and the lodging industry, alike. The identification of internship prerequisites, for example, offers guidance for educators in developing more effective curricula. Suggested is that students complete their studies in communications and hone up on their interpersonal skills prior to entering into internship programs. Also, students should have the basic understanding of workplace acumen and commitment, as well as being capable of portraying enthusiasm in a genuinely hospitable manner. Competence in these leadership and interpersonal requisites can assist students with experiencing positive internship residencies and creating more equitable student/host property partnership arrangements. Furthermore host properties can benefit through sponsorships, as well. Interns can share with their sponsors current research and academic knowledge they learned from leading scholars and professors in their formal classroom environments. Additionally, lodging employers have the opportunity to hire into permanent employment statuses property-trained intern graduates possessing the necessary core essential competencies (CECs) required for hospitality success in their organizations.

Areas for further study include empirically testing the relationship between internship experiential education and exit performance, as this report represents opinion-based research. Also, an investigation into the potential impact of internship study concentrations and/or host affiliations on students' exit competency levels would serve as an intriguing area for future research. Due to the regionally local sample group and low response rate, a common problem in hospitality research (LeBruto and Murrar, 1994), a replication study of national scale with adequate sampling size is also recommended for generalizablity. Furthermore, a larger sample group would allow for testing significant relationships restricted under this study.

This paper presents unique contributions to the existing body of knowledge on lodging internship competencies. Provided for educators is insight on the development and coordination of effective academic and practical learning environments for students. The findings of this study determine that students exiting internship programs are equipped with the core essential competencies (CECs) necessary to become successful hospitality leaders of tomorrow. Thus, to answer a commonly posed question by educators and industry professionals, alike (Petrillose and Montgomery, 1997/1998)--Do internship programs provide a legitimate academic exercise of long-term benefit to the industry? --The answer is yes.

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ARE THE STUDENTS PREPARED AFTER CO-OP?

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ABSTRACT

The purpose of this research was to quantitatively compare the early professional outcomes of hospitality management alumni from three cooperative education models in post secondary education. Survey design was used for this comparative, descriptive research. A four-page quantitative survey was developed by the researcher and sent to 469 potential respondents in the fall 2006. The overall final response rate was 33% (N=155). Industry preparedness and career satisfaction have been explored for statistical significance among the three experiential models.

Key Words: Experiential learning, cooperative education, realistic preview, career satisfaction

INTRODUCTION

Nearly all hospitality management programs within colleges and universities across the country have incorporated experiential learning into the curriculum. In fact, McMullin (1998) found that one hundred sixty-two of the one hundred seventy-six Baccalaureate degree-granting programs in hospitality management include an experiential learning component within the curriculum. While these experiential programs have varied names, definition, and requirements, one overarching and common objective remains: to prepare students for industry success.

Cooperative education (co-op) in hospitality management education is one of the various avenues of experiential learning. Interestingly, cooperative education also has many variations. While the intent of cooperative education is to integrate academic theory and concept with practical work experience in the students' field of interest (Kiser & Partlow, 1999), the structure of the co-op experiences vary greatly. Depending upon the objectives of the individual academic programs, the co-op structure may differ in the hours required for completion, duration of employment, the quality and type of position, its relationship to classroom requirements, its importance in the curriculum, and its award of academic credit and transcript notation (National Commission on Cooperative Education, 1994).

Much attention has been given to the immediate benefits that a student realizes from participating in a cooperative education program in hospitality management. Anecdotally, co-op is reportedly a value to students in a variety of ways. Co-op enhances the students' resume, making them more marketable for post graduation employment (Petrillose & Montgomery, 1998). Co-op has also been credited with providing a realistic preview for young managers and better preparation for employment (Van Hoof, 2000). Technical skills are sharpened, and reportedly students become more self-confident in their abilities after participating in a cooperative education experience (Herrick, 1987). In short, co-op is considered a vital component to students' career success (Adolf, 2006).

Yet, the power of the co-op experience in post secondary hospitality management education has not been comparatively measured as we look at the variation of the total co-op requirement from program to program. Each school has developed a model of the cooperative education experience that presumably answers the mission and objectives of that particular school. The career success outcomes of varying co-op models within hospitality management education, however, have not been previously studied. Career success is largely dependent upon the knowledge, skills, and abilities that the industry deems important. Students must be equipped with the tools that are unique to the hospitality industry.

The purpose of this study, therefore, was to quantitatively compare the career success indicators of three cooperative education models in hospitality management education. This paper specifically focuses on industry preparedness and career satisfaction that alumni of four-year hospitality management programs report they have achieved and compare those outcomes to the model or structure of the cooperative education program in which they have participated.

This study is intended to satisfy three distinct needs. First, hospitality recruiters must be shown the advantages of effectively partnering with schools in a cooperative education effort. Next, this study will provide data in areas of the literature where there has been little exploration. In their investigative study, Stull, Crow, and Braunstein (1997), found that measuring career outcomes was a needed research topic within the literature. Additionally, most studies across all disciplines seek to compare results of cooperative education students versus non-cooperative education students, rather than a comparison of program structures. Finally, this study provides participating colleges and universities in the surrounding region, alumni outcomes information that they can then use for their own self-study, outcomes assessments, and curricular development.

Perspectives of Experiential Learning

Experiential learning is most simply defined as "any hands-on experience that yields learning" (Kiser & Partlow, 1999, p.70). According to Wilson and Baird (1997), experientialism maintains that "knowledge is validated from experiences in relation to the social context in which they are gained" (p.3). Experiential learning in post secondary hospitality management curricula, therefore, occurs in many and various forms including the internship, the externship, practicum, or the cooperative education experience. All seem to have varying definition from school to school, but the basic premise is that the student is learning through work experience (Kiser & Partlow, 1999).

Experiential learning stems from John Dewey's philosophy of progressive education. Dewey (1921) promoted education of the whole person, and in doing so, promoted the importance of work as a respectable way to learn. Dewey asserted that applying what is done in school to what is done on the outside brings value to classroom learning. Dewey endorsed the theory of learner-centered education, and this theory was further advanced by the Progressive Education Association, which was formed in 1919. In an eight-year evaluation of the learner-centered approach to education, the results indicated that there are advantages of learner-centered education over the traditional teacher-centered education. Some of those advantages include attaining higher academic grades, developing intellectual curiosity, developing creativity, and developing leadership skills (Henson, 2003). From Dewey's perspective, experiential learning provides experiences in a social context, from which students can learn. His theory of experiential learning indicates that all knowledge areas are enhanced when the content to be learned is centered around real-life situations (Roberts, 2003).

Purpose and Benefits of Cooperative Education

Co-op has several definitions and has many variables that differ from institution to institution. In fact, the term "co-op" is often interchanged for other terms such as internships, externships, practicums, field experience, or work-study programs (Kiser & Partlow, 1999). Cooperative education is a learning tool that allows students to gain relevant practical experience while tying academic knowledge to the field experience. Wilson, Stull, and Vinsonhaler (1996) insist that co-op must be presented as "a curriculum model that links work and academics --- a model that is based on sound learning theory and one that will fit with the traditional academic curriculum"(p. 158). This group of researchers further added that the learning objectives of a cooperative education program must be "specific to individual student needs, their program of study, and work experiences. The objectives must relate to the curriculum as a whole and include both the academic and work components" (p. 158).

From a broad perspective, Ricks (1996) discussed the value of cooperative education. Clearly, she stated, "cooperative education is inherently committed to improving the bigger picture, e.g., the economy, peoples' working lives, and lifelong learners living more effectively" (p. 19). She described cooperative education as a partnership involving the learner, the institution, the employer; this partnership will, in fact, benefit all involved stakeholders and will ultimately benefit society.

From a learner perspective, an array of studies from a variety of disciplines have been conducted to investigate the relationship between co-op and early work outcomes. Factors such as job preview/readiness, starting salary, job search time, promotion rate, career progression, and overall satisfaction have been studied using varying methodologies. For example, Foster, Franz, and Waller (1986) reported on previous research that studied the relationship between the co-op experiences of registered nurses and job satisfaction. The findings of this study suggested that a positive relationship exists between the cooperative education experience and job satisfaction. This study also found that nurses who had a co-op experience were more likely to remain with their first employer than graduates without a co-op experience. In a different study of career success for computer science co-op students, Dubick, McNerney, and Potts (1996) found that students who participated in co-op had a significantly higher starting salary than those who did not partake of the co-op learning experience. This study also showed a positive

indication that co-op students had a more successful career/employment history than those who did not complete a co-op experience; non-co-op students changed jobs more frequently.

Gault, Redington and Schlager (2000) studied the effects of the internship in a business curriculum on graduates' career success. This team of researchers found that graduates with an internship experience obtained their full-time positions more quickly than those who did not intern. Internship participants also reported higher levels of job satisfaction, presumably because of their preview of the industry before graduation.

Models of Cooperative Education

Over its 100-year evolution, cooperative education has emerged into primarily two noteworthy models. In the first model, academic coursework is alternated with equal periods of paid employment in the industry of their discipline. This is termed the alternating model. Students may alternate once or several times before graduation. In the second model, students split their time between work and school. This is identified as the parallel model of cooperative education. Generally speaking, students may go to school in the mornings and then work in the afternoons. Alternatively, students may go to class on certain days and then go to work on other days. In whatever form it may occur, the student is encouraged to learn through both academically-based and work-based learning. In some situations, this provides an opportunity to "connect" the two learning places with seminars or workshops, reflective thought, and project application.

Within each of these models lies a host of other variables. The award of academic credit, the role of faculty, the role of the employer, the type of work, the issue of compensation, and the required duration of employment are all varying factors that may influence the cooperative education experience. In particular, the award of academic credit is also encouraged by Wilson et al. (1996), who believe that this practice provides "academic endorsement" of the co-op requirement.

Goals of Hospitality Management Education

Powers and Riegel (1993) suggested that the mission of hospitality education programs is to prepare students for hospitality operations. Industry and academia have formed a partnership, in order that curricular requirements might meet the needs of the industry. Today, many hospitality schools and departments are carefully designing curriculum in an effort to effectively compete for student enrollment. Goodman and Sprague (1991) warn us that hospitality curricula must focus on the elements of our service industry that make this industry --- and its educational requirements ---- unique. To do this, academia must stay current with emerging trends of the industry and be proactive with the evolving needs of the industry.

Both industry professionals and academicians must acknowledge one of the greatest challenges of the hospitality industry --- management turnover. Findings from the American Hotel Foundation Study on Turnover revealed that turnover among managerial hospitality employees, nationally, was revealed to be 20 percent, 23 percent, and 15 percent in 1995, 1996, and 1997, respectively (Woods, 2002). The causes of turnover in the hospitality industry are many. However, researchers agree that there are three primary internal causes of turnover: 1) low compensation, 2) poor hiring practices, and 3) poor management (Woods, 2002). Many researchers believe that "the key to solving turnover problems lies in curing the problem of unmet employee expectations….. this is the reason realistic job previews are so important" (p.402). Tesone and Ricci (2005) also recommend that secondary and post secondary educators provide a more realistic preview of the industry's needs for its students, as this could be a factor influencing the high turnover rates. Additionally, Girard addressed the high number of hours required in hospitality management employment, and suggested that this could be a factor contributing to turnover.

Appropriately, in an effort to more effectively prepare students for hospitality industry leadership, experiential learning has become a major component of hospitality education (Kiser & Partlow, 1999). In 1992, Zabel reported that 95% of hospitality management programs incorporated experiential learning into their curriculums (as cited in Girard, 1999). Petrillose and Montgomery (1997/1998) found that 89% of the hospitality programs they surveyed (110 programs, a 50% response rate) required an internship within the curriculum. Recruiters viewed the co-op/internship experience as a way for students to preview the industry, gain leadership skills, develop judgment, develop customer/employee relations, and provide an avenue for potential recruitment post graduation. Therefore, experiential education, whether termed a co-op, an internship, or a practicum, is considered to be a significant link between education and the industry. In fact, in their study, Tesone and Ricci (2005) found that 87% of their industry respondents said they prefer to have larger numbers of hospitality management candidates

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have a work-based experience. Wildes and Mount (1997/1998) reported that industry recruiters would prefer schools and colleges to triple their work-based learning requirement from the average of 500-550 hours of employment experience.

METHODOLOGY

A cross-sectional, comparison group design study was chosen because the researcher is seeking to compare job preparedness/job preview and career satisfaction of alumni from four-year hospitality management schools in the mid-Atlantic region; alumni from three different colleges or universities, each using a different model of cooperative education, have been targeted for this study.

Participants. Participants included alumni from three four-year hospitality management programs in the mid-Atlantic region who have participated in a cooperative education experience. Alumni from the graduating classes of 2003 – 2005 for whom the cooperative university had contact information were invited to participate in the study. In terms of identifying participating schools, the researcher sought out schools that were similar in student profile and curricular requirements, but that used different cooperative education models. The selected schools are accredited, offer the 4-year hospitality management degree (not culinary or technical), and have a similar student profile, similar requirements for admission, and similar curriculum.

The three cooperative education models in this study were deliberately defined. The literature clearly defines two types of models --- the alternating model and the parallel model. The third model is a variation, based on the variations determined by the National Commission on Cooperative Education. The co-op models under study have targeted variables that differ from program to program. Those variables include: 1) award of academic credit, 2) classroom component , 3) faculty involvement, and 4) a reflective component. Model A requires the classroom component, requires a minimum total of 600 hours of full-time employment, and provides 6 or more credits of academic credit. Model B requires alternating periods of employment and academic work. Academic credit is awarded for the co-op work experience. Model B requires a minimum total of 600 hours of full-time employment. No classes are required during the employment component of the program. Model C awards no academic credit and requires a minimum of 600 hours of full-time employment; no concurrent classroom component is required for Model C. All three models require the co-op/internship for graduation. All models require a minimum of 600 hours of hospitality employment. Faculty oversight varies for each of the three models. Model A uses a faculty liaison between the students and the employer. The faculty member must approve the field experience. The   faculty member will visit some, but not all sites. The student reports to the faculty member on a weekly basis. Model   B uses a faculty member as an administrator; the faculty member visits the site of each student. The faculty member must also approve the experience. Thereafter, the student must send reflective journals to the faculty member. Model C uses a faculty member as an advisor in seeking employment. The faculty member then validates the student's employment at the end of the working experience. In effect, Model A is considered the model of greatest structure, Model B has moderate structure, and Model C has the least structure in its co-op/internship program.

Instrumentation. The data collection tool was a self-administered survey questionnaire that was mailed to all alumni of the participating programs. A four-page survey instrument was designed, developed, and tested, specifically for this study, using a previously developed instrument as a template. The survey was developed in two parts. The first part of the questionnaire presented a series of items with numerical scale responses. Sequentially, alumni were asked to respond to questions about their first employment experience after graduation, their co-op/internship experience, and then their current employment. The second part of the survey used categorical response items and focused on the personal profile information needed to control for differences between programs due to the demographics of the students graduating from the programs. The industry preparedness scale, developed by the researcher, asked questions of preparedness and preview with regard to the demands and expectations of the hospitality industry. The job satisfaction survey questions focused on those points that the literature review identified as being primarily responsible for turnover in the industry. Both of these categories used a 6-point scale, wherein 1=strongly disagree and 6 = strongly agree. The instrument was assessed for content validity and reliability.

Response Rates. A net total of 469 surveys were sent via U.S. mail. Therefore, School A had a net total of 90 surveys sent, School B had a net total of 115 surveys sent, and School C had a net total of 264 surveys sent. Overall, 155 surveys were completed and returned for an overall response rate of 33% (32.98). School A had a response rate of 52.2%, School B had a response rate of 40%, and School C had a response rate of 23.5%.

FINDINGS

Personal profile of the respondents. A demographic profile of the respondents reveals that the majority of respondents are female both from an overall perspective and from the perspective of university segmentation. Overall, the response rate indicates a 66% response rate from females and a 34% response rate from males. Each university's response rate is generally representative of their composite groups. The age demographic is similar across all three schools. Generally speaking, this survey reached the traditional-aged student with few exceptions. The age group of 22-30 years old, as of the date of this survey, comprises 98%, 90%, and 98% of the respondents from Schools A, B, and C, respectively. Cumulative grade point averages achieved upon graduation were revealed. All three schools consistently showed strong response from those alumni who graduated with a grade point average (GPA) of 3.0 or higher. The mean of cumulative grade point averages for each of the three schools are 3.13, 3.15, and 3.17 (all on a 4-point scale) for Models A, B, and C, respectively. Alumni were also asked to categorize their "other hours" of hospitality experience in additional hours. All three models have their heaviest emphasis on 800 or more hours of experience in the industry in addition to their co-op/internship requirement.

It may also be important to note the employment/working status of the alumni (Table 1). The overwhelming majority of those in the industry are currently working in management positions within the industry segments. Within School A, 80.9% of the respondents are employed in a management position within the hospitality industry. From School B, 50% of the alumni report that they are in a management position in the hospitality industry; 31.0 report, however, that they are serving in an hourly position within the industry. From School C, nearly 54% of the respondents have indicated that they are working in a management position within the hospitality industry; 15.4% are working in an hourly position within the industry.

Table 1
Career Status by University Model

| | University Model | | | | | |
| | *n* = 42 A | | *n* = 42 B | | *n* = 52 C | |
	f	%	*f*	%	*f*	%
Employed in hospitality In management position	34	**80.9**	21	50.0	28	53.9
Employed in hospitality In hourly position	1	2.4	13	**31.0**	8	15.4
Started in hospitality, but not in industry now	7	16.7	8	19.0	16	**30.7**

The first research question is posed as follows: *What degree of industry preparedness do alumni of hospitality management programs perceive they have achieved as a result of participating in their co-op/internship program?* Thirteen dimensions of industry preview factors for preparedness were surveyed and measured descriptively for the mean and standard deviation (Table 2). Model A shows a higher mean score for each of ten dimensions: appropriate workplace dress code, appropriate professional conduct, hours required, salary, benefits, amount of interaction with supervisors, advancement opportunities, teamwork, importance of time management, and importance of networking. Model B shows a higher mean score for the industry preview dimensions of amount of interaction with coworkers/employees and amount of interaction with customers. Only three of the factors are significant, however, using the analysis of variance statistic. With an alpha level of .05, there is statistical significance in the preview factors of hours required, salary, and amount of interaction with customers. Using the Tukey post hoc tests, the multiple comparison tool shows that the significant difference in the preview factors of hours required and salary expectation are between Models A and C, with a significance level of .018 and .001, respectively. The significant difference in the amount of interaction with customers, .012, is between Models B and C. In each of these three cases, Model C has the lowest of the mean scores.

The second research question asks: *What is the overall job satisfaction expressed by alumni of each participating co-op program?* This was analyzed using two questions within the survey. One question asked for perceptions of satisfaction from the first job after graduation, while the other satisfaction question asked for perceptions of satisfaction for the current position. Eleven dimensions were surveyed and measured for mean scores: salary, benefits package, co-workers, supervisors, work responsibilities, recognition, advancement opportunities, workplace environment, number of hours worked, time of working shift, and overall satisfaction.
Nearly all satisfaction ratings increased from the first job post graduation to the current position. It is interesting to note that Model A has the highest reported mean scores for all dimensions in the *current* hospitality position in which they are serving.

Using the ANOVA statistic to determine satisfaction differences between the three groups, only three dimensions of statistical significance are revealed in the current position satisfaction results. In this analysis, satisfaction with salary, benefits and supervisors show significance between the three groups. Significance of .010 for salary satisfaction, .048 for benefits package satisfaction, and .036 for supervisory satisfaction was revealed. In performing the Tukey post hoc tests, the significant differences between Models A and B are found in the salary satisfaction dimension and in the benefits package satisfaction. The significant difference for the supervisory satisfaction ratings are between Models A and C.

Table 2
Perceptions of Industry Preparedness from each University Model

Industry Preparedness Factors	University Model					
	n = 47 A		n = 46 B		n = 62 C	
	X	SD	X	SD	X	SD
Appropriate Workplace dress code	4.78	1.25	4.62	1.32	4.55	1.35
Appropriate Professional conduct	4.83	1.26	4.61	1.26	4.57	1.31
Hours required (*.022)	5.00	1.14	4.76	1.32	4.30	1.32
Work Responsibilities	4.60	1.08	4.60	1.29	4.36	1.29
Salary (*.001)	4.07	1.20	3.49	1.42	3.04	1.44
Benefits	3.66	1.49	3.18	1.54	3.02	1.50
Amount of interaction with coworkers/employees	4.74	1.19	4.87	1.10	4.62	1.27
Amount of interaction with customers (*.017)	4.91	1.16	5.27	.86	4.60	1.29
Amount of interaction with supervisors	4.74	1.17	4.69	1.26	4.45	1.25
Advancement opportunities	4.19	1.42	3.64	1.63	3.77	1.42
Importance of teamwork	5.00	1.12	4.55	1.18	4.62	1.16
Importance of time management	4.98	1.26	4.73	1.25	4.55	1.20
Importance of networking	4.98	1.15	4.42	1.44	4.66	1.24

Statistical significance: p < .05

CONCLUSION

As industry professionals are recommending more workplace experience for the hospitality student as a key to industry success, academicians are continuously assessing the preparation of their graduates in successfully meeting the demands of this industry. Is there a difference in early work outcomes for the graduate depending upon the structure and emphasis on the experiential learning component? This research study indicates that there may be a relationship between the structure of the co-op experience and career preparedness and career satisfaction.

Realistic job preview. The first research question asked alumni to report on their perception of the degree of industry preparedness as a result of participating in their co-op or internship program. Gaining a realistic preview of the industry was a key point in the literature review for industry retention and for job satisfaction. While there is significance for only three of the surveyed dimensions, it is clear that there is some strength in the overall perceptions of job preparedness within Model A, as ten of the thirteen dimension have a higher mean score than the other two models. The significance found in the hours required and the salary expectations between Models A and C may indicate that alumni from Model A had a better understanding of the salary levels and of the hours required in this industry.

Overall job satisfaction. It may be most noteworthy to indicate that nearly all satisfaction scores increased from the first position to the current position. This may indicate that as students learned more about industry and the demands of their position, they became more satisfied in their career choice. Additionally, Model A shows the highest mean scores for satisfaction with the current position in every one of the eleven dimensions. Job satisfaction in the current position showed statistical significance within three dimensions including satisfaction with salary, benefits and supervisors. The significance was found between Models A and B for salary and benefits satisfaction. Perhaps this is due, in part, to the realistic preview that a strong co-op experience can offer.

Alumni from Models B and C believed less strongly than Model A that the field experience prepared them with an accurate salary expectation. While significance was found between Models A and C, it is noteworthy that Model B felt less prepared than Model A for the salary figure they could expect upon graduation. This low job preview dimension seems to have had a domino effect upon actual satisfaction in industry employment.

One other point of reflection is that the literature also reveals satisfaction with salary to be a point of contention in the high turnover rate within the industry. Low compensation is one of the three primary causes of turnover (Woods, 2002). Therefore, it is a critical point that students have an understanding of the salary norm of the industry. It is interesting to note that of all 11 dimensions, satisfaction with salary is the lowest rated dimension from all three schools.

The significance found in the dimension "satisfaction with supervisors" is primarily between Models A and C, whereby Model A reported greater satisfaction with supervisors than did Model C. Poor supervisory relations have also been found to be a primary cause of industry turnover (Woods, 2002). In speculation, there is a greater percentage of alumni in supervisory and/or management positions in School A than in B or C; with this leverage, alumni from School A may be working on a more even playing field than those from C, and particularly those from B, and may, therefore, have greater opportunity for developing relationships with their supervisors or management team.

Overall job satisfaction is rated most highly by Model A at 4.92 on a 6- point scale. Models B and C report an overall satisfaction rating of 4.47 and 4.44, respectively. This overall satisfaction ranking of the three models is consistent with the degree of structure of each model.

Recommendations for Further Research

In many ways, this research serves as a catalyst for continuing study. In assessing just three programs, there are trends that cannot be denied. In further research, this same study would be expanded to a larger number of hospitality management programs to give more credibility to the findings of this study. Additional dimensions of work outcomes could be analyzed. Furthermore, the individual components of a truly structured cooperative education/internship should be studied for their contribution to early work outcomes. Finally, findings from this study may serve as a springboard to practitioners in the field of hospitality education, as well as other disciplines, to answer their own questions in the design, development, and outcomes of the experiential learning endeavor.

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TEACHING EXCELLENCE QA PROCESS: MODEL, CRITERIA AND MEASURES

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ABSTRACT

The purpose of this paper is to provide an instructional quality assurance process model for academic administrators and educators. In Part I, a model of the Teaching Excellence Quality Assurance (TE-QA) process is presented. A discussion of the various stages of the development and implementation phases outlined in the TE-QA Process Model is also included in this first section. Part II provides an example of several TE-QA criteria and measures developed by a panel of academic, hospitality and business professionals. Rationale for the panel-designed criteria and measures are presented as well as implications for educators and hospitality professionals are provided.

Key Words: instructional systems, teaching excellence, teaching model

INTRODUCTION

Effective development and implementation of instructional quality assurance systems have never been more vital for academic institutions than it is today. In a 2005 *Journal of Hospitality & Tourism Education* article, Andrew Hale Feinstein, Department Chair of Food and Beverage Management at UNLV College of Hotel Administration discusses the recent focus on instructional systems and explorations into this area of study in the field of education. He further argues that hospitality administrators and educators in particular are being challenged with successfully employing structurally sound instructional systems that ensure for effective quality assessment processes (Feinstein and Parks, 2002; Feinstein, Raab and Stefanelli, 2005; Stutts, 1995).

In light of the importance placed on teaching excellence accountability today and the challenges associated with effectively implementing instructional systems there is a need for a practical framework from which to launch teaching improvement systems. Therefore, the purpose of this paper is to offer a conceptualized-process model for hospitality administrators and educators in pursuit of effective teaching excellence quality assurance systems.

In achieving the aforementioned goal, the paper is divided into two parts. In Part I, a Teaching Excellence QA Process Model outlining a four-stage development phase and implementation phase is presented. In response to Feinstein's (2005) request for a set of generalizable instructional quality assurance rubrics, Part II provides a working example of a set of instructional criteria and measures developed by a group of academic, industry and business professionals. In closing, the paper presents several implications of effective teaching excellence quality assurance systems.

PART I: A TEACHING EXCELLENCE QA PROCESS MODEL

The conceptualized Teaching Excellence QA Process modeled presented in Figure 1 consists of two general phases (development and implementation) and also incorporates as critical aspects of the process, research and solicited input on teaching excellence, as well as on-going communication with and participation from those with vested interests in the system: academic administrators, educators and students.

Figure 1
Teaching Excellence QA Process

COMMUNICATION AND PARTICIPATION	DEVELOPMENT PHASE	RESEARCH AND SOLICITED INPUT
■Administration ■Faculty ■Students	1. Develop TE-QA Criteria and Measures → 2. Develop TE-QA Course Standards → 3. Develop TE-QA Assessment-Success Criteria → 4. Develop TE-QA Implementation Strategy	■Literature Review ■Administration ■Faculty ■Subject-Matter Experts ■Students

IMPLEMENTATION PHASE

Faculty Support ↔ TE QA System ↔ Pilot Test

On-Going Evaluation and Communication of TE-QA System

The first stage of the Teaching Excellence Quality Assurance (TE-QA) process entails the development of Teaching Excellence criteria and measures. As previously mentioned and illustrated in the TE-QA model, a primary and ongoing component of the development phase process involves conducting research and obtaining input from various stakeholders in the TE-QA system. Thus and as with the design and development of many programs, the first step in gaining information on specific subject matter is to search the relevant literature regarding the existing body of knowledge. This search should include a review of not only the hospitality literature, but also a search outside hospitality such as business and especially of the education literature, as well as information provided by academic governing bodies. Information should be sought and collected from various experts and interested parties including administrators, faculty members, subject-matter experts such as consultants, other administrators/educators from diverse institutions and schools, industry and business professionals, and students

Effective communication of the TE-QA system and process is important, as well as gaining the participation and support from administrators, faculty and students early on in the process. Participation of faculty especially is a key ingredient in the development of structurally sound instructional quality assessment systems. Researchers contend that the active involvement of faculty in the planning process of instructional-assessment programs help promote ownership and commitment to teaching improvement and can assist with successful implementation of on-going teaching-excellence assurance systems (Austin, Sweet and Overholt, 1991; Edgerton, Hutchings and Quinlan, 1991). Furthermore, research has suggested that effective implementation of instructional quality assurance programs require comprehensive faculty evaluation systems which include 360 degree assessments involving faculty self-reports, peer reviews of colleagues and student evaluations (Arreola, 1995; Centra, 1993; Keig, 2000; Keig and Waggoner, 1994, 1995). Therefore, faculty in particular should have involvement in the planning, as well as the ultimate evaluation assessment aspects of a TE-QA system, including

self reports and peer-reviews of faculty performance. The typical student feedback/surveys in the evaluation process are recommended here, as well.

Several examples of the end result from this first stage of the development process is included in Appendix A which contains TE-QA instructional criteria (i.e. course integration) and measures (i.e. scale: 1=no required ethics integration to 5=ethics example(s)/application(s) integration from four or more other courses from four different programs). More in-depth detail on the exampled criteria and measures illustrated in Appendix A will be discussed in Part II.

Once the TE-QA criteria and measures are developed, the second stage encompasses the development of TE-QA course standards. Once again, this stage, as with every stage in the modeled development process in Figure 1, requires external and internal input from external sources and participation from the various stakeholders. Even though Feinstein's 2005 literature review of 23 studies found no empirical evidence of the effectiveness of instructional techniques against successful learner outcomes it is anticipated that future research will reflect empirically-based findings of teaching methodology effectiveness (Okumus and Wong, 2004); and thus, a suggested starting point for development of course standards is to conduct a comprehensive review of the literature.

Once the literature review is completed, it is suggested for faculty to have direct involvement in setting the various course standards. An effective approach here is to direct individual faculty or a small group of members to established preliminary standards for their respective courses. Once faculty-recommended standards for each course are established, their suggested standard levels should be reviewed by a panel of colleagues and academic administrators for an overall consensus of opinion and agreement. This review process should consider the appropriateness of the standard for the course, as well as for the overall program and institution(s). For example, if the overall goal of a program is to have students exit with an ample amount of experience in individual and group projects then the best allocation of project type (individual or group) among the body of courses will have to be taken into consideration before finalizing the assigned standard levels for each course.

The third stage of the development phase involves establishing and developing the TE-QA Assessment-Success criteria. Assessment methodologies can range from review of course materials, classroom observations, videotapes/audiotapes of classes, student feedback/surveys, faculty self and peer evaluations to formal reviews of academic work of students, student learner outcomes and exit competencies, and student portfolios. Other more program/institutional-wide success criteria can include such factors as faculty portfolios, faculty awards, alumni success, contributors/benefactors, institutional standing, recognition, etc. Suggested at this stage is to involve faculty in self-evaluations and peer reviews. For instance, using the example criteria and measures presented in Appendix A, faculty would rate themselves and their peer's performance level on each TE-QA criteria based on established measures (i.e. scale: 1=no required practical application assignments to 5=four required practical application assignments). Then based on each course assigned criteria standards, faculty would rate the performance standing on a base-line measure relative to meeting the established assigned standards for each criteria (i.e. scale: 1=below standard, 2=approaching standard, 3=meeting standard, 4=exceeding standard, 5=exceptional). One of the most challenging aspects of an assessment system is not the carrying out of such an evaluation to determine if faculty are meeting certain instructional standards as illustrated in this one example of this paper, but rather assessing the effectiveness of an instructional system based on ultimate student performance, including student learner outcomes and exit competencies upon graduation and alumni success, as well as overall institutional standing and contributors/benefactors. The broad-based policies, systems and training required for a fully comprehensive, effective assessment system can be extensive and challenging, and goes beyond the scope of this paper.

The last stage of this phase involves the development of the TE-QA implementation strategy. A well thought out and orchestrated launching of any program is critical to the overall acceptance, implementation and success, as well as its long-term sustainability and longevity. Recommended in the initial implementation phase is piloting of the TE-QA system before a full, across the board launching. Also extending to faculty such support as training, technology, graduate assistants and the like may be required initially and/or on as needed bases. The final stage of the implementation phase is an on-going evaluation of the relevancy and effectiveness of the TE-QA system and communication with administration, faculty, students and other stakeholders. As with any well developed system, this aspect of the TE-QA process entails continually seeking information from various academic and

industry resources and input from outside governing bodies, experts and administrators, faculty and students for ongoing refinement and effectiveness of the system.

PART II: A TE-QA CRITERIA AND MEASURES EXAMPLE

This section of the paper provides and discusses a working example of a set of generalizable instructional criteria and measures. This criteria and measures developed by a panel of academic, industry and business professionals represents the first stage of the modeled development phase outlined in Part I. The panel of experts produced over 30 criteria (see Appendix A which highlights 19 examples of the 30) falling under the following instructional excellence domains:

- Text Book and Required Supplemental Text
- Course Integration
- Electronic Delivery System
- Guest Lecturers/Presenters
- Student Assignments
- Student Activities
- Student Submissions
- Student Presentations
- Learner Outcomes and Credentials
- Academic Research Utilization

The first of the instructional criteria outlined in Appendix A entails Text Book and Required Supplemental Text. The measurement scale for this domain ranges from having no required text book/supplemental materials assigned for a course or using a non-leading publisher text book to assigning leading publisher text materials. The highest level on our exampled scale is assigning a leading publisher text book/supplements used by leading schools which is authored by scholar(s) from leading school(s). Some courses, like special topics or capstones for undergraduate programs or graduate classes for example, may not lend themselves to a required text book but rather relevant supplemental materials. In those instances, there may be no required text book, but a supplemental compendium of articles from *Harvard Business Press,* for instance.

The next section of instructional criteria encompasses course integration, including the fusion of ethics, qualitative theory/concepts and quantitative techniques into other content areas across multiple courses. Faculty-coordination/cooperative teaching on specific knowledge areas (i.e. ethics) across courses can represent an effective delivery of education (Hill, 2004). For example, concepts and theories on ethics, leadership, human relations, team building and quality assurance covered in human resources management courses can be experienced and practiced by students in other courses through different class activities and student projects they partake in. Quantitative techniques such as financial analyses learned in finance-related classes can be applied to management problem solving in a strategic management class or marketing plan projects in a marketing class, for instance. The exampled measurement scale for this domain ranges from no integration of ethics, qualitative theory/concepts or quantitative techniques to integration of four or more other course theory/concepts/techniques from four different programs (i.e. hospitality, business, education, arts and sciences).

Today, electronic delivery systems represent an important instructional tool utilized by educators. In a 2006 *Journal of Hospitality & Tourism Education* article by Daniel Connolly, Professor of Information Technology and Electronic Commerce at the University of Denver, School of Hotel, Restaurant, and Tourism Management stated that "IT has helped to improve teaching methods and overall student learning if used appropriately for pedagogical reasons. . . When used purposefully by teachers and students alike for course-related activities, computers and the Internet can engage, enhance student learning and stimulate classroom discuss." (Connolly and Lee, 2006:15). Thus, included in the instructional criteria example is faculty utilization of a web-based course management system (i.e. Blackboard, WebCT, Moodle, etc.). Blackboard, the platform referenced in the example in Appendix A, provides a convenient and useful vehicle for faculty and students to communicate. Faculty can post their syllabi, profile, teaching philosophies and unit plan information for student convenience. The communication and other resource tools allow for learning beyond the classroom and serves as a type of virtual learning community for students (Connolly and Lee, 2006). Also, technology today can assist faculty in avoiding the cancellation of classes due to an absence or unplanned circumstance. Faculty can utilize a web-based course management system to teach a course on-line in lieu of a classroom instructed class as a back-up contingency plan. One exampled scale on

posting unit plans for instance ranges from no/limited utilization of Blackboard to posting unit plans with required content and file attachments/links, digital imaging and audio/video utilized and reviewed in class throughout the semester using multimodalities.

According to Scheule and Sneed (2001), one teaching approach to leadership education is to provide "students with opportunities to interact with industry leaders to learn first hand about leadership" (p. 35). Bringing in leading industry professionals as guest speakers has proven to be an effective delivery of leadership education. They can serve as role models, offer examples of different leadership styles and provide students with realistic examples and problem solving solutions. Thus other instructional criteria includes guest lecturers and guest presenters, with the measure ranging from no guest lecturer/presenters to two or more of corporate senior-level status from leading organizations.

At present, educators are embracing teaching methodologies of active, cooperative and experiential learning. Creating non-passive educational environments enhances student learning (Prussia and Weis, 2003/2004). Joseph La Lopa, from Purdue University, Department of Hospitality and Tourism Management discussed in a 2005 *Journal of Hospitality & Tourism Education* article the benefits of active learning modes of educational delivery. He states that the delivery of education needs to move away from instructor-centered course work to more learner-centered environments where the consequences of student studies are made real with practical applications, thereby encouraging active learning. Learner-centered type assignments that can help to prepare students for employment in the 21st century include team/group assignments, current event and international perspective course work. Also important when setting real situation and application learning environments, as pointed out by La Lopa (2005), is ensuring that student performance, outcomes and measures reflect industry-relevant abilities and skills in technology and communication. For example, student assignments should include on-line and e-portfolio course work and require use of word processing, spreadsheet and database applications, technology enhancements such as PDF, digital imaging, and attachments and links including files, hypertext, PowerPoint presentations, audio/video, etc. Furthermore, formally presenting to different audiences (employees, customers, groups, organizations, etc.) is frequently performed by hospitality professionals. Thus, class presentations help students prepare for their future leadership responsibilities. Additionally, the use of PowerPoint Presentations in the classroom can prepare students for making presentations to executive committees later on, as well as assisting those students interested in pursuing future sales-type careers. Also, requiring on-line research investigation assignments including obtaining information, verifying its validity, analyzing, interpreting and applying/utilizing information can enhance student information literacy capabilities. A student's ability to integrate the aforementioned knowledge and skills referred to as "information competence" today is defined as integration of library, computer, media and technological literacy, and ethics, critical thinking, and communication skills (Henderson and Scheffler, 2003).

Other activities of non-passive educational environments include students' involvement in critical thinking, problem-based learning, case studies, role playing, content analyses, student-led instructions, debates, simulations, industry/associate meetings, including web/net meetings, practicums and seminar/conferences, as well as encouraging students to obtain industry valued credentials. Such active learning exercises as case studies and role playing can assist students with mentally placing themselves in real-world situations. Engagement in role-playing exercises can especially assist students with experiencing closely simulated realistic situations, providing them with more confidence for when they ultimately perform such tasks in their future jobs. The scale of student activities ranges from no on-campus student learning activities to four or more of four different types of required student learning activities (i.e. critical thinking and problem solving, case study discussions, role playing and simulations).

CONCLUSIONS

In sum, this paper provides a Teaching Excellence QA Process model. Though the development and implementation of a structurally sound instructional system is extremely wide-ranging and extends beyond the scope of any one paper, the offered model serves as a conceptualized starting point for academic administrators and educators interested in the development of a teaching improvement system. Exampled instructional criteria and measures outlined in Appendix A represent a generalizable instructional foundation from which to build and expand upon.

Effective development and implementation of instructional quality assurance systems have never been more significant than it is today. It has major implications in the designing of learning environments for hospitality educators and industry, alike. As stated by Feinstein et al (2005) in their article on instructional systems, educators

are obliged to provide students and the hospitality industry with effective delivery of education and ultimately are responsible for preparing graduates for not merely their first job upon graduation, but for their second, third and fourth jobs--a lifelong career in hospitality. Recommended for future research are investigations into the effectiveness of the discussed instructional methodologies and modeled TE-QA delivery system on student learner outcomes, exit competencies and ultimate professional success.

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APPENDIX A.

Teaching Excellence QA: Criteria and Measures

		1	2	3	4	5
Text Book and Required Supplemental Text(s)	Text Book	No required text book	Current non-leading publisher text book	Current leading publisher text book	Current leading publisher text book used by leading school(s)	Current leading publisher text book used by leading school(s) which is authored by scholar(s) from leading school(s)
	Required Supplemental Text	No required supplements	Current non-leading publisher supplement(s)	Current leading publisher supplement(s)	Current leading publisher supplement(s) used by leading school(s)	Current leading publisher supplement(s) used by leading school(s) which is authored by scholar(s) from leading school(s)
Course Integration	Ethics	No ethics integration	Ethics example(s)/application(s) integration from one or more other courses from one program	Ethics example(s)/application(s) integration from two or more other courses from two different programs (i.e. 1 HM course and 1 BUS course)	Ethics example(s)/application(s) integration from three or more other courses from three different programs	Ethics example(s)/application(s) integration from four or more other courses from four different programs
	Qualitative Theory/Concepts	No qualitative theory/concepts integration	Qualitative theory/concept(s) integration from one or more other courses from one program	Qualitative theory/concept(s) integration from two or more other courses from two different programs (i.e. 1 HM course and BUS course)	Qualitative theory/concept(s) integration from three or more other courses from three different programs	Qualitative theory/concept(s) integration from four or more other courses from four different programs
	Quantitative Techniques	No quantitative techniques integration	Quantitative technique(s) integration from one or more other courses from one program	Quantitative techniques integration from two or more other courses from two different programs (i.e. 1 HM course and 1 BUS course)	Quantitative technique(s) integration from three or more other courses from three different programs	Quantitative technique(s) integration from four or more other courses from four different programs
Electronic Delivery Systems: Blackboard/Smartboard	Syllabus	No or limited utilization of Blackboard for syllabus	Syllabus with required content posted to Blackboard	Syllabus with required content posted to Blackboard and required electronic verification by student(s)	Syllabus with required content posted to Blackboard, required electronic verifications by student(s) and in class review during first weekly Unit Plan session and subsequent Unit Plan session(s) when revisions are applied	Syllabus with required content posted to Blackboard, required electronic verification by student(s) and in class review using multimodalities (i.e. PPP, Smartboard, etc.) during first weekly Unit Plan session and subsequent Unit Plan session(s) when revisions apply
	Faculty Profile	No or limited utilization of Blackboard for faculty profile	Faculty profile with required content posted to Blackboard	Faculty profile with required content posted to Blackboard and updated annually	Faculty profile with required content posted to Blackboard and updated every semester	Faculty profile with required content posted to Blackboard and updated every semester and during semesters when revisions apply
	Unit Plans	No or limited utilization of Blackboard for Unit Plans	Unit Plans with required content posted to Blackboard	Unit Plans with required content posted to Blackboard with file attachments/link(s) and/or digital imaging utilized	Unit Plans with required content posted to Blackboard with file attachments/link(s) and digital imagining utilized and reviewed in class throughout the semester using multimodalities (PPP, Smartboard, etc)	Unit Plans with required content posted to Blackboard with file attachments/link(s), digital imaging and audio/video utilized and reviewed in class throughout the semester using multimodalities.

		1	2	3	4	5
Electronic Delivery Systems: Blackboard/Smartboard (continued)	Communication and Discussion Board	No or limited utilization of Blackboard Communication and Discussion Board features	Utilization of e-mail and/or announcement in Blackboard	Utilization of e-mail and/or announcement and discussion board(s) in Blackboard	Utilization of e-mail and/or announcement, discussion board(s) and collaboration and/or group pages in Blackboard	Utilization of e-mail and/or announcement, discussion board(s), collaboration and/or group pages and roster in Blackboard
	External Links	No or limited utilization of Blackboard for external links	Utilization of external link(s) to academic journals and/or materials/resources in Blackboard for at least 25% of total Weekly Unit Plans	Utilization of external link(s) to academic journals and/or materials/resources in Blackboard for at least 50% of total Weekly Unit Plans	Utilization of external link(s) to academic journals and/or materials/resources in Blackboard for at least 75% of total Weekly Unit Plans	Utilization of external link(s) to academic journals and/or materials/resources in Blackboard for nearly all of the Weekly Unit Plans
	Tools and Turn-it-in	No or limited utilization of Blackboard Tools & Turn-it-in	Utilization of My Grades and Digital Drop Box and/or Turn-it-in	Utilization of My Grades, Digital Drop Box and Turn-it-in	Utilization of My Grades, Digital Drop Box, Turn-it-in and User Manual, Address Book, Calendar, Home Page and/or Personal information	Utilization of My Grades, Digital Drop Box, Turn-it-in, User Manual and Address Book, Calendar, Home Page and/or Personal information
	Contingency Plan	No contingency plan in place; Class cancelled	No contingency plan in place but other College faculty member teaches class	Contingency plan in place with class content detailed in weekly Unit Plan(s) and other College faculty member teaches class(es)	Contingency plan in place with class content detailed in weekly Unit Plan(s) and class materials/handouts made available and other College faculty member teaches class(es)	Contingency plan in place with class content detailed in weekly Unit Plan(s), class materials/handouts made available and class(es) taught on-line and/or via video and taught/facilitated by other College faculty member
Guest Lecturers/Presenters	Guest Lecturers (course-specific)	No guest lecturers	Non-industry guest lecturer(s)	Industry guest lecturer(s)	Two or more industry guest lecturer(s) of which one is of corporate senior level status from a leading organization (i.e. Starwood, Jack-in-the-Box, Interval, etc.)	Two or more industry guest lecturer(s) of which two or more are of corporate senior level status from a leading organization
	Guest Presenters (general non-course specific)	No guest presenters	Guest presenter(s) on non industry related subject(s)	Guest presenter(s) on industry-related subject(s)	Two or more Guest Presenter(s) on industry-related subject(s) of which one is from a leading organization (i.e. Scholar in Residence, Distinguished Leader, Association Leader, etc.)	Two or more Guest Presenter(s) on industry-related subject(s) of which two or more are from a leading organization
Student Assignments	Practical Application Integration	No required practical application assignments	One required practical application assignment	Two required practical application assignments	Three required practical application assignments	Four required practical application assignments
	Team/Group Partnership Integration	No required team/group assignments	One required team/group assignment	Two required team/group assignments	Three required team/group assignments	Four required team/group assignments
	Current Events Integration	No required current event assignments	One required current event assignment	Two required current event assignments	Three required current event assignments	Four required current event assignments
	Computer Applications Integration	No required use of computer applications for student assignments/submissions	Required use of word processing for most student assignments/submissions (including spell check and APA)	Required use of word processing for most student assignments/submissions and spreadsheet/data computer application use for some student course work	Required use of word processing and spreadsheet/data computer applications use for most student assignments/submissions and statistical application use for some student course work	Required use of word processing and spreadsheet/data computer applications and/or statistical applications for most student assignments/submissions and database use for some student course work
	Technology Enhancements Integration	No required assignment with technology enhancement	One required assignment with technology enhancements (i.e. PDF, digital imaging, links, attachments including file, hypertext, PPP, audio/video, etc.)	Two required assignments with technology enhancements	Three required assignments with technology enhancements	Four required assignments with technology enhancements

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Student Assignments (continued)	International Learning	No required international perspective assignments	One voluntary international perspective assignment	One required international perspective assignment	Two required international perspective assignments	Three required international perspective assignments
	e-Portfolio Learning	No required e-portfolio assignments	One voluntary e-portfolio assignment	One required e-portfolio assignment	Two required e-portfolio assignments	Three required e-portfolio assignments
	On-Line Learning	No required on-line assignments	One voluntary on-line assignment (i.e. virtual classroom, video conferencing, web-conferencing, etc.)	One required on-line assignment	Two required on-line assignments	Three or more required on-line assignments and/or one fully on-line class session
	On-Line Research Investigation	No required on-line research investigation assignments	One required on-line research investigation assignment, including obtaining information, verifying information validity, analyzing/interpreting and applying/utilizing information for assignment	Two required on-line research investigation assignments including obtaining information, verifying information validity, analyzing/interpreting and applying/utilizing information for assignment	Three required on-line research investigation assignments including obtaining information, verifying information validity, analyzing/interpreting and applying/utilizing information for assignment	Four required on-line research investigation assignments including obtaining information, verifying information validity, analyzing/interpreting and applying/utilizing information for assignment
Student Activities	On Campus	No on-campus student learning activities	One or more required student learning activities (i.e. including critical thinking and problem solving exercises, case study discussions, role playing, student-led instructions, student debates, lab/simulations, and/or web/net meetings, etc).	Two or more of two different types of required student learning activities	Three or more of three different types of required student learning activities	Four or more of four different types of required student learning activities
	Off-Campus	No off-campus student learning activities	One or more voluntary student learning activities (i.e. site visits/field trips, practicums, association/industry meetings, and/or seminar/conference/webinar, etc.)	One or more required student learning activities.	Two or more of two different required student learning activities (i.e. 1 site visit and 1 practicum)	Three or more of three different required student learning activities
	Community Service	No required community service assignments	One voluntary community service assignment	One required community service assignment	Two required community service assignments	Three required community service assignments
	Diverse Group Activities	No utilization of diverse group activities	One or more voluntary diverse group activities (i.e. in-class exercise, group assignment, team project, team presentation, etc.)	One or more required diverse group activities	Two or more required diverse group activities	Three or more required diverse group activities
Student Submissions	Project Submissions	No required project submissions	Required individual and/or team project(s)	Required individual and/or team project(s) that includes a written narrative/report	Required individual and/or team project(s) that includes a written narrative/report containing a literature review and/or academic investigation	Required individual and/or team project(s) that includes a written narrative/report containing a literature review and/or academic investigation and utilizing secondary and/or primary data
	Other Document Submissions	No required document submissions (i.e. class assignments, student logs/journals and/or term paper, etc.)	One or more required student document submission(s) (i.e. class assignments, student logs/journals and/or term paper, etc.)	Two or more of two different types of required student document submissions: (i.e. 1 term paper and 4 class assignments)	Three or more of three different types of required student document submissions	Four or more of four different types of required student document submissions

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Student Presentations	Presentations	No required individual or team stand-up student presentations	Required individual and/or team stand-up student presentation(s)	Required individual and/or team stand-up student presentation(s) using Power Point Presentations and other demonstrative enhancements (i.e. hand outs, Smartboard, apparatus, etc.)	Required individual and/or team stand-up student presentation(s) using Power Point Presentations and other demonstrative enhancements, and where one or more students present also to another University class	Required individual and/or team stand-up student presentation(s) using Power Point Presentations and other demonstrative enhancements, and where one or more students present also at professional organization(s) and/or function(s)/activities (i.e. industry organization/ association meeting, seminar, conference, etc.
Learner Outcomes and Credentials	Learner Outcomes	No required learner outcomes	One exam with multiple other assessment measures throughout the semester (i.e. homework assignments, papers, e-portfolios, presentations, etc.)	Two or more exams with multiple other assessment measures throughout the semester	Two or more exams of which the last exam is cumulative with multiple other assessment measures throughout the semester	Three or more consecutively cumulative exams with multiple other assessment measures throughout the semester
	Credentials: Certifications/ Accreditations	No student awareness of certification/ accreditation body(s)	Student awareness of certification/accreditation body(s)	Student preparation for certification/accreditation and voluntary exam(s)	Student preparation for certification/accreditation and required exam(s)	Student preparation for certification/accreditation, required exam(s) and exam(s) administered by the University
Academic Research Utilization	Academic Research Utilization	No required academic research utilization	Student awareness of academic research	Student awareness of academic research and required for some student course work assignments	Student awareness of academic research and required for most student course work assignments	Student awareness of academic research and required for most student course work assignments, and one or more student-required research project(s) are presented/shared in class or another class and/or at another University organization

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THE INFLUENCE OF EMPLOYEE SATISFACTION ON ORGANIZATIONAL COMMITMENT: EMPIRICAL EVIDENCE IN HOTEL FIRMS ON GRAN CANARIA

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ABSTRACT

In today's dynamic environment, the role of workers and their level of organizational commitment are becoming increasingly important for business success, which is especially relevant on the service industry in general, and the tourist sector in particular. Employee satisfaction is considered an essential ingredient for developing organizational commitment. The main purpose of this study is to describe the different facets of employee job satisfaction, i.e. job conditions, reward system, relations with superiors and colleagues, organizational human resources (HR) policies, and to analyze their influence on the employees' organizational commitment in the context of the hotel industry.

Key Words: Organizational commitment, employee satisfaction.

INTRODUCTION

In the competitive environment in which today's economy develops, the role of workers and their levels of involvement with, and commitment to, the organization are becoming increasingly important. As Hosmer (1996, p. 501) states, "companies today –due to increasing global competition and advancing technological complexity- are much more dependent than previously upon the trust of workers, specialists, managers". That trust is an element of stability for the firm since it affects the conduct of employees and, in turn, has significant implications for corporate performance (Déniz and De Saá, 2003). Therefore, although the employees' involvement and commitment to organizations have always been necessary, the current economic scenario makes worker collaboration an essential factor for business success. That fact is even more relevant when we focus on the tourist industry in general, and the hotel sector in particular, where the employee and the customer are both present in the provision of the service. This confers the employee with a prominent role that establishes him/her as a basic and integrating element of the service provided: an intangible service where the principal input is the customer, to whom a special, and perhaps one-off, response must be made. However, despite the importance of employee satisfaction and commitment for the good functioning of hotel firms, the number of studies that analyze those aspects is rather limited. Thus, this work focuses on studying how the different dimensions that determine employee job satisfaction (e.g., job conditions, reward system, relations with superiors and colleagues, organizational HR policies) influence the level of employee commitment to the organization.

ORGANIZATIONAL COMMITMENT AND JOB SATISFACTION

Satisfaction and commitment are both attitudes that focus on employees' orientations to their work and the organization (Currivan, 1999). However, while satisfaction is related to positive emotions towards specific aspects of work, commitment is an affective response to the organization as a whole (Williams and Hazer, 1986). Organizational commitment can be defined as an affective attitude based on feelings of loyalty to an organization (Allen and Meyer, 1990). For Bartlett (2001), organizational commitment is the level of connection felt by an individual toward the organization where he/she is contracted. That connection is considered an emotional response, especially when the employee strongly believes in the organization's objectives and values and/or displays a strong wish to continue as a member of the organization (Kim et al., 2005). Meyer and Allen (1997) point out that a committed employee shares the firm's objectives and will remain in the organization through good times and bad,

go to work regularly, spend the day working, and protect the firm's assets. The importance of organizational commitment stems from the fact that it is negatively related to the intention to leave the organization (Allen and Meyer, 1990; Bartlett and Kang, 2004). Moreover, organizational commitment is more important during times of sectorial restructuring and organizational changes that may generate feelings of rejection or high levels of uncertainty that entail organizational problems (i.e. absenteeism).

Many empirical studies identify job satisfaction as an antecedent of organizational commitment (e.g., Mueller and Price, 1990; Tett and Meyer, 1993; Wallace, 1995; Lum et al., 1998). Researchers who support that idea implicitly assume that employees' orientations to work necessarily precede their orientations to the organization as a whole (Mowday et al., 1982; Mueller et al., 1996). Thus, the literature provides evidence that having satisfied employees increases competitive success (García et al., 2003; Garrido et al., 2005); that the most satisfied employees are usually the most productive (Appelbaum and Kamal, 2000), and that dissatisfied employees are more frequently absent from work (Robbins, 2003) and are more disposed to leaving the firm (Lee, 1998).

A review of the literature reveals many empirical works that study the effect of different variables on satisfaction, such as those that link satisfaction to the demographic characteristics of employees –sex, marital status, level of education, age, work experience, etc.- (Agho et al., 1993; Morgan et al., 1995; García et al., 2003). Many works also relate satisfaction to the work performed by the employee –working environment, the work in itself, the characteristics of the tasks, etc.- (Leal et al., 1999; García et al., 2003). Finally, other works link satisfaction with the working conditions provided by the firm –reward, promotion, job stability, etc.- (Morgan et al., 1995; Igalens and Roussel, 1999; García et al., 2003). However, despite the number of works addressing the issue, there is still no widely accepted definition of the satisfaction construct (Mumford, 1991). Satisfaction is seen as the extent to which the employees like their work and to which it influences their working lives (Judge and Watanabe, 1993). Davis and Newstrom (1999) provide one of the most used definitions of satisfaction when they suggest that satisfaction is a multidimensional concept that combines various factors, the most significant of which are directly related to the type of task to be performed and the conditions of the working context. Therefore, starting from the fact that satisfaction can be broken down into various facets (Tansky and Cohen, 2001), this work approaches that concept from five dimensions: satisfaction with the job conditions, satisfaction with the reward system, satisfaction with relations with one's superior, satisfaction with relations with one's colleagues and satisfaction with corporate HR policies. In order to achieve the objective of this work that analyzes the influence of job satisfaction on organizational commitment, each of those five facets is addressed and the research hypotheses presented.

The physical working conditions refer to those aspects of the job environment (e.g., lighting, temperature) that may affect the execution of allocated tasks. With regard to this dimension of satisfaction, Locke (1976) states that employees generally prefer physical working conditions that are neither dangerous nor uncomfortable, and indicates the two basic principles on which employees base their evaluations of working conditions: the wish for physical comfort, based on the physical needs of the worker, and the wish for conditions that facilitate (and/or do not hamper) the achievement of his/her work objectives. Kim (1999) reaches the conclusion that employees who are exposed to dangerous working conditions are less satisfied, less committed to the organization and less likely to remain part of it. Although few studies include satisfaction with physical conditions in the workplace as a variable that stimulates the intention to stay in the organization, Kim (1999) proposes that a series of variables related to inherent characteristics of the workplace, characteristics of the environment, and individual characteristics determine continuance in, or resignation from, the organization, with job satisfaction, organizational commitment and the job-seeking acting as mediating variables. Various studies show that job satisfaction, whose facets include satisfaction with physical working conditions, generates employee commitment to the organization (Iverson and Roy, 1994; Kim, 1999). On the basis of those arguments, we propose the following hypothesis:

> *H1: Satisfaction with physical working conditions exercises a direct and positive influence on the employee's organizational commitment.*

In Human Resources Management, the reward of employees aims to motivate the accomplishment of corporate goals, which entails rewarding workers for their contributions, which help maintain the organization. One issue that arises in that respect refers to the extent to which the employee is satisfied with his/her reward. On that line, while the literature has suggested that satisfaction with reward depends on the discrepancy between what one believes one should receive and what one really receives, greater attention is currently paid to the design of a reward that responds to the needs of the business (Heneman et al., 2002). This does not mean that needs of equity are

ignored: it means that there is more concern about adapting the reward system to the changing business environment, to the corporate objectives and to the objectives of other HR sub-systems within the organization (Heneman et al., 2000). A review of the literature reveals that many elements must be studied in order to understand satisfaction with reward, including the personal and work contributions, the monetary and non-monetary results, the comparison process and the reward policies (Lum et al., 1998). Some of the consequences of satisfaction with reward refer to a great variety of undesirable behaviors by employees, including absenteeism, lower performance at work, the wish to go on strike, and turnover (Heneman, 1985). The work of Kim (1999) includes pay and promotion opportunities as structural variables that favor organizational commitment. Thus, pay is considered an important factor that explains job satisfaction and organizational commitment since it functions as a strong incentive by rewarding the employee's contributions to the organization. Moreover, promotion opportunities also favor those two attitudes by stimulating a career in the organization and consequently guaranteeing job security and other future compensations (income, power, status) for employees. Based on those considerations, the following hypothesis is proposed:

> *H2: Satisfaction with reward exercises a direct and positive influence on the employee's organizational commitment.*

Supervisors play an important role in structuring the work context and providing employees with information and feedback (Griffin et al., 2001), which is essential when orienting employee behavior toward the pursuance of corporate goals. On an empirical basis, it can be said that levels of motivation can increase with the use of suitable supervisory action (Ross and Boles, 1994). Therefore, relations with the subordinate are extremely important to the evaluation of employee satisfaction (Schyn and Croon, 2006), which leads to the adoption of the theoretical perspectives of the leader-member exchange theory. Following the development of the leader-member exchange theory to explain leadership, it is important to focus on dyadic exchange relationships between supervisors and each of their subordinates (Gerstner and Day, 1997). According to Jansen and Van Yperen (2004), the quality of those exchange relationships determines that they are characterized by mutual trust, respect and obligations, on the one hand, or formal interactions based on predominantly contractual roles and exchanges, on the other. Moreover, supervisor support for the employee materializes in increased employee satisfaction (Griffin et al., 2001). As a result, individual satisfaction with the style of supervision used by one's supervisor is going to be conditioned by those aspects. Managerial support has a positive influence on organizational commitment (Gaertner, 2000). When the manager increases the trust, efficacy and motivation of the employee, this style of supervision, related to transformational leadership, has a strong direct effect on organizational commitment (Walumbwa et al., 2005). Tepper (2000) states that, if the employee perceives that the supervisor's treatment of him/her is abusive or negative, his/her organizational commitment decreases. All the above enables us to put forward the following hypothesis:

> *H3: Satisfaction with relations with the supervisor a direct and positive influence on the employee's organizational commitment.*

The evaluation patterns of social interaction with colleagues may also be a key element in defining the level of commitment to the organization and the wish to remain part of it. Such interactions mark the social structure surrounding the employee and form the framework in which professional and affective relations with colleagues take place. Good relations with colleagues bring enormous benefits at individual and corporate levels. The employee satisfies his/her social and affiliation needs by means of interaction with colleagues (Robbins, 2003). Osterloh and Frey (2000) demonstrate that participation and personal relations promote the intrinsic motivation of employees because they increase their perceived self-determination and psychological contacts are established: in other words, "team-spirit" appears. Furthermore, on many occasions, good relations between colleagues permits the development of the closeness, trust and ease of communication that are necessary for the smooth transfer of knowledge that makes it possible to perform tasks efficiently and effectively. Sargent and Terry (2000) show empirically how the support from one's colleagues is fundamental to job satisfaction. Friendly relations are linked to organizational commitment (Yoon et al., 1994). In that context, satisfaction with relations with colleagues, both on the professional side more related to technical aspects of the job and on the informal side in terms of orientation to friendship, may be related to the feeling that the organization has a good atmosphere that stimulates a strong connection with it. That leads to the proposal of the following hypothesis:

> *H4: Satisfaction with relations with colleagues exercises a direct and positive influence on the employee's organizational commitment.*

Various studies show that a working environment in which the employees are supported improves their attitudes and behaviors. In fact, positive perceptions of relations in the workplace can reduce work-related stress, increase job satisfaction and motivation and so improve performance (see Ross and Boles, 1994). Since perceptions of organizational support increase the affective link to the organization and strengthen expectations that greater effort will be rewarded, employees who consider that their organizations support them will make greater effort and perform their tasks better than those who do not believe that their organizations support them (Orpen, 1994). Thus, recognition of the employee's contributions, employee participation in decision making, and the management keeping lines of communication open continue to be important factors in employee satisfaction (Spinelli and Canavos, 2000). Similarly, Kim (1999) proposes that variables such as autonomy and employee involvement are important determinants of employee job satisfaction and organizational commitment. To sum up, the development of employee commitment requires the establishment of an appropriate corporate culture in which the firm's mission is communicated and a sense of community where people come first is developed (Winterton, 2004). According to Arthur (1994), HR systems based on commitment rather than control are associated with lower turnover and higher productivity. Such high-commitment managerial practices are characterized by the use of information dissemination, problem solving groups, work flexibility, teamwork, and the consideration that employees are resources to be developed rather than disposable production factors (Wood and De Menezes, 1998). Those reflections lead us to propose the following hypothesis:

H5: Satisfaction with the corporate HR policies has a direct and positive influence on the employee's organizational commitment.

RESEARCH METHODOLOGY

This section describes the methodological procedure used to analyze empirically the level of influence that satisfaction exercises over the organizational commitment of employees of 3, 4 and 5-star hotel establishments on the island of Gran Canaria[4]. Gran Canaria is one of the seven islands that make up the Canaries. Along with the rest of the Canary Islands, it is a major European tourist destination. The population of the island is around 800.000 people, and the number of foreign tourists that visit it every year is close to 3 millions (mainly Britons and Germans). The starting universe comprised a total of 6,745 employees. The fieldwork was carried out in April and May 2004. A personal survey was conducted by means of a semi-structured questionnaire to gather the data, and 804 completed questionnaires were obtained. After the data base was refined, a final sample of 760 correctly completed questionnaires remained, with an assumed sample error of 3.6%.

The organizational commitment of employees was measured on a 6-item dichotomic scale on which the respondents indicated whether they agreed or disagreed with the statements. The items included statements regarding pride at working in the hotel, the possibility of recommending the hotel as a place to work, and the wish to leave the company (Currivan, 1999; Kim et al., 2005). From that information, a variable was constructed that represented, from an overall point of view, the employees' level of commitment to their organizations. Thus, that variable was the arithmetical sum of those six items, with a minimum value of 0 and a maximum of 6. With regard to job satisfaction in its various dimensions, a scale was prepared that included the items most commonly used in the empirical works that were reviewed (Currivan, 1999; Tansky and Cohen, 2001; Robbins, 2003). However, the number of items was limited due to restrictions on questionnaire length. More specifically, questions were asked about satisfaction with: the physical conditions of the workplace (4 items), the reward system (8 items), relations with superiors (5 items) and colleagues (4 items), and corporate HR policies (5 items). All items were measured by means of a 5-point Likert scale on which the respondents indicated their level of satisfaction (5) or dissatisfaction (1) related to a series of statements about each aspect. Finally, the questionnaire contained a series of questions to obtain other data about employees in order to identify significant differences regarding their level of satisfaction with the previously mentioned dimensions. More specifically, the control variables included the department in which the employee works, his/her current job situation, the length of service in the post, as well as the level of education, age and sex.

To analyze the dimensionality of the scales to measure the previously mentioned five facets of job satisfaction, a principal components analysis with *varimax* rotation was applied. Prior to the application of this

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[4] Given the difficulty of obtaining the exact number of workers forming our research universe, it was necessary to estimate those numbers by using several sources of information.

method, the statistical suitability was analyzed using Bartlett's sphericity test and the Kaiser-Meyer-Olkin measure. The results of the factor analysis applied to the five dimensions of satisfaction confirm the one-dimensional character of the scales, with the exception of the variable satisfaction with the reward system, in which there were two factors. The first can be called "indirect reward" (factor 1), consisting of 5 items, and the other "direct reward" (factor 2), with 3 items. Moreover, Cronbach's alpha was used in order to evaluate the reliability of the explanatory variables. The levels of reliability for the different scales could be defined as acceptable since they exceed the value of 0.7. Due to space limitations, the table with the principal components analysis cannot be shown here.

ANALYSIS AND RESULTS

A comparison of the levels of employees' commitment to the organization according to their characteristics identifies no differences related to sex, length of service, job situation, and the department in which the employee works. However, when age is considered, there are significant differences in the level of organizational commitment (Chi-squared (K-W)=15.544, p<0.01) since the younger workers (the under-30's) display a lower level of commitment than those above 45 years old. Moreover, the level of education constitutes an important variable when describing different patterns of commitment to the organization (F=2.543, p<0.10). That relationship is basically explained by the higher level of organizational commitment displayed by employees with primary studies in comparison to the lower level that characterizes employees with intermediate university degrees.

In order to test the research hypotheses of this work, a multiple regression analysis was used on the variable of commitment, revealing that the factors of satisfaction exercised joint influence (see Table 1). That equation included the six factors that were extracted from the scale dimension reduction process and on which the hypotheses are based, and four dummy control variables (i.e., sex, having a permanent contract, more than three years' service, and a university degree).

Table 1
Results of Multiple Regression Analysis on Organizational Commitment

VARIABLES	ORGANIZATIONAL COMMITMENT	
	Beta Coefficient	*t (p)*
Constant	0.000	46.460 (0.000)***
Satisfaction with physical conditions of job	0.093	1.925 (0.055)*
Satisfaction with indirect reward	0.093	1.915 (0.056)*
Satisfaction with direct reward	0.089	1.880 (0.061)*
Satisfaction with relations with superiors	0.146	2.237 (0.026)**
Satisfaction with relations with colleagues	-0.033	-0.694 (0.488)
Satisfaction with organizational policies	0.326	4.801 (0.000)***
Permanent contract	0.044	0.970 (0.333)
Length of service (more than 3 years)	0.032	0.709 (0.478)
University degree	-0.009	-0.244 (0.808)
Sex (male)	0.037	0.965 (0.335)
R^2	0.348	
Adjusted R^2	0.335	
F	26.206 (0.000)***	

* p<0.10. ** p<0.05. *** p<0.01

As Table 1 displays, the results reveal that the variable related to satisfaction with the physical conditions of the workplace is significant, albeit at a significance level of 10%; therefore, Hypothesis 1 can be accepted. In the case of Hypothesis 2, the two factors associated with the reward received by employees are shown to be significant in explaining organizational commitment. Thus, the factor related to indirect reward makes a positive contribution to explaining the dependent variable, with a level of significance of 10%, which was also the case for direct reward. Those two aspects enable us to accept Hypothesis 2. With regard to relations with superiors, this variable also displays a positive relationship, with a level of significance of 5%, which leads us to accept Hypothesis 3. In contrast, Hypothesis 4 cannot be accepted since the results are not significant. Finally, Hypothesis 5 is supported since the variable related to satisfaction with corporate HR policies has a positive and significant (at a level of 1%) influence on the employee's organizational commitment.

CONCLUSIONS

The results of this work demonstrate the influence that the different dimensions of satisfaction exercise on the employee's organizational commitment. The purpose of this study was to determine the impact that satisfaction

with physical working condition, satisfaction with the reward system, satisfaction with relations with superiors and colleagues, and satisfaction with corporate HR policies have on the level of employee commitment to the organization. Moreover, the importance of those variables in the tourism industry, particularly the accommodation sector, in which employee satisfaction and commitment are key ingredients in the provision of a quality service aimed at customer satisfaction, led to the research being undertaken in the context of hotels with more than 3 stars on the island of Gran Canaria. In that sense, this work constitutes an effort to identify those important aspects of business management in a context that practically no previous works have addressed.

An examination of the results obtained in the analyses regarding organizational commitment reveals that the youngest employees display much lower commitment, which is perhaps explained by their better prospects in the labor market and reflected in the high turnover of staff that characterizes the hotel industry. In contrast, employees over 45 years-old have more reservations about leaving the firm, which may translate into stronger organizational commitment since they consider their employment in the firm to be a very long term relationship. Similarly, the fact that employees with only primary education also display a higher level of organizational commitment than those with intermediate university degrees may be explained by the substitutability that they perceive in their jobs. In commenting on the aspects that may help explain organizational commitment, we can say that satisfaction with the physical conditions of the workplace exercise an influence on the employee's commitment to the organization. This relationship may be understood in terms of the importance of the physical and working context (cleanliness, lighting, temperature, etc.) in which the employee performs his/her tasks, even though the hypotheses are tested in the context of 3, 4 and 5-star hotels. Even in hotels of those categories, it is assumed that it is an important aspect of the normal working day that the physical conditions of the workplace attain adequate standards of quality.

In line with the literature, this work also confirms the significant effect that satisfaction with the reward system has on the organizational commitment of the employee. Thus, both direct reward, which includes financial reward and promotion opportunities, and indirect reward, which covers compensation in kind related to the job (e.g., working hours, uniform, meals) are clear antecedents of organizational commitment. Therefore, its is logical to think that an employee who is satisfied with the way the firm rewards him/her for his/her contributions to the firm will be proud of the firm and even recommend it as a suitable place to work. In turn, the connection between satisfaction with superiors and organizational commitment is also confirmed. Following the approach that managerial support has a positive effect on commitment (Gaertner, 2000), our results show that the degree to which the employee is satisfied with the professionalism of his/her superiors, the way in which those superiors fulfill their role, their style of supervision and the general support received from them constitute a determining factor of the employee's organizational commitment and his/her wish to remain part of the organization. On the same lines, the results show that hotels where the workers express higher levels of satisfaction with corporate HR polices (e.g., level of worker autonomy, level of participation in important decision taking, training received from the firm, conflict resolution) will have more highly committed employees. That relationship is in line with the conclusions of Kim (1999), who points out that aspects such as employee autonomy and involvement in the work lead to affective responses like organizational commitment. However, in the results obtained in this work, one facet of employee satisfaction does not appear to explain employee organizational commitment. In effect, satisfaction with relations with colleagues does not exercise any significant influence on organizational commitment. An explanation for this may be found in the cohesion of informal groups that put the feeling of belonging to the group above that of belonging to the organization. Thus, it is not possible to draw a conclusion about the relationship between those two variables.

Finally, it is necessary to point out that the conclusions of this work should be taken with caution due to a series of aspects. Firstly, the use of the questionnaire limits the approach to information gathering although its application in studies of attitudes may be deemed suitable. Secondly, the research context only permits conclusions to be drawn about the hotel sector on Gran Canaria, and any generalization of the results to other sectorial contexts should be made with caution. Finally, we must mention the static character of the research, which means that it is impossible to analyze the evolution of satisfaction and organizational commitment over time.

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UNDERSTANDING CRISIS MANAGEMENT: A CASE OF TURKISH TRAVEL AGENTS

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ABSTRACT

The purpose of this study is to examine how crisis and crisis management concepts are understood by the travel agents in Turkey. More specifically, the study investigated the impacts of selected incidents causing different types of crisis on travel agents from 1990 to 2004. Although planning, readiness and awareness were important factors for the travel agents, the results showed that only four percent of the travel agents had a crisis plan. Reduction of demand and increase in costs were found as the most frequently mentioned negative impacts of the crises.

Key Words: crisis management, crisis plan, travel agents, Turkey

INTRODUCTION

In relation to a widespread ignorance of its size and complexity, few would mention the travel industry as a leading sector of the world economy (Hodgson, 1987). However, World Tourism Organization estimated that more than eight hundred million people travel to the world and spend billions of dollars every year (WTO, 2006). With a considerable amount of money at stake, the suppliers and distributors find themselves in a fierce competition. In addition to the competition, the tourism industry reminds of its vulnerability to all kinds of political, economical, technical instabilities (Scott, 1988). Travel agents, like many other types of organizations, can suffer from a downward of events that are difficult to be reversed. These downwards of events often considered as the crises. Most sectors of the travel industry are affected by the cumulative effects of crises. Among several sectors in the travel industry, travel agents and tour operators are the first groups to feel the impact of crises in their business.

Although crises and crisis management strategies have been studied in the management literature, only a few studies have concentrated on how crises are understood specifically by the travel agents. This study is considered to fill this gap by presenting the views of travel agents about different crises. The purpose of this study is to examine how crisis and crisis management concepts are understood by the travel agents in Turkey. More specifically, this study investigated a review of selected incidents causing different types of crisis for travel agents from 1990 to 2004. Next, some of the perceptions of the crises by the agents are presented. The methodology used to develop a crisis management plan is then discussed. Lastly, recommendations are made regarding the development of a crisis management plan suitable for the travel agents.

LITERATURE REVIEW

Crises in Turkey

The growth and profitability of Turkish tourism industry have been affected by various crises such as crisis from diseases, natural disasters, political issues, and economic issues since 1990's. As shown in Table 1, these crises such as security and terrorism related crises, economical crises and natural disasters between 1990 and 2004 affected travel agents in all over the country. Among these several types of crises, one of the crises that are related with the security is war (Mihalic, 1999; Mansfeld, 1994). Mansfeld (1994) asserts that if any war or war related crisis

continues in a country, the tourist arrivals to a destination decreases tremendously. For example, the number of tourists and tourism income in Turkey decreased 38.4 % and 22% respectively in 1991 (Tourism Statistics, 1999).

In addition, the Balkans war during 1991-1998 had impacted on the tourism industry in Turkey. The area where the war happened was geographically close to Turkey and caused continuous instability in the Balkans area. Another type of security related crises is the terrorist attacks against tourists. The terrorist attacks by bombing sites and hotels and kidnapping tourists had long been affected the Turkish tourism industry in recent years as well. Safety problems resulted in a drop-off in the tourism demand. Occasional terrorist attacks between 1993-1999 caused reservation cancellations and security related instability played in the determination of the destination choice of tourists. For example, after September 11, 2001, not only US citizens, but also most tourists in the world had avoided to travel abroad near Mid-East regions to be supported by several thousand of cancellation for their vacation plans and business trips. Thus, the hospitality and tourism industry around these regions had suffered from millions of dollars in lost in revenues (Goodrich, 2002).

In 1999, another security related crisis, the Marmara earthquakes, happened in Turkey. Both the terrorist attacks and the earthquakes produced a sharp downturn in tourist arrivals by 23.4% in 1999. In addition, Severe Acute Respiratory Syndrome (SARS) first occurred in February 2002 in China. The impact from the SARS had influenced on not only specifically South-East areas that SARS had occurred, but also worldwide tourism destinations (Pine and McKercher, 2004).

Crises based on economic reasons are also important for the tourism industry. Asian Economic slump in 1997 contributed badly to the Turkish tourism industry. Asian countries affected by the slump deflated their currencies to attract foreign direct investment and to activate their export markets. As a result, the reduced purchasing power of Asian currencies introduced a decline in the outbound travel of their citizens (Encarnation, 1998).

In addition to the Asian Economic Crisis, there are several crises that are stemmed from the instability of Turkish economy. April 1994, November 2000 and February 2001 economic crises are among the most important. In April 1994, the currency in Turkey was devalued 13.6 % overnight. The inflation rate was % 149 by the end of 1994 in Turkey (Kumcu, 2001). A financial crisis in November 2000 has had a very negative impact on Turkish economy prompting the Central Bank to increase the prime interest rate up to more than 40 %. Soon after the November 2000 crisis, a bigger crisis happened in February 2001. The Central Bank lost more than 5 billion dollars in just one day while trying to defend the lira, finally refused to lend any more funds to the banking sector in an attempt to stop them buying any more dollars. Overnight interest rates raised to an unbelievable 5000 per cent as the banks ran out of local currency. Moreover, a political issue between Turkey and France in 2000 was another crisis, adding more to affect Turkish tourism industry as well as travel agents. France's recognition of the "alleged genocide" of Armenian was the reason for the crisis.

Table1
Various Crises in Turkey from 1991 to 2004

Types and Names of Crises	Year
Gulf war	1991
Balkans war	1991-1998
Terrorist activities	1993-1999
Economic crisis	1994 (April)
Economic crises in Asia and Russia	1997-1998
Earthquakes	1999
Arrest of the terrorist head	1999
November economic crisis	2000
Conflict with France	2000
Economic crisis starting in February	2001
September 11	2001
SARS	2002, 2004

Crisis Management and Planning for Crisis in Travel Agents

Most businesses are at risk extremely to a wide range of unexpected events that could cause vast damage, occasionally very quickly and tourism is one of the most vulnerable sectors (Richter, 1999). The incident may not be your company's fault; it still can result in a weakening of public confidence, particularly from customers and investors. As travel and tourism industry is susceptible and vulnerable to crisis, travel agents are among the most affected in the industry. Travel agents play important part in the manufacturing and distribution chain of the travel industry. Airlines and hotels need to work closely with the travel agents because travel agents have the ability to market the products offered by airlines and hotels (Hodgson, 1987). A number of roles taken by travel agents force them to form a structured management plan including a crisis management plan for all types of crises. Crisis management is a dynamic process which begins at a time of calmness and safety, increases its activity by expecting the unexpected, continues by managing a difficult situation, and proceeds to return conditions to normal as quickly as possible (Sonmez, Backman and Alien, 1994:111). The purpose of crisis management is to reduce the uncertainty of the crisis situation and to increase the speed and quality of the organizations response to a crisis. Crisis management is about taking control of what has happened before it overwhelms the company.

Developing a crisis management plan is a part of crisis management system. This plan consists of strategies and tactics that will be used during a specific crisis situation. Although crises are deemed to be inevitable, sudden and acute (Santana, 1999), good management can avoid crises to some degree (Faulkner, 2001). Planning for a crisis is the key to corporate survival. However, it is not enough to just prepare the plan and place on a shelve. The plan must be updated regularly for preventing it form to be come obsolete and forgotten. It also is vital for travel agents that they have a plan to manage crises as and when they arise (Scott, 1988). To reduce the disruption and minimize the damage instigated by the crisis event, organizations should utilize a systematic approach to managing the crisis situation (Fink, 1986). Proactiveness is an opportunity-seeking, forward-looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create change and shape of the environment (Lumpkin and Dess, 2001:433). Seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature of declining stages of life cycle (Venkatraman 1989:.949).

METHODOLOGY

Sample and Data Collection

A systematic random sampling method was used to select the sample travel agents from a list of 2900 member travel agents of the Association of Turkish Travel Agencies. According to their sales volume and the scope of the activity, travel agents in Turkey are divided into three segments. This study includes Type A travel agents because of their size and their structured management style comparing to the others. The sample size was determined based on 95 percent confidence level with a z value of 1.96 and estimated population promotion of $\pi=$ .90. The suggested minimum sample size was 131 and the samp1e size of 200 was used in the study.

Two hundred questionnaires were distributed and 160 questionnaires, representing 80 percent response rate were returned. Incomplete questionnaires were eliminated after screening. The valid number of questionnaires for this study after elimination was 133 representing a final response rate or 66 percent. The sample of the study consists of president/owner, general manager and operation managers of the travel agents. Managers of the travel agents were contacted via the mail and invited to complete a three-part questionnaire. Dillman's (2000) methods of multiple mail process for the mail survey were utilized. To increase response rate, telephone calls were placed to non respondents. Non-response bias was examined by calling a random sample of non-respondents (N=27). Differences between the respondents and non respondents were tested. No significant differences were found.

Measurement Development

A self-administered questionnaire was utilized to collect data. Careful review of the relevant literature provided basis for developing the questionnaire. The questionnaire consisted of three parts. The first part included questions for the respondents about type of position they hold, the number of years they have been with their company and their ages. The second part aimed to assess how respondents perceive crises. A five point Likert-scale anchored "1" (strongly disagree) to "5" (strongly agree), was used to measure respondents' perceptions and understanding of the various crises occurred from 1990 to 2004. A total of 13 statements related to crisis and crisis management concepts were included in this part. The 13 statements were identified from a comprehensive review of the crisis and crisis management literature. Previous studies which examined tourism crisis, crisis management in hospitality and tourism disaster management, including those conducted by Scott (1988), Sonmez et.al (1994) and

Barton (1994) were reviewed. This review process resulted in the development of a list of statements that built on the collective strengths and wisdom of earlier efforts in this area. Some of the questions included in the questionnaire were about learning from crises, the effects of crises, the response time in crises and crisis planning. In addition, a question was asked to learn if the agents had a crisis plan for their businesses. The last part of the questionnaire included questions regarding the types of effects of the crises.

Before application, questionnaire was pre-tested by a group of travel agents to see if there was any difficulty comprehending the questions and to prove content validity and reliability of the instrument. As a result of conducting this pretest, some changes were made on questions according to the responses to the instrument. The data collected form the pre-test was examined for reliability, completeness of responses, and construct validity. Cronbach's alpha was performed to test reliability and internal consistency of the statements. The results showed an acceptable (Hair, Anderson, Tatham, and Black, 1998:118) reliability coefficient of .72 for the statements.

FINDINGS AND DISCUSSION

Among the 133 respondents, more than half of respondents (55%) were between 31 and 40 years old. The respondent's age as more than 40 years old category is second, showing 34.5%. The remaining 10.5% were between 20 and 30 years old. More than one-third of respondents reported between 4 and 7 years of work experience. The work experience of 1 and 3 years and between 4 and 7 years were 28.5% and 24.8%, respectively. Remaining 12.1% fell into either less than 1 year or More than 10 years. Approximate half of respondents were President/ Owner position in the company. 27.8% of respondents were General Manager position as well as 21.8% of respondents were Operations Manager position in the company (Table 2).

Table 2
Descriptive Analysis of the Sample

Demographic	Category	Frequency	Percentage (%)	Total
	20-30 years	14	10.5	133 (100%)
Age	31-40 years	73	55.0	
	40 years and above	46	34.5	
	Less than 1 year	4	3.0	
Work Experience	1-3 years	38	28.5	133 (100%)
in the Company	4-7 years	46	34.6	
	7-10 years	33	24.8	
	More than 10 years	12	9.1	
	President/Owner	67	50.4	133 (100%)
Job Title	General Manager	37	27.8	
	Operations Manager	29	21.8	

Travel agents were also asked if they had any crisis management plan. Only five agents said they had crisis management plan (3.8%). Among the 133 respondents, 128 had no crisis management plan (96.2%).

This study was conducted to determine how travel agencies in Turkey actually responded to various crises during 1990-2004. It was necessary to see if it was possible to empirically derive constructs for understanding crisis management. To check for underlining dimensions, thirteen questions concerning specific crisis management practices were examined using exploratory factor analysis. The relationships between different beliefs about crisis management were examined using principal component factor analysis with varimax rotation.

The criteria for the number of factors to be extracted were based on significance of factor loadings, eigenvalues, and percent of variance explained. This procedure produced three factors representing different crisis management belief groups, each factor having an eigenvalue greater than 1.0, representing 2.77 for factor 1, 1.38 for factor 2, and 1.00 for the factor 3. The attributes with factor loadings of greater than 0.5 were included in a factor. In addition, these three factors account for 57.34 % of total variability. Table 3 shows the results of dimensions in different factor structure. Factor 1 included the four items representing "size and effectiveness". Factor 2 was composed of three items, reflecting "proactiveness". Factor 3 included two items representing "awareness".

Table 3
The results of Factor Analysis

	Factor Loadings		
	Factor 1	Factor 2	Factor 3
Crises management applies only to the big scale travel agencies (q11)	.85		
All crises could be managed by effective planning (q10)	.79		
We have to make quick decisions during the crisis period (q5)	.60		
Big scale travel agencies are not affected by the crises (q13)	.55		
Crises usually happen with warning signs (q8)		.73	
I know our weaknesses and strengths (q3)		.72	
Being ready for crises decreases the negative effects (q2)		.59	
We always monitor our external and internal environment (q4)			.81
My intuition and creativity reduce the effects of crises (q7)			.54
Eigenvalue	2.77	1.38	1.00
% of variance accounted for	30.83	15.37	11.14
Cumulative percentage of variance	30.83	46.20	57.34

In addition, the types of effects of crises reported in Table 4. The total number of frequencies was 1121, because agents sometimes checked more than one effect from crises. The biggest negative impact felt by the agents from various crises was the reduction of demand for the tour. The second biggest negative impact from various crises was the increase in the costs. The increase in stress level, the increase in reservation cancellation, and the difficulties in making sound decisions were next negative impacts from various crises, respectively.

However, there were some positive impacts from the various crises. Some travel agents reported that the various crises provided the opportunity to find out the weak sides of the agency, (86), the opportunity to become better prepared against crisis (84), the increase in range of international activities and sales (50), the increase in range of domestic activities and sales (30). In conclusion, even though there are some positive effects of the various crises in Turkish travel agents, the negative effects of the crises were frequently mentioned by the agents.

Table 4
Type of effects

Type of Effects	Frequency	Percentage
Reduction of Demand	139	12.39
Increase in Costs	132	11.77
Increase in Stress Level	129	11.50
Increase in Reservation Cancellation	126	11.23
Difficulties in Making Sound Decision	110	9.81
Opportunity to find out the weak sides of the agency*	86	7.67
Opportunity to become better prepared against crisis*	84	7.49
Tolerance decrease on the side of creditors	83	7.40
Difficulties to convince the partners	68	6.06
Difficulties in finding external finance sources	50	4.46
Increase in range of international activities and sales*	50	4.46
Increase in range of domestic activities and sales*	30	2.67
Customer complaints due to the decreased customer service	18	1.60
Necessity to decrease the quality of customer service	11	0.09
Difficulties in convincing management/stakeholders	5	0.04
Total	1121	100

* Positive effects for crisis

CONCLUSION

This study explored the perception of travel agents as to how they conceived the crisis and crisis management concepts in Turkey between 1990-2004. The findings of the study show that the various crises had negative impact on the travel industry in the Turkey, even though there was some positive learning from various crises. The positive impacts of the crises did not occur frequently, however the negative impacts from various crises were tremendous. Despite the huge negative impacts from the crises, the most travel agents in the Turkey would not prepare effective and efficient crisis management plan for their business.

There are several of practical recommendations from the findings of this study. First, a crisis does not automatically broadcast itself as well as not easily detects before arriving. As result of these characteristics of crises, travel agent companies need to understand the types of crises likely and their effects on travel agents to decrease the negative effects on businesses due to various types of crises. This understanding would enable companies to provide preventive and proactive standard aimed at reduce the negative impacts from various crises.

Second, based on the understanding of importance of crisis management, travel agents have to prepare the plan of crisis management. The purpose of crisis management is to form teams that can move forward in a mutually supportive, structured manner when potential signals are detected (Lagadec, 1997). Crisis management strategies are composed three categories; defensive, offensive, and preventive, such as accident insurance, quality monitoring and alarm, guest protection plan, etc. The importance of training, systems, and procedures, and adherence to policies are best defense and prevention for any organization (Nykiel, 2005). Moreover, pre-defined rules, standardized procedures, antagonism between cooperating practices and underlying taboos give the crisis a formidable advantage. Understanding about new, poorly understood subjects that are difficult to comprehend makes crisis less harmful.

Monitoring external and internal environment continuously as well as knowing the weak and strong sides of the company may help travel agents to decrease the negative effects of the crises. The difficulties and risk of making quick decisions might be difficult at times, however, the handling and distribution of information is the single most important aspect of crisis management (Scott, 1988). In crisis situations, travel agents face many challenges including itinerary modifications and cancellations. Therefore, clearly defined objectives and a plan or plans for the crisis situation helps travel agents survive and prosper in today's highly unpredictable environment. It is better to prepare a variety of "worst case" scenarios when planning strategies for the future crises.

In conclusion, the planning and the preparation of some proactive steps to prevent and recover a certain degree of normality of business before crisis provides that travel agents would save and recover fast the organization's reputation, control the financial condition, and market share (Barton, 1994). In spite of the importance of the planning and preparation of crisis management in the travel business, Turkish travel agents would not well prepared the crisis management plan for their properties. Therefore, an appropriate crisis management plan as well as a training program for the crisis management for both employees and customers should be required and implemented to prevent successfully and recover rapidly from the various crises for the Turkish tourism industry.

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QUALITY INDICATORS FOR ASSOCIATE DEGREE CULINARY ARTS PROGRAMS: A SURVEY OF EDUCATORS AND INDUSTRY CHEFS

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ABSTRACT

This study investigates how culinary educators and chefs perceive the importance of various school characteristics when evaluating overall program quality of associate degree culinary arts programs (ADCAP). Surveys were administered to educators and chef members of the American Culinary Federation (ACF). Data analysis revealed the most important quality indicators are: sanitation of labs, faculty industry experience, faculty subject experience, required internship, and placement rates. Educators' and chefs' ratings differed significantly.

KEYWORDS: culinary education, quality assessment

INTRODUCTION

Over 12.2 million people work in the restaurant industry. Approximately 3.0 million are employed in kitchen operations. Although only 36% of foodservice workers have some college education (NRA, 2005), a Delphi survey conducted with industry experts and educators predicted, "Educational requirements to work in a restaurant will increase as the restaurant industry becomes more complex" (NRA, 1999). A 2005 American Culinary Federation (ACF) survey found that 36.5% of its active chef members listed associate degree as their highest level of education, while only 15.9% achieved a bachelor degree (Beverly Stuart, personal communication, 2005).

The first culinary school in the United States, the Restaurant Institute of Connecticut (now the Culinary Institute of America) opened in 1946. By 1981, only four culinary schools existed (Scarrow, 1981). However, the number of programs expanded rapidly over the next 25 years and today, approximately 261 schools offer associate degrees in culinary arts (Hertzman, 2007). These schools vary by numerous criteria including type (public, private, or for-profit), types of degrees offered, numbers of students and faculty, student and faculty characteristics, size of facilities, curricula, student services, and cost. This variety poses a challenge to the potential culinary student or employer who wishes to determine which school to attend or from which to recruit employees. Hertzman (2007) and Laropa et. al. (2005) recently performed studies to attempt to quantify the diversity of these programs.

Quality assessment has become a buzzword in higher education as many stakeholders seek to determine education's return on investment (Ewell, 2002). However, the different assessment methods and information sources make comparisons of difficult. *Nation's Restaurant News,* in a feature article entitled, "Growing field of culinary schools difficult to evaluate" (Berta, 2005), stated that the increased number of programs, "it is difficult to assess and compare how well schools are teaching, retaining and preparing students in the industry" (p. 16). It calls for more research "to help educators improve their programs" and "better prepare students for lifelong careers in the industry" (p. 71). This study seeks to identify program characteristics that can be used as program quality indicators.

LITERATURE REVIEW

The 1980s marked an increase in calls for assessment of higher education in the United States due to perceptions that higher education was not preparing students for the workforce, concerns about accountability due to the significant increase in tuition costs at most institutions of higher education (IHEs) (Haworth and Conrad, 1997), state pressures to evaluate the effectiveness of specific programs (Ewell, 2002), and the attempt to apply the principles of Deming's Total Quality Management and other Service Quality programs to higher education (Seymour, 1992).

Astin (1985) outlined four common methods of viewing excellence: as reputation, resources, content, and outcomes. Later, value-added or the change in students' knowledge, behavior, and characteristics linked to specific educational interventions became another way of viewing excellence (Astin, 1993; Ewell, 2002). Astin (1985, 1993), Pascarella and Terenzini (1991), and Haworth and Conrad (1997) attempted to quantify the quality of IHEs through detailed studies and analysis of institutional factors, faculty, students, and curriculum that exert the most influence on students' educational attainment, cognitive growth, future careers, and satisfaction with the college experience. Their work contributed to the emphasis on strong writing, communication and general education programs, student and faculty involvement, and active and cooperative learning subscribed to by many IHEs today.

Institutional rankings published in *U.S. News and World Report, Barron's, Money* and other sources denote one of the most common methods used to assess quality. Educators and researchers constantly debate the validity of rankings. Gater (2002) is one of many authors addressing the potential problems rankings such as difficulty in defining quality, rater bias, halo effect, timing, design, lack of face, construct, and predictive validity, and reliance on reputation factors. Kent, Lian, Khan, and Anene (1993) and Gould and Bojanic (2002) have developed ranking systems for programs that show how various stakeholders view those schools.

Accreditation is one of the most formal processes that IHEs undergo to verify institutional quality. While original forms of accreditation focused on resources and inputs, more recently, accreditation has been modified to ensure that improvement is encouraged, programs' goals, objectives, and accomplishments are communicated, and the focuse is on students' educational attainment (Lubinescu, Ratcliff, and Gaffney, 2001; McCleeny, 2004)

Programs can pursue accreditation through various organizations. The ACF Accrediting Commission (ACFAC) was created in 1986 to "ensure that industry standards are met within educational environments" (Matuszewski, 1999, p. 69). Its handbook (ACFAC, 2003) details six standards: curriculum, faculty, student services, organization and administration, facilities, and program assessment, and specifies that accredited programs must incorporate twelve categories of knowledge and competencies into their coursework

In the late 1980s and 1990s, researchers began to apply quality theories to community colleges. In her 1988 doctoral dissertation, Blumin developed an expanded taxonomy of dimensions, criteria, and indicators of quality including items that apply specifically to community colleges. She found that the top indicators of quality were percent of graduates employed, FTEs generated by a degree program, number of articulation/transfer agreements with other higher education institutions, size of student enrollment, size of budget, and rate of retention or attrition.

Research about hospitality management programs can help indicate what is relevant when analyzing culinary education. Casado (1991) found that recruiters and educators perceived supervisory skills, industry internships, and communication and technical skill have the highest mean importance when evaluating programs, while alumni gave highest importance to program quality factors. All three groups ranked physical resources as most important and placement of graduates as either second or third most important (p. 77).

In addition, researchers have studied the importance of hands-on experience and teaching certain competencies in relation to program quality. Pavesic (1984) compared the importance of internship and work experience to other required courses and found that it was ranked first by recent graduates, third by industry practitioners and tenth by hospitality educators (p. 26). Lefever and Withian (1998) determined the best way to prepare students was to require hands-on experience and offer courses taught by faculty with industry experience (p. 73). Okeyi, Finley, and Postel (1994) identified essential competencies required for successful employment.

Scarrow's 1981 dissertation studied the four oldest schools to determine how they were established, sustained and improved, and to offer suggestions for starting new schools. The researcher was able to find only one peer-reviewed journal article, Wollin and Gravas (2002), specifically related to culinary education. Commercial publications such as *So You Want to be a Chef: Your Guide to Culinary Careers* (Brefere, Drummond, and Barnes, 2006) provide some guidance to potential students, but offer little empirical research to support their assertions.

RESEARCH QUESTIONS

Little academic literature exists relating to ADCAPs and their quality assessment. This study seeks to identify characteristics that can be used to evaluate ADCAP quality. The specific research questions are:
1.   What characteristics serve as indicators of program quality?

2.	How do culinary educators and chefs differ as to what factors indicate program quality?
3.	If there are differences between the two groups, how can they be reconciled to derive a common list of quality indicators?

METHODOLOGY

This study used procedures based on Dillman's (2000) Tailored Design Method (TDM). A survey instrument was developed that asked participants to rate the importance of 50 characteristics in determining the quality of culinary programs on a five point Likert-type scale, with 1 equal to not important and 5 equal to extremely important. It also included open-ended questions asking for suggestions for and comments about the factors listed and the survey format, and demographic questions.

To ensure the reliability and validity, a two-step testing process was performed prior to data collection. First, an expert review was conducted by culinary educators, industry chefs, and research consultants via mail and e-mail. Second, the instrument was piloted with a group of educators and chefs at the ACF national convention in July 2005. Administering the pilot surveys personally provided an opportunity to answer questions about the document and gauge respondents' reactions. The wording and some instrument characteristics were then.

The study population included two groups: one, program directors, academic deans, and instructors from schools having ADCAP and two, a random sample of 1,183 active chef members of the ACF. ACF members listed as Certified Culinary Educator (CCE) were coded as educators. Duplicate names and members outside the United States were eliminated. The final sample included 296 culinary educators and 1,107 industry chefs..

To increase the response rate, the procedures outlined in Dillman (2000) were followed; they included the use of a pre-letter, follow-up postcard, and second survey sent to people who had not responded within one month of the original survey date. All documents were sent to participants via first-class mail. As the surveys were returned, the cover letter was separated from the survey to ensure that individual respondents could not be identified.

RESULTS

Response Rate

Four-hundred and fifty-nine surveys were received following the first mailing and 135 following the second mailing for an overall response rate of 42.33%. Educators returned 193, and chefs returned 401.

Demographics of Respondents

There were 82.1% male respondents and 17.9% female. The participants had been employed in the industry for an average of 23.29 years. A culinary associate degree was the highest level of education achieved by 37.4% of the respondents, while 22.5% held culinary, hospitality, or other types of bachelor degrees.

Among educators, 75.0% taught at public colleges, 9.8% at private institutions, and 15.2% at for-profit schools. Over half (58.6%) taught at schools with ACF accredited culinary programs. The majority of the educators (49.5%) held academic positions of instructor or professor, while 44.6% listed administrative titles.

The industry chefs worked for a variety of industry segments with the largest group (15.2%) employed at clubs, followed by fine dining (13.1%). Almost half (47.0%) held the title of executive chef, followed by owner (9.8%) and sous chef (9.2%). The industry chefs had a mean of 22.18 years in the industry with a mean of 14.91 years of supervisory experience. The operations at which they worked employed a mean of 35.5 culinary employees.

Evaluation of the Importance of Characteristics Indicating Program Quality

Research question one asked what characteristics serve as program quality indicators. Mean analysis of the participants' ratings revealed the five most important indicators of quality to be sanitation of kitchen laboratories (4.83), industry experience of faculty (4.65), subject experience of faculty (4.65), required internship (4.37), and placement rates (4.34). The five least important indicators of quality were low number of students per instructor – lecture classes (3.18), gender diversity of faculty (3.06), ethnic diversity of students (2.85), gender diversity of students (2.77), and type of ownership of college (2.72). The characteristics were divided into eight categories. Table 1 shows the two most important quality indicators in each category.

Reliability Analysis

Reliability analysis was performed to determine how well each group of characteristics measured the construct of each category. Seven of the eight categories had Cronbach Alphas of .7 or higher. The facilities category had the lowest Cronbach Alpha (.682). If the one characteristic deemed most important by the respondents (sanitation and safety of the facilities) was deleted, this Cronbach Alpha would increase to .700.

Table 1
Most Important Quality Indicators by Category

Category	Characteristic	Mean	SD	Var.
Resources	**Availability of Financial Aid**	**3.93**	**.970**	**.941**
Resources	**Tuition and Fees**	**3.80**	**.942**	**.887**
Faculty	**Industry experience of faculty**	**4.65**	**.564**	**.318**
Faculty	**Subject experience of faculty**	**4.65**	**.561**	**.315**
Students	**Selective Admissions**	**3.66**	**.774**	**.599**
Students	**Work experience before enrollment**	**3.22**	**1.169**	**1.366**
Student Services	**Availability of academic advising**	**4.12**	**.774**	**.599**
Student Services	**Availability of career placement**	**4.10**	**.831**	**.690**
Student Learning Opportunities	**Required internship**	**4.37**	**.899**	**.808**
Student Learning Opportunities	**Required work experience**	**4.05**	**1.022**	**1.045**
Facilities	**Sanitation & safety of the facilities**	**4.83**	**.437**	**.191**
Facilities	**Student to cooking station ratio**	**4.29**	**.730**	**.533**
Organization & Administration	**Faculty evaluation procedures**	**4.27**	**.689**	**.474**
Organization & Administration	**Program evaluation procedures**	**4.23**	**.676**	**.457**
Outcomes	**% of graduates employed in field**	**4.34**	**.722**	**.521**
Outcomes	**% of students completing degree**	**4.15**	**.837**	**.700**

Differences between Educators and Industry Chefs

Research question two asked how culinary educators and industry representatives differ as to what factors indicate program quality. In evaluating their mean importance levels some differences were found. Both educators and industry chefs gave the highest mean importance rating to sanitation and safety of laboratories. The educators considered industry experience of faculty and subject experience of faculty the next two most important characteristics, while the chefs reversed this order.

Within the eight categories of characteristics, educators and industry chefs agreed on the most important factor in each category. They were agreed on the order of importance for the faculty category in which the first six characteristics were given the same ranking of importance by both educators and chefs. For the resources category, the educators considered tuition/fees charged as the second most important characteristic, while industry chefs considered the size of library/resource center second most important. For the student category, educators rated ethnic diversity of students second, while chefs perceived student work experience prior to enrollment to be more important. For student services, educators gave policies for keeping students in school and helping them graduate the second highest mean score, while chefs believed availability of career placement to be more important.

The educators and chefs had some differences regarding the order of importance of the characteristics in the student activities category. Educators gave opportunities to participate in community events the second highest mean score, while industry chefs placed required work experience second. Educators had work experience in fourth place. For the facilities category, the educators' order of importance of the characteristics matched the order for all respondents exactly. However, industry chefs gave number of cooking laboratories a slightly higher mean than student-to-station ratio. In the area of organization and administration, educators gave having an external advisory board a higher mean importance than industry chefs.

T-tests showed that culinary educators and industry chefs differed significantly on their perceptions of the importance of 17 of the potential quality indicators for ADCAP based on the standard of $p < .01$. The t-statistics,

degrees of freedom, and significance levels were adjusted where necessary for variables that did not meet the assumption of homogeneity of variance. The mean for educators was higher for eight of these characteristics, while the mean for industry chefs was higher for nine of these characteristics. Table 2 shows the significant results of the t-tests, listed in descending order of the mean differences.

Table 2
Significant Differences Regarding Importance of Program Characteristics

Characteristic	Edu Mean	Ind Mean	T	Df	Sig. (2-tailed)	Mean Diff
*External advisory board	4.33	3.72	7.872	434.575	.000	.606
% of grads certified	2.87	3.43	-5.410	589	.000	-551
FT/PT ratio	3.91	3.37	5.959	589	.000	.538
Gender diversity – faculty	3.42	2.89	4.998	589	.000	.531
% seeking adv. Training	3.29	3.77	-5.790	585	.000	-.474
# of student ACF members	2.97	3.44	-4.529	587	.000	-.471
*Gender diversity-students	3.42	2.89	4.029	586	.000	.420
*# of demo laboratories	3.59	4.01	-4.639	307.035	.000	-.418
ACF accreditation	3.65	4.03	-3.694	586	.000	-.382
*Ethnic diversity – students	3.11	2.73	3.770	419.008	.000	.381
Ethnic diversity – faculty	3.42	3.07	3.352	590	.001	.347
*Part. in competitions	3.75	4.10	-3.799	313.591	.000	-.346
Student work experience	2.99	3.33	-3.333	588	.000	-.339
*Degree of program dir.	3.82	4.12	-2.897	585	.002	-.295
*Required internship	4.19	4.46	-3.074	289.882	.002	-.269
Faculty eval procedure	4.42	4.21	-5.410	589	.000	-.210
*Industry exp. Of faculty	4.74	4.61	2.644	408.980	.008	.126

Note: * indicates characteristics for which unequal variances were assumed and adjusted values were used.

Suggested Quality Indicators for ADCAP

Research question three asked that, if there are differences between the two groups, how could they be reconciled to derive a common list of quality indicators. It was determined that the characteristics with overall means of 4.0 or higher, indicating that the survey participants believed they were very or extremely important, could be considered valid quality indicators for ADCAP. However, some significant differences between educators and industry that needed to be reconciled in order to use this criterion. Reviewing the mean importance ratings by each group, educators would have included program has an external advisory board (4.33), availability of financial aid (4.03), and retention procedures (4.03) in this list. They would not have included public restaurant (3.97) or degree of program director (3.82). Chefs would have included opportunities for participation in competitions (4.10), ACF accreditation (4.03), and number of demonstration labs (4.01). Based on these differences, the researcher included program has an external advisory board and opportunities for participation in competitions in the following list of 20 suggested quality indicators (Table 3), rather than public restaurant and degree of program director.

None of the resource characteristics were included in the list of suggested quality indicators. In this respect, the respondents' opinions appeared similar to those of the accrediting agencies, which have lessened the importance of resources, such as libraries and resource centers, as compared to program assessment and outcomes, when evaluating programs (McCleeny, 2004). However, this result contrasts with Blumin's (1988) findings that over 90% of community college administrators thought the resource characteristics of number of students and total budget were important quality indicators. It also differs from the national ranking systems, such as that of *U.S. News and World Report,* which use institutional resources to account for 10% of the schools' overall ranking (Gater, 2002) and Gould and Bojanic's (2002) use of number of students as one of eight ranking factors for hospitality management programs.

Table 3
Suggested List of Characteristics to Use as Quality Indicators

Characteristic	Category	Mean	SD	Var.
Sanitation and safety of labs	**Facilities**	**4.83**	**.437**	**.191**
Industry experience of faculty	**Faculty**	**4.65**	**.564**	**.318**
Subject experience of faculty	**Faculty**	**4.65**	**.561**	**.315**
Required internship	**Learning Opportunities**	**4.37**	**.899**	**.808**
% of graduates employed	**Outcomes**	**4.34**	**.722**	**.521**
Student to station ratio	**Facilities**	**4.29**	**.730**	**.533**
Teaching experience of faculty	**Faculty**	**4.28**	**.778**	**.606**
Faculty evaluation procedure	**Org and Admin**	**4.27**	**.689**	**.474**
Number of cooking labs	**Facilities**	**4.26**	**.795**	**.632**
Program evaluation procedures	**Org and Admin**	**4.23**	**.676**	**.457**
Student to instructor ratio- lab	**Faculty**	**4.21**	**.768**	**.590**
Regional/national accreditation	**Org and Admin**	**4.17**	**.976**	**.952**
% of students completing degree	**Outcomes**	**4.15**	**.837**	**.700**
Faculty continuing education	**Faculty**	**4.13**	**.835**	**.697**
Availability of academic advising	**Student Services**	**4.13**	**.774**	**.599**
Availability of career placement	**Student Services**	**4.10**	**.831**	**.690**
Required work experience	**Learning Opportunities**	**4.05**	**1.022**	**1.045**
Opportunity for participation in events	**Learning Opportunities**	**4.04**	**.879**	**.773**
Opportunity for partic. in competition	**Learning Opportunities**	**3.99**	**.976**	**.951**
Program has an external advisory board	**Org and Admin**	**3.92**	**.971**	**.942**

Low student to faculty ratios would also facilitate the involvement with faculty characterized as important to students' educational attainment and satisfaction (Astin, 1985, 1993; Pascarella & Terenzini, 1991). However, the results of this study, emphasizing ratios and faculty experience, differed from Gould and Bojanic's (2002) ranking factors for hospitality programs, which included only the number of faculty and their publishing records.

The culinary educators and industry chefs surveyed did not consider any of the characteristics of students, including selective admissions, to be important quality indicators. This contrasts to the ranking systems used by *U.S. News and World Report*, which uses student selectivity factors as 15% of its total ranking score (Gater, 2002). Perhaps culinarians recognize, as did McCleeny (2004) and Pascarella and Terenzini (1991), that student selectivity does not necessarily influence educational attainment. The respondents' opinions also corresponded to the literature on ranking and quality evaluation of hospitality management programs, which used student attitudes and outcomes, such as placement rates, rather than selectivity as quality indicators (Gould & Bojanic, 2002; Lefever & Withian, 1998; Pavesic, 1984).

The culinary educators and industry chefs considered two student services characteristics, availability of academic advising and availability of career placement, to be important quality indicators. However, these results differ from those of the community college and hospitality quality research which did not mention these services as quality indicators (Blumin, 1988; Casado, 1991; Gould & Bojanic, 2002). The importance of the student services also coincides with the results of the survey that showed the actual outcomes characteristics of placement rates and graduation rates were of even higher importance than providing the services.

In evaluating student learning opportunities, the survey respondents did not consider interaction with peers and faculty outside of class important. This contradicts the quality assessment literature that advocates peer learning, opportunities to extend learning beyond the classroom, and other involvement factors as essential aspects of the college experience (Astin, 1993: Haworth & Conrad, 1997; McCleeny, 2004). However, the low importance ratings may be due to the respondents' recognition of Astin's (1993) findings that students in vocational programs who go to school full-time and most likely work full-time may not have the time or desire to become actively engaged with their peers or the institutions.

The respondents deemed all of the facilities characteristics, except for number of demonstration kitchens, to be important quality indicators. This finding corresponds to the areas traditionally evaluated in regional accreditation processes, as well as the ACFAC accreditation standards that emphasize laboratory sanitation and appropriate number of students per station in kitchen laboratories (ACF, 2005). It also coincides with Casado's (1991) research showing that educators, industry representatives, and students all ranked physical resources as the most important quality factor for hospitality programs. Like low student to faculty ratios, having the proper amount of students per kitchen laboratory or station could facilitate more interaction with faculty and peers, and thus increase learning and satisfaction.

Under organization and administration, culinary educators and chefs recognized regional and national accreditation as important in assuring at least minimum standards of educational quality. However, ACF accreditation did not achieve an overall mean importance of 4.0 or higher. This result was surprising given that all of the industry chefs and the majority of educators surveyed were members of the Federation. In particular, the culinary educators assigned ACFAC accreditation a lower mean importance score than did industry chefs.

The single largest significant difference between culinary educators and industry chefs was their rating for the program having an external advisory board. Educators gave this characteristic a mean importance score of 4.33, while industry chefs gave it a score of 3.72. Educators rely on these boards to fulfill accreditation requirements, to keep the curriculum relevant, to maintain their awareness of industry standards and trends, and to facilitate donations of scholarships, product, and equipment. The results indicate that educators must do a better job of explaining the role of advisory boards to industry chefs and providing incentives to increase their involvement with the schools.

It was interesting to find that the mean importance rating of percentage of graduates employed was higher than the rating for percentage of students completing the degree. This corresponds to Blumin's (1988) findings that 93% of her respondents used percentage of graduates employed as a quality indicator versus 88% which used rate of retention or rate of attrition (the opposite of completion rate). The hospitality management education literature also recognizes placement rates as important quality indicators (Casado, 1991; Pavesic, 1984). It appears that culinary educators and industry chefs recognize that the primary reason students go to culinary school is to get a job and that the degree is a means to this end for many students.

LIMITATIONS AND FUTURE RESEARCH

The primary limitation of this study was that the primary author developed the survey instrument from the ground up. Although she used accepted research methods to ensure its reliability and validity, adjustments to the instrument based on reliability and factor analysis could improve its accuracy and, hence, the ability of other researchers to replicate this study. In addition, members of the ACF may not be representative of all culinary managers. Surveying other groups, such as chefs and kitchen managers from specific hotel and restaurant companies, would make the findings more generalizable. The study could also be repeated to gain the insights of other stakeholder groups, such as culinary students and alumni. To further study the relationship between general quality assessment theories and quality evaluation for culinary arts programs, future research could specifically investigate whether ADCAP fit Astin's (1985) talent development model or whether value-added assessment techniques (Ewell, 2002) can identify how ADCAP's characteristics affect outcomes measures, such as scores on culinary tests, retention, graduation, and placement rates, and satisfaction of graduates.

CONCLUSION

This study achieved its goal of deriving a list of potential quality indicators for associate degree culinary arts programs. However, when evaluating the data, it was discovered that the ranges for many of the variables were quite large and the standard deviations high. Also, the list does not coincide neatly with the theories of quality assessment of any of the specific types of higher education described in academic literature. We, therefore, conclude that further research is necessary to assess the quality of associate degree culinary arts programs in order to better define their place in the world of higher education.

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MARKETING OUTLAYS: IMPORTANT INTANGIBLE ASSETS IN THE HOTEL INDUSTRY?

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ABSTRACT

The purpose of this study is to examine the effect of marketing expenditures (outlays) on hotel firms' value. We argue that marketing expenditures are important intangible assets that are related to service innovation, customer satisfaction, customer loyalty and organizational practices which in turn influence future profitability and value of the firm. Findings suggest that marketing outlays constitute an important intangible asset in the hotel industry and that such expenses behave differently from other expenses and more importantly, they are able to generate future benefits.

Key Words: Marketing expenditures, hotel industry, firm value.

INTRODUCTION

The purpose of this study is to examine the effect of marketing expenditures (outlays) on hotel firms' value. We argue that marketing expenditures are important intangible assets that are related to service innovation, customer satisfaction, customer loyalty and organizational practices which in turn influence future profitability and value of the firm. The intangible nature of the service offering makes separating the product from the process virtually impossible. For this reason, most traditional services are viewed as non-innovative companies with low levels of technological dependence that provide non-technical products (Tether, Hipp, & Miles, 2001; Sundbo, 1997; Miles, 1993). In this paper we argue that marketing expenditures should not be considered as a mere expense item because such outlays play an important role in contributing to hotel firms' intangible assets, mainly brand equity. To date, the role of marketing outlays in the hotel industry and their impact on firm value remain an unexplored topic.

As part of the service sector, the hotel industry is considered to be capital and labor intensive, highly competitive and it is highly sensitive to the movements in the market (Wong, 2004; Howells, 2001; Sirilli & Evangelista, 1998; Wilson et al., 1997). Due to these characteristics, hotel firms use marketing outlays extensively to build up their brand equity by focusing on retention equity. A popular way over the past few years is to deploy loyalty programs, mainly due to the fact that repeat customers are more profitable than new customers. Loyalty reward programs have become the name of the game in the highly commoditized hospitality industry. A recent study by Barsy and Nash (2006), for example, shows that an average of 39% of customers of ten major hotel brands considered the attractiveness of the loyalty program a key factor in deciding where to stay. Therefore, it is interesting to explore whether marketing outlays, including the cost of loyalty reward programs, are able to generate future benefits. A survey conducted by Hospitality Sales and Marketing Association International (HSMAI) and PKF Hospitality Research (m-Travel.com and Travel Distribution News, 2005) demonstrates the salience of marketing outlays in the lodging industry and shows how these expenditures affect the return on investment. Robert A. Gilbert, president and CEO of HSMAI stated that according to this survey, hotel companies are investing more money into their marketing initiatives, especially in the form of quality personnel and internet tactics, to improve the return on investment. A richer understanding of the role marketing outlays in the hotel industry would help hotel

managers as well as investors to improve their decision making processes and to identify the optimal level of marketing investments.

LITERATURE REVIEW

The first value relevance of marketing investments in the accounting literature is dated back to 1967 (Bublitz and Ettredge, 1989). Comanor and Wilson (1967) provided early evidence that advertising intensity was a useful proxy for product differentiation and entry barriers. Empirical studies have investigated the relationship between marketing outlays and future earnings in order to assess the validity of FASB's position of expensing these outlays. Bubblitz and Ettredge (1989) and Hall (1993), for example, found that the impact of marketing is limited to an average of two years. Therefore, from an accounting point of view, marketing expenditures are short-term expenses and as such there is no rationale for capitalizing these expenses.

In the marketing literature, satisfied customers are considered economic assets that yield future cash flows (Fornell 2002, p. 41). The value of customer satisfaction goes beyond the current transaction as satisfied customers tend to be loyal and increase their firm-level expenditures over time (Anderson & Sullivan, 1993; Reicheld & Sasser, 1990; Gruca & Rego, 2005). Moreover, satisfied customers are likely to generate positive word-of-mouth, thus further increasing future cash flows (Anderson 1996). Recent marketing literature has also linked brand equity to firm value (e.g., Rao, Agarwal and Dahloff, 2004). In addition to a loyal customer base, strong brands tend to have high margins, licensing or franchising opportunities and increased marketing efficiency (e.g., Keller 1993). Hence, it is not surprising that financial markets have started to incorporate brands in their stock evaluations (e.g., Simon & Sullivan, 1993). The franchising aspect of strong brands is particularly important in the hospitality industry. Lovett and MacDonald (2005) suggested that product launch decisions, research and development, distribution choices and promotion plans influence financial market perceptions. Marketing scholars have also investigated the effect of marketing productivity on firm value. Rust et al. (2004) identified three challenges related to the measurement of marketing productivity. First challenge is relating marketing activities to long term effects, the second challenge is the separation of individual marketing activities from other actions, and third challenge is the use of financial methods alone to justify marketing investments. Rust et al. (2004) further suggested that evaluating the effectiveness of marketing productivity requires projecting the differences in the cash flows that will occur from the implementation of a marketing action. Lehman (2004) stated that finance and accounting alone can't capture the majority of the firm's value and consequently, marketing should be treated as an investment rather than an expense.

RESEARCH DESIGN

To answer the research question, we employed an earnings components approach adapted from Lipe (1986) and Bublitz and Ettredge (1989). Lipe (1986) examined the association between cumulative abnormal returns (CAR) and the forecast errors of six components of earnings, using annual data on gross profits, general and administrative expense, depreciation, interest expense, income taxes, and other items. He found that the component forecast errors were able to explain more of the variation in CAR than earnings forecast errors alone, and he concluded that some information was lost when the six components were aggregated into one single earnings number. The market reaction to an unexpected change in an earnings component, which is accompanied by a change in the level of an investment, depends on whether the market evaluates the investment as a positive net present value project. We, therefore, make explicit use of this line of reasoning to investigate whether marketing expenditures can be best characterized as investments or mere expenses in the hospitality industry. The association of per-share marketing "forecast errors" with CAR should differ to some extent depending on whether all benefits of marketing are reflected in current versus future periods.

Following Bublitz and Ettredge (1989), we consider a firm that makes an unexpected cash outlay that will yield cash inflows in the same and/or future periods. The market value of the firm increases in an amount equal to the present value of current period and expected future cash from the project but decreases by the amount of the cash outlay. Therefore, the net change in the value of the firm, reflected in its periodic stock return depends upon the project's net present value. Assume for simplicity a setting in which accounting revenues and expenses correspond to cash flows. Let

$P_{i,t}$ = the per-share price of firm i at time t,

$SFEPS_{i,t}$ = the per-share sales forecast error (unexpected cash inflow) for the period ending at time t,

$MFEPS_{i,t}$ = the per-share marketing forecast error (unexpected cash outflow) for the period,

$OEXFEPS_{i,t}$ = the per-share forecast error (unexpected cash outflow) for expenses other than marketing, and

$Z_{i,t}$ = the present value of future period cash inflows arising from the marketing forecast error.

All cash inflows stemming from an unexpected change in marketing expenditures are captured either in SFEPS or in Z. If the marketing shock, with its related effects on future cash flow, sales, and other expenses, is the only economic event affecting the firm in the period ending at time t, the change in per-share market price, which will be reflected in the periodic return, is:

$$P_{i,t} - P_{i,t-1} = SFEPS_{i,t} - MFEPS_{i,t} - OEXFEPS_{i,t} + Z_{i,t} \qquad (1)$$

If marketing yields benefits only in the current period, then Z will have a value of zero. Any marketing forecast error should be accompanied by contemporaneous, unexpected cash flows for sales and other expenses. Consider the following linear regression model:

$$P_{i,t} - P_{i,t-1} = A0 + B1SFEPS_{i,t} - B2MFEPS_{i,t} - B3OEXFEPS_{i,t} + e_{i,t} \qquad (2)$$

The coefficients for SFEPS and OEXFEPS should be positive and negative, respectively, and the coefficient for MFEPS should be negative and the same as the coefficient for other expenses. In other words, an unexpected increase in marketing outlays should be associated with a negative price response when controlling for contemporaneous changes in sales and other expenses.If, instead, benefits from marketing occur only in future periods, then an unexpected increase in marketing for a given period will not be associated with same-period shocks in sales and other expenses. However, $Z_{i,t}$ will now be positive and will reflected in the periodic return. If Z could be observed, its coefficient should be positive while the estimated coefficient for MFEPS would be negative. Because Z is unobservable, however, it constitutes an omitted variable that is positively correlated with MFEPS in a cross-sectional test. The estimated efficient for MFEPS will, therefore, be positively biased toward zero. In fact, if all benefits from marketing occurred in future periods and if marketing were a zero net-present-value project at the margin, Z would be perfectly and positively correlated with MFEPS, and the slope coefficient of MFEPS would be zero in the absence of a Z-variable.

The discussion above suggests that the estimated coefficient of association between marketing forecast errors and returns will depend on the longevity of benefits arising from these activities. If marketing outlays constitute expenses, then a negative coefficient of association with CAR should be observed, similar to the negative partial correlation coefficient Hopwood and Mckeown (1985) found for total expense forecast errors. If marketing outlays produce future-period cash flows, the present value of the cash flows makes a positively correlated omitted variable which would bias the estimated coefficient for marketing toward zero. Relaxing the assumption that accounting revenues and expenses correspond to cash flows should not invalidate the analysis.

Estimated coefficients for returns with MFEPS and RDFEPS can, therefore, be compared against two benchmarks following Bublitz and Ettredge (1989). First, there is the "zero" measure aforementioned. Unexpected investments in zero net-present value projects which are long-lived should have no association with CAR. Therefore, we have, in null form,

H1: the coefficient of association between MFEPS and CAR is greater than or equal to zero.

Failure to show significance in a directional test can be interpreted as an indication that unexpected outlays for marketing constitutes long-lived, zero net-present-value investments.

As a second benchmark, the estimated coefficients for MFEPS can be compared with the estimated coefficient for Other Expense forecast errors. Thus, we have, in null form,

H2: the coefficient of association between MFEPS and CAR is less than or equal to the coefficient of association between OEXFEPS and CAR.

If the model is correctly specified, its inability to show significance in a directional test would suggest that marketing outlays are treated similar as ordinary expenses in the valuation process. Alternatively, exhibition of significance in a directional test would suggest that marketing has future benefits. However, caveats apply. Inability to show significance may be due to lack of power in the test. For example, measurement errors might affect our analysis, especially considering our data is collected annually.

Because the focus of this study is on the marketing outlays, which are typically available on the annual basis, we use annual rather than quarterly data. We draw all publicly traded hotel firms (SIC code 7000, 7010 and 7011) from COMPUSTAT Industry Annual and CRSP from 1996 to 2005. Outliers of variables that lie outside three standard deviations of sample means are trimmed, which cause our firm-year observations drop to 64. Following

Bublitz and Ettredge (1989), we calculate the dependent variable, CAR, as the sum of residuals from a market model over a 12-month period, using a value weighted market index of New York and American Stock Exchange firms. The 12-month accumulation period run from nine months prior to the fiscal year-end through three months afterwards (Beaver, Clarke, & Wright, 1979).

Earnings are decomposed as follows:

$$EPS = SPS – MPS – OEXPS \tag{3}$$

Where

EPS = COMPUSTAT annual data item 58, primary earnings per share excluding extraordinary items and discontinued operations,

SPS = COMPUSTAT data item 12, annual net sales, divided by data item 54, the number of shares used in computing primary EPS,

MPS = COMPUSTAT data item 45, annual advertising expense, divided by data item 54,

OEXPS = other expenses per share, a residual amount: SPS – EPS – MPS.

Albrecht, Lookabill and McKeown (1977) provide evidence that the time-series of earnings deflated by the beginning of period stockholders' equity can be appropriately modeled as a random walk. Therefore, our deflated earnings forecast error per share (EFEPS) for firm i in year t is:

$$EFEPS_{i,t} = (EPS_{i,t} – EPS_{i,t-1})/P_{i,t-1}, \tag{4}$$

Bublitz and Ettredge (1989) argue that the behavior of changes in advertising outlays per share, deflated by per-share stock price, appears to be white noise. Therefore, we use the random walk model to compute forecast errors for earnings components and then deflate by the share price at the beginning of a year. This practice is common in current cost market studies for which short data histories dominate (Bublitz, Frecka, & McKeown, 1985; Schaefer, 1984).

$$MFPS_{i,t} = (MPS_{i,t} – MPS_{i,t-1})/P_{i,t-1}, \tag{5}$$
$$SFEPS_{i,t} = (SPS_{i,t} – SPS_{i,t-1})/P_{i,t-1}, \tag{6}$$
$$OEXFEPS_{i,t} = (OEXPS_{i,t} – OEXPS_{i,t-1})/P_{i,t-1}, \tag{7}$$

Based on discussions in the previous section, we construct our model as follows:

$$CAR_{i,t} = A0 + B1SFEPS_{i,t} + B2MFEPS_{i,t} + B3OEXFEPS_{i,t} + e_{i,t} \tag{8}$$

The hypothesis of interest using the "zero" benchmark is:

H1: $B2 \geq 0$.

Inability to show significance in a directional test of B2 less than 0 is consistent with marginal marketing outlays constituting long-lived, zero net-present-value investments. On the other hand, if the directional test gives significant result, most of marketing outlays expire in the current period.

When OEXFEPS is used as a benchmark, our hypothesis of interest is:

H2: $B2 \leq B3$

Inability to show significance in a directional test of B2 less than or equal to B4 is consistent with marketing outlays being evaluated by the market as similar to conventional expenses. Alternatively, given our analysis, significant results from the directional test is consistent with marketing outlays having long-lived benefits, thus creating intangible assets.

RESULTS

The dependent variable, CAR, has a minimum value of -0.9728 and a maximum of 1.2857 with an average of 0.0164. The normality test of CAR does not reveal significant deviation. Table 1 presents Pearson correlation coefficient estimates for CAR, MFEPS, SFEPS and OEXFEPS. P-values are reported in parentheses. As expected, MFEPS does not appear to be significantly associated with CAR. SFEPS and OEXFEPS are positively and negatively related to CAR, respectively. However, there is moderate association between SFEPS and OEXFEPS with a Pearson Correlation Coefficient of 0.6832 and significant at 0.0001 level. The association between MFEPS and SFEPS is 0.6240 and significant at 0.0001 level. These correlations might pose multicollinearity problems to our analysis. Therefore, formal tests must be carried out to assess whether the significance level will be affected by multicollinearity in our regression analysis.

Table 1
Pearson Correlation Coefficients

	CAR	MFEPS	SFEPS	OEXFEPS
CAR	1	0.1059	0.2314	-0.0865
		(0.4049)	(0.0658)	(0.0091)
MFEPS	-0.1059	1	0.6240	0.5972
	(0.4049)		(<.0001)	(<.0001)
SFEPS	0.2314	0.6240	1	0.6832
	(0.0658)	(<.0001)		(<.0001)
OEXFEPS	-0.0865	0.5972	0.6832	1
	(0.0091)	(<.0001)	(<.0001)	

Note**:**
CAR: calculate the dependent variable, CAR, as the sum of residuals from a market model over a 12-month period, using a value weighted market index of New York and American Stock Exchange firms. The 12-month accumulation period run from nine months prior to the fiscal year-end through three months afterwards.
$MFPS_{i,t} = (MPS_{i,t} - MPS_{i,t-1})/P_{i,t-1}$,
$SFEPS_{i,t} = (SPS_{i,t} - SPS_{i,t-1})/P_{i,t-1}$,
$OEXFEPS_{i,t} = (OEXPS_{i,t} - OEXPS_{i,t-1})/P_{i,t-1}$

Regression analysis results are reported in table 2. Recall that if the estimate of the coefficient of MFEPS is *not* significantly different from zero, then the implication is that marketing outlays are generating future benefits. The test result shows the coefficient is not significantly different from zero at any reasonable level. Moreover, when compare the coefficient of MFEPS with that of OEXFEPS, the null hypothesis is rejected at 0.0205 level, indicating marketing outlays generate future benefits. To test whether multicollinearity poses serious problems, the values of the variance inflation factor (VIF) are calculated. As a rule of thumb, if the resultant values of VIF are less than 5, then multicollinearity is not considered as a serious problem. Reported results indicate that all values of VIF are less than 5.

Table 2
Regression Analysis

Variable	Parameter estimates	Std. error	t-value	Pr > |t|	VIF
Intercept	0.0277	0.0488	0.57	0.5727	0
MFEPS	-0.3645	2.4873	-0.15	0.8840	1.6640
OEXFEPS	-0.5273	0.2590	-2.04	0.0461	4.8679
SFEPS	0.6806	0.2549	2.67	0.0097	4.6202

CONCLUSION

Our findings suggest that marketing outlays constitute an important intangible asset in the hotel industry and behave differently from other expenses. It is important to note that marketing investments so far have been treated as a line expense item in the hotel industry as well as in many other industries. As we indicated before, hotel industry continues investing more in marketing outlays to increase future returns and to build a loyal customer base. Building a loyal customer base is a crucial factor especially in the hotel industry given that hotel customer has many different options when it comes to choose a hotel. Therefore, strategizing the marketing investments can help hotel firms to turn the hotel customer into repeat customers.

Considering the characteristics of the hotel industry and keeping in mind that hotel firms do not extensively invest in research and development, it can be argued that the marketing outlays might be the only most important

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investment that can contribute to intangible assets of the hotel firms. To realize that marketing outlays can be a part of the intangible assets is brand new information to the hospitality managers, analysts and investors. This information can be utilized by these professionals by carefully assessing marketing outlays to correctly allocate them to enable optimized future returns. Furthermore, managers should be confident with marketing outlays' ability to generate future returns when properly employed.

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INTERNATIONALIZATION, CAPITAL STRUCTURE, AND FIRM PERFORMANCE: THE CASE OF HOTEL COMPANIES

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ABSTRACT

This study examined internationalization and financial leverage in a simultaneous equations model to understand how they affected profitability after accounting for the endogeneity between strategic and financial decisions. An analysis of hotel companies showed an inverted U shaped relationship between financial leverage and profitability, implying an optimal leverage pattern for maximum profitability. The study also found that internationalization significantly, but only indirectly, influences the profitability of hotel firms through the moderating role of leverage. This indicates that controlling financial leverage is a more direct strategy than internationalization for improving profitability. However, the result also suggests that strategic perspective should be part of financial decisions.

Key Words: Internationalization; financial leverage; profitability; hotel strategy; strategic management

INTRODUCTION

As business expansion through franchises, management contracts, and strategic alliances is more common, internationalization has become a feasible and cost effective corporate growth strategy for hotel companies (Alexander & Lockwood, 1996). It offers an opportunity for a hotel of reputation to leverage its brand power in new markets. Dunning and McQueen (1982) argued "a trade mark of guaranteed quality provides a powerful competitive advantage for a firm, particularly where customers are purchasing the service in an unfamiliar environment." Despite its importance, however, internationalization has not received much attention in the hospitality literature. The benefits of internationalization can be explained from a resource-based view (Hitt et al., 1997). They argued that, through diversification, firms could gain competitive advantages by exploiting market imperfections and sharing limited firm resources or skills across business units. The resource sharing among business units in turn facilitates exploitation of common sets of core competences to produce synergy. Internationalization, however, is not independent of other strategic corporate decisions. It usually interacts with financial decisions. As Bettis (1983) puts it, a successful corporate strategy requires both strategic and financial considerations. Barton and Gordon (1988) also argued that diversification strategy and financial leverage are closely related even after controlling for relevant firm-specific financial variables. They claimed that capital structure decisions are based on the values and goals of management in combination with external and internal factors. Therefore, the relationship between strategy and financial leverage reflects the complex, idiosyncratic nature of managerial behavior at the individual firm level (Barton & Gordon, 1988). This study aims to simultaneously examine internationalization strategies and financial decisions and their impact on company profitability.

Extant studies have shown that firm profitability (Schmalensee, 1985) and financial leverage (Titman and Wessels, 1988) vary across industries. In addition, because of differences in business nature, theories and models developed primarily for the manufacturing industry might not be directly applicable to the service industry. For example, as a service provider, a hotel company is not able to totally relocate its production to lowest-cost regions because the production and consumption of service occurs in the same place at the same time. Thus, if hotel company-specific strategy is of interest, the relationship between internationalization and financial leverage and their implications for profitability should be re-examined for the hotel industry. Thus, this study proposed hypotheses and tested them using data from hotel companies. The major objectives of this study were 1) to simultaneously examine the effects of internationalization and financial leverage on financial performance in the hotel industry; 2) to investigate the relationships (curvilinear and reciprocal) between internationalization and financial leverage in the context of the hotel industry; 3) to test the moderating effect of financial leverage and internationalization on each other's influence on profitability.

LITERATURE REVIEW

Although many studies have examined the relationships between diversification and financial leverage (Barton & Gordon, 1987; Kochhar and Hitt, 1998; Singh & Nejadmalayeri, 2004) as well as their impact on financial performance (Berger & Patti, 2006; Bettis, 1983; Lee & Jang, 2007; Palich et al, 2000; Phillips & Sipahioglu, 2004; Rumelt, 1982), little has been done on the simultaneous effect of diversification and financial leverage on profitability.

Internationalization and Performance

Strategic asset and core competence[5] synergy are the most popular concepts used to support the benefits of internationalization. By transferring core competences between sub-business units, an international firm is able to accelerate the rate and lower the cost at which it utilizes and accumulates strategic assets (Markides, 1995). Excluding the industry effect, Rumelt (1982) found that the most profitable firms were those that diversified primarily into the areas that drew on some common core skill or resource. Stimpert and Duhaime (1997) also concluded that a limited amount of diversification into related businesses that shared similar opportunities can have a positive impact on performance by allowing firms to make better use of the resources of a core business (Rumelt, 1982) or to share resources across businesses (Chatterjee & Wernerfelt, 1991). Stimpert and Duhaime (1997) argued that simply exploiting existing strategic assets (i.e., reaping economies of scale) will not create a long-term competitive advantage. In a dynamic world, only firms that are able to continuously build new strategic assets faster and more cheaply than their competitors will earn superior returns over the long term and transferring core competences among sub-business units is an efficient way to achieve that goal. Such a rationale could be easily applied to the hotel industry. Through internationalization, a hotel could increase its efficiency and reduce the cost of utilizing and accumulating its strategic assets (brand equity and distribution channels) by transferring core competences (operation and management skills) among sub-business units. In sum, from a strategic asset viewpoint, internationalization could improve the performance of hotel companies.

Risk reduction is another benefit from internationalization (Lewellen, 1971). With less-than-perfectly correlated earnings, the volatility of corporate cash flow would be reduced and so are the cash-flow-associated risks. As a result, internationalized firms have significantly lowered overall capital cost, even though the equity cost rises with the level of internationalization (Singh & Nejadmalayeri, 2004). There are also some costs associated with internationalization. Hitt et al. (1997) postulated that although moderate level of internationalization provides multiple benefits; as geographic dispersion escalates, a great deal of transaction costs, both from internal transactions among managers in geographically diverse units and external transactions with government officials, suppliers, and customers, would rise in order to coordinate the efforts of entering and operating in new markets. Palich et al. (2000) summarized these costs into two categories: 1) the costs of entering new markets and 2) the costs of managing a disparate portfolio of business. For example, as a hotel corporation enters new markets in foreign countries, it would face trade barriers, logistical difficulties, cultural diversity, and differences in employee skills and experience more control-and-effort losses, coordination costs, and internal capital market inefficiency.

Capital structure and performance

Among conventional capital structure theories, the agency cost theory is the most popular explanation for the influence of leverage decision on financial performance (Jensen, 1986). The agency cost theory suggests that financial leverage could improve financial performance because of its disciplinary effect on manager behavior. Agency costs occur when manager self interests do not align with those of shareholders. To preserve personal financial security, managers whose fortune is closely tied to the company through substantial insider ownership may tend to forgo risky ventures even if they are value-added. Moreover, managers may also use free cash flow for "empire building" or corporate perks instead of investing in value creating projects. Through debt creation, managers are contractually bound to service the debt obligation. Failing to fulfill the obligation results in insolvency; managers would also lose personal fortunes. Therefore, higher leverage would push managers to pursue true value-enhance ventures in order to avoid personal losses (Simerly & Li, 2000). In short, financial leverage functions as a corporate governance tool to improve profitability. The risk shifting nature of debt financing provides another

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[5] Following Markides and Williamson's (1994) definition, strategic assets are those "underpin a firm's cost or differentiation advantage in a particular market and that are imperfectly imitable, imperfectly substitutable and imperfectly tradeable." And core competences are defined as "the pool of experience, knowledge and system, etc. that exist elsewhere in the same corporation and can be deployed to reduce that cost or time required either to create a new strategic asset or expand the stock of an existing one."

explanation for the positive impact of leverage on financial performance (Campello, 2006). When a risky venture is financed by debt, profits will go to equity holders if the venture is successful, but debt holders have to sustain the loss if the venture fails. Therefore, through debt financing, the risk of the venture is shifted from equity holders to debt holders. Such risk shifting aligns the interests of shareholders and managers and provides incentives for the firm to use debt financing to increase production for gaining an advantage over their industry rivals. As a result, higher leverage could create better financial performance.

Internationalization and Capital Structure

As Singh and Nejadmalayeri (2004) argued, traditional capital structure theories fail to explain the relationship between various firm-specific characteristics and consequences of financial leverage. Barton and Gordon (1987) were among the first to propose a strategic perspective for studying capital structure decisions. They argued that the relationship between diversification strategy and capital structure reflects the complicated nature of managerial behavior at the individual firm level. Many hypotheses and theories have been proposed to explain the interaction between strategic and financial decisions. The co-insurance effect was first developed by Lewellen (1971) based on conglomerate mergers. He argued that the default risk could be decreased by combining businesses of less than perfectly correlated performance to reach a higher stability of cash flow, and thereby, "debt capacity" would be increased. Therefore, internationalization and leverage would be positively correlated.

However, the non-redeployable asset hypothesis proposed by Kochhar and Hitt (1998) predicts otherwise. They argued that related diversification, such as internationalization, introduces non-redeployable firm-specific strategic assets. In the event of bankruptcy, debt holders can recover only a little of their initial investment because of low liquidating value are unwilling to invest in high firm-specific projects. Therefore, internationalization, which speeds up the accumulation of firm-specific strategic assets, is negatively related to leverage. This rationale is supported by Titman and Wessels' (1988) findings that a firm's leverage was negatively related to a product's uniqueness and the degree to which it required specialized service. The assumption that internationalization introduces non-redeployable firm-specific assets would hold especially well for hotels that employ franchise, strategic alliance, or management contract models for internationalization. Through these methods, hotels would accumulate more non-redeployable intangibles assets, such as brand equity, operational expertise, and distribution channels, as the level of internationalization increases.

HYPOTHESES

Markides (1995) found that refocusing (reduction in diversification) in the 1980s by over-diversified firms is associated with profitability improvement. Stimpert and Duhaime (1997) also suggested that diversification beyond some point yields fewer opportunities to achieve synergies, and extensive diversification is assumed to have a detrimental impact on firm performance. These findings imply that there might be an optimal diversification level, with performance decrements to either side of that point of maximization. Hitt et al. (1997) explained the existence of optimal internationalization by arguing that at some point, the coordination costs would outweigh the benefits derived from sharing resources and exploiting market opportunities. These transaction costs, then, begin to produce diminishing returns to internationalization. Palich et al. (2000) also suggested a curvilinearity model to reconcile the conflicting theories and findings regarding the nature of such a relationship. They claimed that the marginal costs of diversification increase rapidly as diversification hits high levels. Therefore, we hypothesized that there is an optimal level of internationalization for best performance and the relationship is curvilinear.
H1: Internationalization and performance has an inverted U shaped relationship.

Although the agency cost theory suggests that leverage can improve performance; as leverage continues to increase, both debt cost and default risk also increase and eventually exceed the firm's debt service capacity and result in default. Therefore, the relationship between leverage and firm performance is more likely to be curvilinear and there should exist an optimal leverage for firm performance.
H2: Leverage and performance have an inverted U shaped relationship.

In the studies of internationalization's effect on capital structure, evidence for both positive and negative correlation was found. On one hand, Reeb et al. (2001) found that internationalization lowers the risk for debt holders and results in higher leverage. Singh and Nejadmalayeri (2004) also showed that internationalization supports a higher leverage and directly results in reduction of overall cost of capital. On the other hand, Low and Chen (2004) reported that internationally diversified corporations have lower debt ratios than domestic corporations. In addition to the increased coordination costs discussed in the literature review, the negative relationship between

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internationalization and leverage could also be caused by the uncertainties with regard to political and foreign exchange rate risks (Michel & Shaked, 1986). Acknowledging the conflicts among empirical evidence, Chen et al. (1997) proposed that the relationship could be contingent on the nature of the firms. Singh and Nejadmalayeri (2004) also proposed an inverted U-shaped relationship between the degree of internationalization and leverage. In the initial stage of internationalization, firms might be more vulnerable to environment risks, such as exchange rate or political risks, and have higher debt cost. But when firms are established in new markets, risk is greatly reduced so that the cost of debt would decrease and leverage rise.

H3: Internationalization and leverage has an inverted U shaped relationship.

Although most strategic management studies consider corporate strategy as a determinant of capital structure; Jensen's agency cost theory (1986) predicts the direction to be the way around. The theory indicates that capital structure affects corporate governance which, in turn, affects strategies chosen by top executives. Therefore, the true nature of such relationship might be a reciprocal one as explained by Kochhar and Hitt (1998). They argued that due to the usually substantial funds required for diversification investment, firms often need external sources of funding. Therefore, the success of diversification depends, in part, on the financial resources available. Thus altering the financial resource profile of the firm, such as its capital structure, affects the nature of diversification pursued. In other words, the nature of diversification affects capital structure, thus altering the resource profile of the firm, and consequently its capital structure affects the nature of diversification pursued. Since internationalization in the hotel industry usually requires huge amount of external funding, such reciprocal relationship could also exist between internationalization and leverage. The reciprocal relationship also implies that internationalization and capital structure decisions could influence performance indirectly through each other. Therefore, internationalization serve as a media for capital structure decision to exert its influence on performance and internationalization would moderate capital structure decision's impact on performance as well.

H4: Internationalization and financial leverage have a reciprocal relationship.
H5: Internationalization and financial leverage moderates each other's impact on performance.

METHODOLOGY AND DATA

Methodology

The five proposed hypotheses are tested with the following simultaneous equations model. The simultaneous equations model is employed because this study is to test the simultaneous relationships between internationalization, leverage, and profitability. Moreover, as discussed in the literature review, internationalization and capital structure could be interrelated and moderate each other's influence on firm performance. Therefore, a simultaneous equations model consisted of the following three equations for the purpose of this study.

Equation 1: $INTL = \alpha_0 + \alpha_1 LEV + \alpha_2 LEV^2 + AZ_1 + \varepsilon_1$

Equation 2: $LEV = \beta_0 + \beta_1 INTL + \beta_2 INTL^2 + BZ_2 + \varepsilon_2$

Equation 3: $ROA = \gamma_0 + \gamma_1 INTL + \gamma_2 INTL^2 + \gamma_3 LEV + \gamma_4 LEV^2 + \gamma_5 INTL * LEV + \Gamma_3 Z_3 + \varepsilon_3$

, where INTL: level of internationalization; LEV: leverage; ROA: profitability of international hotels measured by Return on Assets; Z_1, Z_2, and Z_3 are vectors of controlling variables of equation 1, 2, and 3 respectively; A, B, and Γ are coefficient vectors for Z_1, Z_2, and Z_3 respectively; ε_1, ε_2, and ε_3 are error terms for equation 1, 2, and 3 respectively.

Markides and Williamson (1994) treated their system of equations as recursive rather than endogenous because they believe that feedbacks in the system occur at sufficiently long lags to allow them to pull out individual equations for separate treatment. In this study, because a firm's leverage and internationalization are intertwined, the accurate impact of internationalization can not be presented without accounting for such interlinks. Econometrically, the remedy for such problem is to use the Seemingly Unrelated Regressions (SUR) procedure, which addresses the existence of contemporaneous correlation between equations (Singh & Nejadmalayeri, 2004). However, the possible reciprocal relationship between internationalization and capital structure decisions also means that endogeneity could exist in the system. Moreover, the inclusion of internationalization and leverage as regressors in the profitability equation (eq. 3) would cause endogeneity problem. The endogeneity will be checked by the Hausman test on all pairwise combinations of three dependent variables: internationalization, leverage, and profitability. If the null hypothesis of none endogeneity is rejected, the Three-Stage Least Squares (3SLS) procedure, instead of the SUR, will be used to account for the possible endogeneity. The 3SLS procedure takes into account the information present both within and across the proposed equations (Davidson & MacKinnon, 2004). The detail procedures of testing hypotheses using the results of 3SLS are outlined as follows: Hypothesis 1 and 2, (*Internationalization and*

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leverage have an inverted U shaped relationship with performance.) can be tested by equation 3. A significantly negative γ_2 would indicate an inverted U shaped relationship between internationalization and performance and γ_4 for leverage likewise. Hypothesis 3 *(Internationalization and leverage has an inverted U shaped relationship.)* is tested by the significance of the coefficients of squared terms, α_2 and β_2. Significant negative signs of α_2 and β_2 would indicate an inverted U shaped relationship. Hypothesis 4 (*Internationalization and leverage have a reciprocal relationship.*) will be supported if the relevant coefficients are significant simultaneously. The significance of α_1 and/or α_2 indicates leverage as a determinant for internationalization, while the significance of β_1 and/or β_2 indicates internationalization as a determinant for leverage. Finally, hypothesis 5 (*Internationalization and leverage moderates each other's impact on performance.*) can be examined using the results of equation 3 by following the procedures layout by Baron and Kenny (1986) as below.

$\gamma_3 \neq 0$ and/or $\gamma_4 \neq 0$, and $\gamma_5 = 0$ Leverage affects performance directly.

$\gamma_3 = 0$ and $\gamma_4 = 0$, and $\gamma_5 \neq 0$ Leverage is a pure moderator on internationalization.

$\gamma_3 \neq 0$ and/or $\gamma_4 \neq 0$, and $\gamma_5 \neq 0$ Leverage is a quasi moderator on internationalization.

The same procedure can be followed to check internationalization's moderating effect on leverage by substituting γ_3 with γ_1, and γ_4 with γ_2.

Data and Variables

The balance sheet and income statement data for the hotel industry (NAICS 721110) between 1990 and 2004 are retrieved from the COMPUTAT database. The segregated revenue data used for constructing internationalization proxy was collected from the COMPUSTAT database's Industry Segment and Geographic Segment tapes. These two sets of data are merged based on company-year. After deleting observations with missing data and outliers, ninety observations from 14 international hotel companies (hereafter, international hotels) and 180 observations from 36 domestic hotel companies (hereafter, domestic hotels) are retained for analysis. The international hotels mean those who made revenues from overseas in this study.

Many existing studies (Berger & Ofek, 1995) have adopted a dummy variable to surrogate the diversification status. The use of dummy variable, especially in a cross-sectional data, would inevitably encompass a wide range of characteristics that can not be controlled in the model. Using the geographical segmentation revenue data, this study was able to measure internationalization as a ratio of non-U.S. revenue to total revenue to test the non-linear relationships between internationalization, leverage, and performance. A higher ratio indicates a firm receives a larger portion of the revenue from overseas. The long-term debt ratio (long-term debt/total assets) was used as a dependent variable to measure leverage behavior in this study because lodging firms usually possess a high percentage of long-term debt to finance fixed assets such as real estate (Arbel, 1990). Moreover, the use of long-term debt, instead of short-term debt, could provide more specific information about the financial leverage behavior of lodging firms because the long-term debt is usually a preferred funding source for growth in the lodging industry, whereas short-term debt is used primarily for current assets and cash shortages (Hovakimian et al., 2001).

Following extant performance studies (Berger & Patti, 2006; Bettis, 1981; Chatterjee & Wernerfelt, 1991; Hitt et al., 1997), return on assets (ROA) was adopted as a proxy for firm performance. Return on equity (ROE) was not chosen because it ignores the impact of other forms of resource invested and could artificially inflated by high leverage, which is confounded with the performance impact of capital structure (Simerly & Li, 2000). Extant literature suggests that the size of a firm may influence its leverage (Barclay & Smith, 1995), decision-making capabilities, and performance (Simerly & Li, 2000). Therefore, the natural logarithm of sales (Hitt et al., 1997; Singh & Nejadmalayeri, 2004) was adopted as the proxy for firm size. Risk is another controlling variable common in all three equations because it could influence manager's choice on the level of diversification (Chatterjee & Wernerfelt, 1991) and leverage (Singh & Nejadmalayeri, 2004). Moreover, profitability could be just a tradeoff between risk and expected return (Berger & Patti, 2006). Therefore, in this study a standard deviation of 3 years of EBIT (Berger & Patti, 2006) was adopted as the proxy for risk. Growth opportunities were found to have significant influences hospitality firms' leverage and profitability (Chathoth & Olsen, 2007). Following Tang and Jang (2007), the market-to-book ratio is adopted in this study to capture the relative value of the growth opportunities viewed by the market. Since PP&E usually serves as inflation-resistant collateral for loans, hotels with high level of PP&E carry a higher debt capacity. Therefore, asset structure measured as a ratio of PP&E to total assets was included in equation 2 to control for internationalization's influence on leverage. Stimpert and Duhaime (1997) also argued that international firms are able to build new strategic assets faster and more cheaply than their competitors by

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transferring intangible assets such as patents, franchising rights, or brand names between sub-business units. Therefore, intangible assets, surrogated by the ratio intangible assets to total assets, was included in equation 1 to control for capital structure's influence on profitability.

Table 1
Summary of equations and corresponding variables

Controlling variable	Measurement	Eq (1)	Eq (2)	Eq (3)
Internationalization	international revenues / total revenues	D	I	I
Leverage	long-term debt / total assets	I	D	I
Profitability	ROA			D
Size	ln(sales)	C	C	C
Risk	ln(standard deviation of 3-year EBIT)	C	C	C
Growth potential	ln(market value / book value)		C	C
Asset structure	PPE / total assets		C	
Intangible assets	Intangible assets / total assets	C		

Note: D: dependent variable; I: independent variable of interest; C: controlling variable

RESULTS

Contrary to the hypothesis that internationalization could reduce earnings volatility, international hotels have shown significantly higher earnings volatility (Table 2). Meanwhile, international hotels maintain a lower leverage, which might be a result of the reduced debt capacity due to high earnings volatility. The extra volatility in international hotels' earnings may come from the exposure to foreign exchange rate and political risks (Burgman, 1996; Singh & Nejadmalayeri, 2004). The emerging markets that hotels have been ardently pursuing in recently years especially bear more currency and political risks than more stable U.S. home market. As a response to the increased foreign exchange risk, internationally diversified firms usually arrange loans in local currencies to hedge the fluctuation of the exchange rate (Singh & Nejadmalayeri, 2004).

International hotels also exhibited significantly lower fixed assets and higher intangible assets than domestic hotels. This could be the result of hotel's increasing usage of franchises, management contracts, and strategic alliances. With these expansion strategies, hotels do not need to invest own capital in the fixed assets. On the contrary, the hotel would have more incentives to invest in intangible assets such as brand equity, operation expertise, or reservation system. Because intangible assets (such as brand equity, operational expertise, and distribution channel) are usually firm specific assets that have low liquidity and redeployable value, debt holders would bear higher risk and cost to invest in highly internationalized hotels. Therefore, as the level of intangible assets increases with the level of internationalization, the debt capacity would decrease. Interestingly, international hotels were found to be not different from domestic hotels in terms of profitability. In the risk-return framework, such result implies that the overall risk of international and domestic hotels is not different. Therefore, it can be inferred that the extra risk associated increased earnings volatility is offset by the risk reduced from lower leverage. In other words, hotels would balance the risk from business (earnings volatility) and financial activities (financial leverage) to control the overall risk.

Table 2
Descriptive statistics and independent samples t-test

	International		Domestic		Int'l – Domestic
	Mean	S.D.	Mean	S.D.	t statistic
INTL	.39974	.348793	0	0	10.873***
LEV	.28799	.150904	.35114	.268753	-2.506**
ROA	.02772	.058348	.01729	.145999	0.653
SIZE	6.69791	1.868311	4.27302	2.041269	9.527***
RISK	2.8640	1.72144	1.02155	2.108451	7.755***
Q	.0279	.47641	-.05461	.552964	1.217
PPE	.48538	.259835	.64165	.292248	-4.291***
INTG	.10013	.137984	.02788	.058660	4.767***

Note: 1. ***: significant at 1%; **: significant at 5%; *: significant at 10%

Before proceeding to the system of equations analysis, Hausman tests were conducted to check the endogeneity in order to choose the appropriate analysis procedure. Although internationalization (p-value: 0.1238) and leverage (p-value: 0.2802) were not found to be endogenous with ROA, internationalization and leverage decisions are indeed endogenous (p-value: 0.0002). Consequently, the 3SLS was employed to analyze the system of equations and the results are presented in Table 3. Because the coefficients of leverages terms in equation 1 and the square term of internationalization in equation 2 are simultaneously significant, Hypothesis 3 and 4 are supported. The inverted U shaped relationship indicates the existence of optimal internationalization, at which the leverage level is maximized. Theoretically, it can be explained as that while internationalization could generate coinsurance effect (Lewellen, 1971) to allows a higher leverage, potential default costs of creditors also increase as well because higher level of non-redeployable intangible assets (i.e. brand equity, operational expertise, and distribution channels) accumulate in the process of internationalization (Markides, 1995). Moreover, the reciprocal relationship dictates that leverage exerts its influence on internationalization in the same fashion and an optimal leverage for maximum internationalization exists. Such results signify the influences of financial decisions and financial resources on strategic decisions.

By examining the effects of internationalization and leverage on profitability in the same model, this study discovered a phenomenon that is not reported in extant studies. Internationalization does not directly affect profitability given the presence of leverage but is a pure moderator on internationalization's influence. The above conclusion is supported by the results of profitability equation (equation 3), which shows that both internationalization terms are not significant but the square term of leverage and its interaction term with internationalization are significant. It suggests that business hedging, such as diversifying into foreign markets, might not contribute to the profitability if financial control is in place. In other words, controlling financial risk through leverage is a more direct and efficient way to improve profitability than controlling business risk through diversification. However, because internationalization moderates leverage's influence on profitability, the financing decisions must be made with the consideration of consequences from internationalization. The coefficient of the interaction term show that for every unit of increase/decrease of internationalization, the coefficient of leverage increases/decreases by 0.199. Leverage would have a greater influence on ROA for hotels of higher level of internationalization. Such results indicate that although internationalization does not directly contribute to ROA in the presence of leverage, it does interact with leverage and moderate leverage's effect on ROA.

Table 3
The Results of Three-Stage Least Squares Analyses

	Eq 1: INT'L		Eq 2: LEV		Eq 3: ROA	
	Coef.	S.E.	Coef.	S.E.	Coef.	S.E.
INTL			-0.128	0.144	-0.005	0.038
INTL2			-0.420***	0.038	0.027	0.027
LEV	1.696***	0.393			-0.103	0.071
LEV2	-3.081***	0.283			-0.136**	0.063
INTL*LEV					0.199**	0.090
SIZE	-0.030	0.038	-0.041**	0.017	0.008	0.005
RISK	0.053	0.039	0.042**	0.019	-0.015**	0.006
Q			-0.015	0.027	0.060***	0.010
PPE			0.437***	0.082		
INTG	-1.147***	0.249				
Intercept	0.397*	0.223	0.401***	0.094	0.034	0.039
System weighted R2		0.8097				

The significance of the square leverage term suggests the existence of optimal leverage at which profitability is maximized. This result is consistent with conventional capital structure theories, which states that in a world with "friction" such as tax and interest, there exists an optimal leverage, at which benefits and costs of carrying debt are balanced. That is, when a firm starts to use debt, it enjoys tax shelter created by the interest paid to the debt and improves its profitability. However, as the firm continues to increase its leverage, the debt obligation would eventually exceed the firm's debt serving ability and result in high default risk. The costs of high default risk then would outweigh the benefits of tax benefits. Consequently, managers who have invested interest in the firm would try to maintain an optimal leverage that balances the benefits and costs.

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CONCLUSIONS

In summary, internationalization does not directly affect profitability given the presence of financial leverage, which has an inverted U-shaped relationship with profitability. The influence of internationalization on profitability is only indirectly through leverage decisions. The practical implication is that controlling financial risk by adjusting leverage is a more direct and efficient way than controlling business hedging through internationalization to achieve better profitability. However, financial decisions should be made in conjunction with strategic considerations because strategies such as internationalization still indirectly affect profitability through moderating leverage's profitability impact. The data shows that hotels managers might have already made decisions in such fashion since endogeneity between leverage and internationalization is evident. Another important finding of this study is that the relationship between leverage and profitability are curvilinear, an inverted U shaped one to be specific. This indicates that there is a limit of improving profitability by controlling financial leverage. Pushing financial leverage over optimal level could incur far more costs than benefits.

The finding that international hotels have higher earnings volatility than domestic hotels is contrary to the co-insurance effect suggested by Lewellen (1971). Such contradiction could result from the increased exposure to foreign exchange or political risks as suggested by Singh and Nejadmalayeri (2004). This inconsistency between theory and empirical evidence awaits further investigation. It could be conducted by breaking down the risks associated with internationalization and examining the relationships between them. Furthermore, the understanding on the relationships between internationalization, leverage, and profitability can be further enhanced by examining these relationships from risk perspective.

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FINANCIAL PORTFOLIO APPROACH TO OPTIMAL TOURIST MARKET MIXES: AN APPLICATION TO TAIWAN

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ABSTRACT

This study applied a financial portfolio theory to estimate optimal market mixes to minimize the instability of the inbound tourist market demand. An empirical analysis was applied to inbound tourists to Taiwan. The results based on the portfolio analysis can shed light on the issue of diversification in the tourism markets and offer the tourism authorities and policy-makers explicit guidelines for risk management in the destination planning process. Consequently, the use of the optimal mixes with various return/risk options can facilitate a more stable pattern of arrivals from foreign countries.

Key Words: Financial portfolio theory; optimal market mix, inbound tourists; Taiwan.

INTRODUCTION

International tourism plays a significant role in the economic development of many destination countries. It becomes an important source of business activities, contributing to income and employment generation. The tourism industry, however, is subject to considerable instability of demand (Sinclair, 1999). It is a desirable phenomenon for tourist arrivals to keep increasing and contributing to the growth of income and employment. But if the arrivals decrease, that could cause an adverse impact on the local economy. Such an adverse effect can be especially substantial if a sharp decrease in international arrivals happens to one of the primary tourist markets. Accordingly, efforts should be made to alleviate the level of fluctuation in tourism demand. In this respect, the goal of volatility management for tourist arrivals from different source countries needs to be incorporated into the tourism planning process. That is, a destination country should attract a distribution of nationalities, such that the total level of volatility in tourist arrivals is minimized. The instability of demand for international tourism may result from many variables, such as changes in exchange rates, prices, economic upheavals, political unrest, and promotional activity (Sinclair, 1999). The instability pattern of arrivals can be different by nationality because each country shows different sensitivity to the changes of the variables (Board, Sinclair, & Sutcliffe, 1987). Under the situations of economic, political, and social changes, different tourist nationalities are associated with different levels of volatility, or risk, as measured by the variations in demand. Policy makers who are in charge of the long-term development of the tourism industry should make good use of available resources to attract a distribution of tourists by nationalities, which will minimize the volatility of tourism demand.

The instability minimizing issue in tourism demand is quite similar to a situation when stock investors try to choose optimal portfolios that minimize return volatility. Mutual fund managers decide optimal stock mixes that minimize return volatility (risk), based on a financial portfolio theory. In general, the portfolio theory is used in the stock market to assist investors in choosing the proportion of their total investment budgets to allocate to different securities. Likewise, tourism policy makers may borrow the portfolio theory for deciding optimal market mixes. In developing a financial portfolio theory, Markowitz (1952, 1959), the 1990 Nobel Laureate in economics, as a result of proposing the theory, suggested that particular combinations of securities could reduce the overall level of instability of returns, because each security has a unique level of risk and expected return. He defines risk as a variation in return in the theory. Simply put, the portfolio theory recommends that investors construct security mixes that have minimum risks for any level of return, or maximum return for any level of risk. In the contemporary finance world, the portfolio theory becomes the most popular tool to assist in obtaining the risk-minimizing portfolios of securities, given the expected returns of the individual securities. Sets of these optimal portfolios comprise an efficient frontier, which specifies the maximum return for any risk level from the investments available. Among the optimal points on the efficient frontier, some investors may prefer lower risk, lower return portfolios; others, medium risk and medium return portfolios. Still others may choose high risk, high return portfolios. Given

the knowledge of the investor's return/risk trade-off and estimates of the expected return and risk associated with each security, portfolio analysis can determine optimal mixes of securities for the investor (Board, Sinclair, and Sutcliffe, 1987).

The basic principles of the financial portfolio theory can be applied to solutions to optimal foreign tourist market mixes. Similar to stock markets, tourist markets have different levels of return (arrivals) and risk (instability). As in selecting an optimal combination of securities, portfolio analysis can assist with determining the optimal tourist market mixes to minimize variance in demand. The application of the financial portfolio theory is not absolutely new in travel and tourism research, but only a few studies have used the theory for optimizing regional tourism (Board et al., 1987; Board & Sutcliffe, 1991; Sinclair, 1999) and mitigating seasonality (Jang, 2004), until recently. The uniqueness of this research among the few studies using the financial portfolio theory in tourism is that it attempted to segment foreign tourists by a nationality market, as often is done in the industry, and to propose an efficient frontier to tourism authorities, so that they can utilize the frontier as a long-term guide as to where they need to be headed. Thus, the primary goal of this research was to propose and demonstrate a practical tool that would assist the tourism industry in understanding optimal foreign tourist market mixes through the financial portfolio technique. This study explored the volatility and tourist arrivals associated with Taiwanese inbound tourist markets and applied the financial portfolio theory to estimate optimal market mixes to minimize the instability of tourist demand. Each portfolio is associated with a different expected level of arrivals and level of instability, depending on the weight taken by its component markets. The optimal mix solutions sought in this study were based upon the tourist arrivals in Taiwan, 1996–2005 (ten-year period).

INBOUND TOURISM DEMAND AND TAIWANESE ECONOMY

Traditionally, Taiwan has been known as an exports-oriented economy (Sengupta & Espana, 1994), and the tourism sector has never been considered as a leading industry in Taiwan. Nonetheless, Kim et al. (2006) have showed that the tourism industry has been another major contributing factor of the Taiwanese economy. According to the annual statistics from the Tourism Bureau of Taiwan (2003, 2004), tourism revenues accounted for 4.39 percent of the gross domestic product (GDP) in 1996 and 5.31 percent of the GDP in 2001. Those figures had exceeded the contribution of the agricultural sector to GDP in each corresponding year, showing that the tourism industry has become one of the major industries in Taiwan. In 2002, the Taiwanese government introduced the Doubling Tourist Arrivals Plan in order to promote the Taiwanese tourism. The Doubling Tourist Arrivals Plan aims to double the number of foreign tourist arrivals to Taiwan, luring five million foreign visitors to Taiwan by the year 2008, and hence, energize the job market and the overall economy via the tourism expansion. In 2005, an unprecedented 3.38 million foreign tourists visited Taiwan, moving a step closer toward the goal of the Doubling Tourist Arrivals Plan. To attract more foreign tourists, the Tourism Bureau further introduced another tourism promotion plan in 2005, the Tourism Flagship Plan, to promote the nation's top attractions and cultural festivals (Tourism Bureau of Taiwan, 2005).

As shown in Tables 1 and 2, Taiwan's tourism demand, measured by the total tourist arrivals, demonstrates a sustained growth over the last ten years, except for the years 1998, 2001, and 2003, due to the 1997–98 Asian financial crisis, September 11 terrorist attacks in 2001, and the outbreak of severe acute respiratory syndrome (SARS) in 2003, respectively. The number of foreign tourist arrivals in Taiwan increased from 2,358,221 in 1996 to 3,378,118 in 2005, with an average growth rate of 4.81 percent. During the ten-year period, the number of tourist arrivals by country of origin (nationality) in Table 1 shows the dominance of the Japanese market, which accounts for 34.7 percent of all visitors. Hong Kong is the second largest market (13.7 percent), followed by the U.S. (12.8 percent), Thailand (4.5 percent), South Korea (4.0 percent), and Singapore (3.8 percent). The tourist arrivals from the top six markets account for 73.4 percent of all foreign visitors to Taiwan for the period from 1996 to 2005. We further find that the tourist arrivals from Japan, South Korea, and Malaysia/Indonesia dropped during the 1997–98 Asian financial crisis, and that the tourists from the U.S., Thailand, South Korea, the Philippines, Malaysia/ Indonesia, Europe, and other inbound markets decreased due to the terrorist attacks in 2001. Moreover, the tourist arrivals from most of countries, except for South Korea, the Philippines, and others, were seriously impacted by the SARS outbreak in 2003 (the overall decreasing rate: 17.55 percent). The tourist arrivals from Singapore, Malaysia/Indonesia, South Korea, and Hong Kong expanded over the ten-year period, and their corresponding average growth rates (10.75 percent, 9.60 percent, 7.41 percent, and 7.02 percent, respectively) were all greater than that of the total tourist arrivals (4.81 percent). It is also observed that the standard deviation (volatility or risk) in most of the individual markets, except for Thailand, is higher than that of the overall foreign tourist market. Especially, the volatility of the South Korean market is more than twice of the aggregate market volatility.

Table 1
Foreign tourist arrivals in Taiwan by nationality market: 1996- 2005

Year	Japan	Hong Kong	USA	Thailand	South Korea	Singapore	Philippines	Malaysia and Indonesia	Europe	Others	Total foreign tourist arrivals
1996	918 (38.9%)	263 (11.1%)	290 (12.3%)	121 (5.1%)	127 (5.4%)	78 (3.3%)	112 (4.7%)	106 (4.5%)	152 (6.5%)	191 (8.1%)	2,358 (100%)
1997	906 (38.2%)	260 (10.9%)	304 (12.8%)	122 (5.1%)	99 (4.2%)	82 (3.4%)	119 (5.0%)	109 (4.6%)	159 (6.7%)	212 (8.9%)	2,372 (100%)
1998	827 (36.0%)	280 (12.2%)	309 (13.4%)	129 (5.6%)	63 (2.7%)	87 (3.8%)	126 (5.5%)	97 (4.2%)	160 (7.0%)	221 (9.6%)	2,299 (100%)
1999	826 (34.3%)	320 (13.3%)	318 (13.2%)	138 (5.7%)	76 (3.2%)	86 (3.6%)	123 (5.1%)	129 (5.4%)	162 (6.7%)	233 (9.7%)	2,411 (100%)
2000	916 (34.9%)	361 (13.8%)	360 (13.7%)	133 (5.1%)	84 (3.2%)	95 (3.6%)	84 (3.2%)	165 (6.3%)	161 (6.1%)	265 (10.1%)	2,624 (100%)
2001	971 (37.1%)	431 (16.5%)	339 (13.0%)	117 (4.5%)	83 (3.2%)	97 (3.7%)	69 (2.6%)	146 (5.6%)	148 (5.7%)	214 (8.2%)	2,615 (100%)
2002	986 (36.2%)	462 (17.0%)	354 (13.0%)	106 (3.9%)	80 (2.9%)	107 (3.9%)	74 (2.7%)	152 (5.6%)	147 (5.4%)	258 (9.5%)	2,726 (100%)
2003	657 (29.2%)	323 (14.4%)	273 (12.1%)	98 (4.4%)	93 (4.1%)	79 (3.5%)	80 (3.6%)	105 (4.7%)	119 (5.3%)	421 (18.7%)	2,248 (100%)
2004	887 (30.1%)	417 (14.1%)	383 (13.0%)	103 (3.5%)	148 (5.0%)	117 (4.0%)	87 (2.9%)	137 (4.6%)	165 (5.6%)	506 (17.2%)	2,950 (100%)
2005	1,124 (33.3%)	433 (12.8%)	391 (11.6%)	94 (2.8%)	183 (5.4%)	166 (4.9%)	92 (2.7%)	195 (5.8%)	172 (5.1%)	528 (15.6%)	3,378 (100%)
Total	9,019 (34.7%)	3,549 (13.7%)	3,319 (12.8%)	1,160 (4.5%)	1,035 (4.0%)	994 (3.8%)	967 (3.7%)	1,343 (5.2%)	1,546 (5.9%)	3,049 (11.7%)	25,981 (100%)

Note: 1. Numbers in parenthesis are mean market shares in the overall foreign tourist market. 2. Unit: Thousands

Table 2
Growth rate of foreign tourist arrivals (%)

Residency	Japan	Hong Kong	USA	Thailand	South Korea	Singapore	Philippines	Malaysia and Indonesia	Europe	Others	Total foreign tourist arrivals
1997	-1.35	-1.11	4.74	1.12	-21.81	4.35	7.05	2.17	4.49	11.23	0.59
1998	-8.71	7.80	1.57	5.26	-36.42	6.34	5.53	-10.75	0.59	4.26	-3.10
1999	-0.05	14.26	3.05	7.34	20.67	-1.35	-2.60	33.25	0.96	5.32	4.90
2000	10.90	12.97	13.13	-3.47	9.96	10.55	-31.64	27.59	-0.49	13.55	8.82
2001	5.99	19.17	-5.60	-12.59	-1.25	1.98	-17.80	-11.51	-8.24	-19.00	-0.36
2002	1.53	7.39	4.33	-9.12	-3.06	10.96	7.44	3.68	-0.62	20.24	4.28
2003	-33.37	-30.11	-22.94	-7.00	15.89	-26.67	7.76	-30.72	-19.06	63.25	-17.55
2004	35.04	29.06	40.30	4.78	59.43	48.42	8.72	30.29	38.79	20.30	31.25
2005	26.71	3.75	2.12	-9.24	23.24	42.19	5.83	42.45	4.58	4.36	14.50
Mean	4.08	7.02	4.52	-2.55	7.41	10.75	-1.08	9.60	2.33	13.72	4.81
Standard deviation	19.81	16.50	16.69	7.38	27.77	22.62	14.23	24.91	15.53	21.98	13.31

FINANCIAL PORTFOLIO THEORY AND OBJECTIVE FUNCTION

To apply the portfolio theory to the foreign tourist market for Taiwan, we needed to divide the market into primary submarkets. In this study, we examined ten individual markets (nationalities) including Japan, Hong Kong, the USA, Thailand, South Korea, Singapore, the Philippines, Malaysia/Indonesia, Europe, and others (all other countries). We further considered that the expected return and variance of any optimal solution in a portfolio model depends on a combination of the above markets' demands. To quantify the individual market demands, we considered both the growth rates of arrivals from different countries and the numbers of tourist arrivals. We decided, however, not to use the growth rates, because resultant mixes may not be practically meaningful solutions for Taiwan. If growth rates are used, high growth rate of Singapore (e.g., 10.75 percent) is treated as higher return rather

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than the less high growth rate of Japan (e.g., 4.08 percent), which indicates that Singapore is a much more important market than Japan, despite its small market size. In reality, however, Japan, which generates more arrivals (return), should be treated more importantly. In other words, the optimal solutions are decided purely by the variance-covariance combination of growth rate, assuming that the number of arrivals from countries is almost the same. Thus, using the growth rates may lead to erroneous solutions for Taiwan. Therefore, the study decided to use the number of arrivals to Taiwan for individual countries (markets). The weight of each individual market within the portfolio also will play an important role in determining the overall arrivals. First of all, the expected return (mean arrivals) of a portfolio comprising *n* markets is the weighted average of the expected return of each market in the portfolio:

$$E(r_p) = \sum_{i=1}^{n} w_i E(r_i),\tag{1}$$

, where $E(r_p)$: the expected return of the portfolio, w_i: the proportion of market *i* in the portfolio, $E(r_i)$: the expected return on market *i*, *n*: the number of markets in the portfolio.

Second, the variance of returns of the portfolio depends on the variance and covariance of markets in the portfolio. For the case of a two-market portfolio, the variance of the portfolio returns can be expressed as:

$$Var(r_p) = \sigma_p^2 = w_1^2 \sigma_1^2 + w_2^2 \sigma_2^2 + 2w_1 w_2 Cov(r_1, r_2),\tag{2}$$

, where $Var(r_p)$: the variance of returns of the portfolio, σ_i^2: the variance of returns of market *i*, $Cov(r_1, r_2)$: the covariance of returns between markets 1 and 2, which measures the extend to which returns of markets 1 and 2 move together,

$$Cov(r_1, r_2) = \rho_{12} \sigma_1 \sigma_2,$$

ρ_{12} : the correlation coefficient between returns of markets 1 and 2,

w_1 and w_2 : the weights of markets 1 and 2 respectively, where $w_1 \geq 0$ and

$w_2 \geq 0$ and $w_1 + w_2 = 1$.

When $Cov(r_1, r_2) = 0$, returns of markets 1 and 2 are uncorrelated. It is obvious that the variance of the portfolio returns would be:

$$Var(r_p) = w_1^2 \sigma_1^2 + w_2^2 \sigma_2^2.\tag{3}$$

Since $0 \leq w_1 \leq 1$ and $0 \leq w_2 \leq 1$, thus $w_1^2 \leq w_1$ and $w_2^2 \leq w_2$. Accordingly, the variance of returns of the portfolio would be less than the weighted sum of the variances of the individual markets. When $Cov(r_1, r_2) < 1$, then the variance of the portfolio will be less than the weighted sum of the individual markets. Apparently, if the arrivals from different markets are negatively correlated, the benefits (reduction in portfolio variance) from diversification will be greater. When $Cov(r_1, r_2) = -1$ (perfectly negative correlation), the portfolio variance will fall to zero.

To find all possible efficient portfolios, we need to calculate the expected arrivals and variance of each market and the pair-wise covariance between markets. After we computed the expected arrivals and the variance/covariance matrix, the problem is reduced to the optimization of a quadratic function subject to constraints. The variance and expected returns of individual efficient portfolios can be calculated based on the following model:

Objective function: Min $\sum_{i=1}^{n} w_i^2 \sigma_i^2 + \sum_{i=1}^{n} \sum_{j=1, j\neq i}^{n} w_i w_j Cov(r_i, r_j),\tag{4}$

Subject to:

$$\sum_{i=1}^{n} w_i = 1\tag{5}$$

$$\sum_{i=1}^{n} w_i E(r_i) = E(r_p)\tag{6}$$

$$w_i \geq C1i, \quad i = 1,\ldots, n \qquad \text{and} \tag{7}$$

$$w_i \leq C2i, \quad i = 1,\ldots, n. \tag{8}$$

When varying the expected arrivals of the portfolio $E(r_p)$, the algorithm given above will enable us to identify the composition of a range of portfolios, from the one with the highest expected arrivals to the minimum variance portfolio. This allows tourism marketers to select the level of risk and expected arrivals that are consistent with their preferences. For the constraints of each market, as given in Equations 7 and 8, we decided that the weights (w_i) of individual markets have upper limits and lower limits in a subjective way, as tourism marketers usually do. To allow the flexibility of changes in weights for markets, we used the highest possible market weights as upper constraints, set by the highest market shares during the last ten years times 1.5 (assuming 50 percent growth in market share), whereas we employed the lowest market weights as lower constraints, decided by the lowest market shares during the same ten-year period minus 50 percent of the lowest market shares (assuming 50 percent loss). (See upper limits and lower limits in Table 4.) Again, the 50 percent growth and loss assumptions for this study are subjective decisions by the authors for Taiwan, so other constraints can be applied to different destinations in practice, depending upon their unique situations and prospects. In addition, different level of constraints can be applied to individual markets, if necessary.

Table 3
Mean yearly arrivals, standard deviation, and variance-covariance matrix by nationality

(Unit: thousand)

Variance- Covariance Matrix	Japan	Hong Kong	USA	Thailand	South Korea	Singapore	Philippines	Malaysia and Indonesia	Europe	Others
Japan	13,339	4,503	3,169	(358)	2,130	2,164	(468)	2,598	1,056	1,713
Hong Kong	4,503	5,270	2,159	(568)	728	1,258	(1,174)	1,670	92	4,219
USA	3,169	2,159	1,419	(167)	681	794	(318)	959	337	2,415
Thailand	(358)	(568)	(167)	208	(329)	(218)	168	(138)	53	(1,364)
South Korea	2,130	728	681	(329)	1,266	669	(93)	504	196	3,225
Singapore	2,164	1,258	794	(218)	669	637	(163)	622	183	2,211
Philippines	(468)	(1,174)	(318)	168	(93)	(163)	414	(315)	113	(907)
Malaysia and Indonesia	2,598	1,670	959	(138)	504	622	(315)	876	183	1,649
Europe	1,056	92	337	53	196	183	113	183	197	147
Others	1,713	4,219	2,415	(1,364)	3,225	2,211	(907)	1,649	147	14,964
Mean Yearly Arrivals (A)	901.9	354.9	331.9	116.0	103.5	99.4	96.7	134.3	154.6	304.9
Standard Deviation (Risk) (B)	115.5	72.6	37.7	14.4	35.6	25.5	20.3	29.6	14.0	122.3
Coefficient of Variance (CV) (B/A)	0.13	0.20	0.11	0.12	0.34	0.25	0.21	0.22	0.09	0.40
Risk-adjusted Mean Arrivals (A/B)	7.8	4.9	8.8	8.0	2.9	3.9	4.8	4.5	11.0	2.5

Note: 1. Parenthesis means negative numbers. 2. Others in the last column mean all other countries that are not included in the previous

RESULTS

Before seeking optimal tourist market mixes, mean yearly arrivals of markets and their variance/covariance matrix were calculated and presented in Table 3. Mean arrival represents the demand size of each tourist market. Each market showed a different level of demand during the ten-year period. The Japanese market had the highest mean arrivals, followed by Hong Kong and the U.S. Among major foreign tourist markets, Thailand, South Korea, Singapore, and the Philippines appeared to be relatively small markets for Taiwan. It was noteworthy, however, that the bigger the mean arrivals, the greater the variance in arrivals on average. For example, Japan showed a mean arrival of about 901,900, but its standard deviation was also the largest, which indicated the most serious instability over the period. On the other hand, Thailand's mean visitors to Taiwan were about 116,000, but its variability was close to the lowest, meaning that Thailand was almost the least volatile market. To concurrently understand the

demand and instability level of each market, the *coefficient of variance* (CV), which is the standard deviation divided by its mean (the mean arrival in this study) can be used (Brigham & Gapenski, 1988). The standard deviation simply measures the dispersion of the expected arrivals around the mean, while the CV serves as an instability-to-arrival ratio. The CV indicates the relative risk per arrival, and it provides a more meaningful basis for comparison when the mean arrivals of markets are not the same. As presented in Table 3, Europe, the USA, Thailand, and Japan show the lowest levels of CV, indicating the least relative instability of demand. In the similar respect, risk-adjusted mean arrival, which is mean arrival divided by standard deviation, indicates the relative demand level of each market after adjusting instability. Mathematically, risk-adjusted mean arrival is simply a reciprocal of CV. Thus, Europe, the USA, Thailand, and Japan are at the highest level, meaning that the four markets are the highest expected arrivals after considering instability. As presented in Table 3, the signs of the covariance were mostly positive, except for Thailand and the Philippines, indicating that tourist arrivals of most markets were positively correlated over the ten-year period. In applying the financial portfolio theory, negative or low positive correlation among the markets can effectively reduce the instability of arrivals. Some instability reduction effects, however, can be still expected if markets are not perfectly correlated. To obtain the minimum variance and covariance at a certain level of mean arrival subject to constraints, quadratic programming (QP) was used in this study, as explained in the previous section. There are many software packages available for QP, and we used the Solver program, which was developed as an extended version of Microsoft Excel for optimization problems.

Table 4
Optimal foreign tourist market mixes

Point	Japan	Hong Kong	USA	Thailand	South Korea	Singapore	Philippines	Malaysia and Indonesia	Europe	Others
A	14.6%	5.5%	6.7%	8.6%	8.1%	7.4%	8.2%	9.5%	10.5%	21.0%
B	14.6%	5.5%	17.8%	8.6%	8.1%	7.4%	8.2%	9.5%	10.5%	9.9%
C	14.6%	6.0%	20.6%	8.6%	8.1%	7.4%	8.2%	9.5%	10.5%	6.6%
D	14.7%	6.1%	20.6%	8.5%	8.1%	7.3%	8.2%	9.4%	10.4%	6.6%
E	15.5%	7.7%	20.6%	8.6%	8.1%	7.4%	8.2%	9.5%	10.5%	4.0%
F	21.1%	5.8%	20.6%	8.6%	8.1%	3.7%	8.2%	9.5%	10.5%	4.0%
G	26.7%	8.4%	20.6%	8.6%	7.2%	1.7%	8.2%	4.2%	10.5%	4.0%
H	34.6%	8.4%	20.6%	8.6%	1.4%	1.7%	8.2%	2.1%	10.5%	4.0%
I	40.4%	5.5%	20.6%	8.6%	1.4%	1.7%	8.2%	2.1%	7.5%	4.0%
J	47.6%	5.5%	18.3%	8.6%	1.4%	1.7%	8.2%	2.1%	2.6%	4.0%
K	56.4%	5.5%	9.6%	8.6%	1.4%	1.7%	8.2%	2.1%	2.6%	4.0%
L	58.4%	7.3%	5.8%	8.6%	1.4%	1.7%	8.2%	2.1%	2.6%	4.0%
UL	58.4%	25.4%	20.6%	8.6%	8.1%	7.4%	8.2%	9.5%	10.5%	28.1%
LL	14.6%	5.5%	5.8%	1.4%	1.4%	1.7%	1.3%	2.1%	2.6%	4.0%

Note: UL and LL denote the upper limit (C1i) and lower limit (C2i).

There could be an infinite number of optimal market mixes available to satisfy the objective of QP and its constraints. As shown in Table 4, a set of the mix solutions were found for obtaining the minimum variances of mean market arrivals. With the upper and lower limits of Table 4, point A was identified with mean yearly market arrivals of 300 and its standard deviation of 42.79. As mean arrivals go up following points B and C, standard deviations go down, unlike our expectation, indicating that points A and B are not optimal mixes. At point C, the minimum variance portfolio, which offers a standard deviation of 35.62 and an expected mean market arrival of 304, was achieved under the upper and lower constraints. At that point, the U.S. should top the market share (20.6 percent), followed by the Japanese market (14.6 percent), Europe (10,5 percent), and Malaysia/Indonesia (9.5 percent). To achieve point C, when compared to the year 2005 data, Taiwan should increase arrivals from the U.S., Thailand, South Korea, Singapore, the Philippines, Malaysia/Indonesia, and Europe, whereas it should decrease arrivals from Japan and Hong Kong. The point warrants the most stable arrivals across the markets but the least arrivals are expected. As the volatility level increases, Japanese market share seems to keep growing. At point F, the Japanese market becomes the largest (21.1 percent), with a rapid drop of Singapore. When the volatility level goes

up following points G, H, and I, the market shares of South Korea, Singapore, Malaysia/Indonesia, and Europe rapidly decrease, while the Japanese market quickly captures the share. At point I, Japanese tourist arrivals show more than a 40 percent share out of the overall markets, but Hong Kong, South Korea, Singapore, and Malaysia/ Indonesia decrease down to their bottom constraints. That is, in order to realize point I, Taiwanese tourism authorities need to focus on Japan, the USA, Thailand, the Philippines, and Europe. At points J and K, the Japanese market continues growing but the USA and Europe lose their shares. At point L, the greatest mean arrival (647) is achieved but instability (81.03) is also maximized. To achieve point L, Taiwan should focus on the Japanese market (58.4 percent), maintaining efforts on Thailand (8.6 percent) and Philippines (8.2 percent) but minimizing weights for the rest of the countries. Overall, the extreme risk-taking policy makers would pursue the point L, by seeking the suggested market shares at L, so that they can make the largest arrivals possible. On the other hand, extreme risk-avoiders will seek point C to make their instability level lowest.

Figure 1
Efficient frontier for optimal tourist market mixes
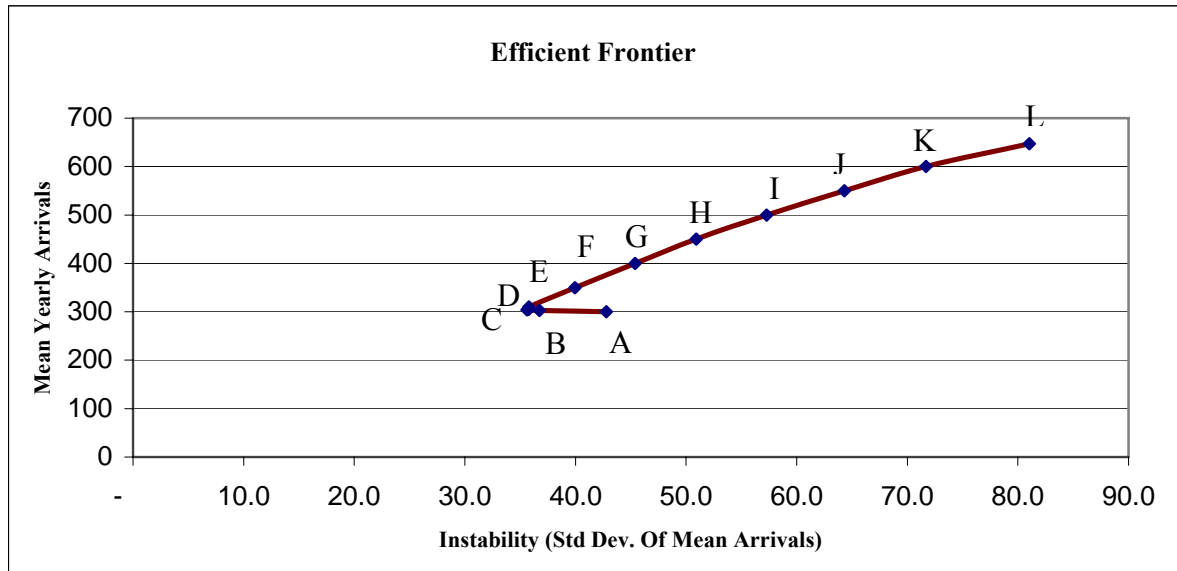
Arrival-Instability Ratio (AIR) was then calculated as mean yearly market arrival divided by standard deviation to measure the relative arrival level after adjusting instability. The ratio is expected to provide better information for comparison because it considers arrivals and instability at the same time. The points F, G, H, and I were identified as the highest level, all above 8.7 in the AIR. Thus, as optimal foreign tourist arrivals, selecting one point between F and I, depending on the destination's demand-instability preference, is appropriate. If the policy makers, however, have strong preference to the high-arrival/high-instability option or low-arrival/low-instability mix, they can choose point L or C, respectively. Based upon the arrival data, mean market arrivals for year 2005 (463.7) were calculated using a weighted average method of summing products of arrival from each country and its weight. Since the total arrival of 2005 was 3.378 million, expected total market arrivals from foreign countries were estimated by proportional equations. For example, at point I (mean arrivals: 500), the total arrivals would be 3.643 million (= 3.378*500/463.7). In other words, the maximum expected arrivals at point L under the current upper and lower limits would be 4.713 million, which is slightly lower than the Taiwanese Doubling Tourist Arrivals Plan of five million. The efficient frontier, the line connecting all the optimal tourist market mixes of Table 4, was generated, as presented in Figure 2. Any portfolio mix that lies on the frontier has the least instability, defined as the least variation in arrivals. Any points in the interior of the frontier line are not efficient, because points on the frontier guarantee more arrivals at the same level of instability or less instability at the same level of arrivals. Thus, policy makers should choose any points that fall along the frontier by allocating their available resources, as suggested by the optimal mix solutions of Table 4. As explained earlier, the optimal mix depends on an individual's return/risk (arrival/instability, in this study) trade-off preference. As explained, the points between F and I are highly recommended as results of the AIR, which represents relatively high levels of arrivals after adjusting instability.

CONCLUSIONS

Using the financial portfolio theory, this study illustrates how Taiwan, as a destination, can obtain optimal foreign tourist market mixes to minimize the variability in tourist arrivals. As explained in the previous section, there could be a set of optimal market mix solutions. Taiwan tourism authorities can choose one of the obtained solutions, according to their return (arrivals)/risk (instability) preference. If they pursue a high-return/high-risk solution, they have to focus their efforts on the Japanese market. In addition, they need to increase the visitors from Thailand and the Philippines to mitigate the volatility of the Japanese market. To achieve the Doubling Tourist Arrivals Plan, Taiwan should take the high-return/high-risk option and shift available resources to Japan. The market shares of the recent few years in Table 1 show a rapid rise of the Japanese market, as suggested, but the share patterns of Thailand and the Philippines are not in the same direction that the optimal mixes demonstrate in Table 4. If a medium return/medium risk is the target, the market weights of Japan and the USA should be raised slightly more than the current level. Also, they should pay attention to increasing tourists from Thailand and the Philippines. In case of the low-return/low-risk option, the tourism policy makers of Taiwan should reduce the allocation of their resources for Japan, and instead they should use more resources for the other countries' markets, especially the USA, to increase tourists. Overall, to seek more stable tourism demand from foreign countries, Taiwan should maximize the visitors from Thailand and the Philippines, regardless of return/risk preference, because the two countries show negative correlations to the rest of the countries, meaning that they can greatly contribute to smoothing out the fluctuations of foreign tourists to Taiwan.

Even though the portfolio theory was not developed for the tourism market, the portfolio mixes can provide useful information to travel destinations, so that the Taiwanese tourism authorities and policy makers can have a better picture and understanding of each tourist market and can effectively devise future planning and strategies for long-term tourism development. The use of the optimal mixes in policy making can facilitate a more stable pattern of arrivals from foreign countries and serve to focus the attention of policy makers on the concept of risk management. After market mixes options are estimated, it is important to compare the actual mix of tourists to the policy makers' optimal mix, which will allow them to think about their current standing and future direction. This may give policy makers guidelines for a marketing program that can be aimed at influencing market distribution and, ultimately, making tourism as a stable industry. The suggested mix of each market may serve as a guide or stimulus to policy makers to explore significant shifts in resources but probably cannot be implemented without modification. One such modification could involve specifying upper and lower limits for the weights of markets. The limits employed in this study are only one example, so they can be adjusted according to policy makers' future direction. Despite the practical importance of this study, it is undeniable that we have some limitations. Unlike stock markets, it is not possible to instantly adjust the market composition of tourist arrivals, according to obtained mix solutions. Thus, the optimal market mix solutions can be used as a long-term objective, not as a short-term goal, that directs a destination's development and marketing strategies. This study may spur some new ideas on applying the financial portfolio theory to tourism settings, which should improve the travel and tourism business operations. To reinforce the practicality of the optimal mix solutions, it is recommended to include more constraints that are uniquely important to each destination.

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EVALUATING ATTITUDES, BEHAVIORS AND ORGANIZATIONAL COMMITMENT OF PART-TIME EMPLOYEES IN THE U.S. HOTEL INDUSTRY

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ABSTRACT

This is an exploratory study designed to uncover whether part-time workers differ from full-time workers in their attitudes, behaviors and organizational commitment in the U.S. hotel industry. Uncovering this is essential for management in assessing how to achieve quality guest service and ensuring customer satisfaction. The results indicate that some significant differences do exist between part-time hotel employees and full-time workers in their attitudes, behaviors and organizational commitment. Recommendations on how to motivate part-time hotel employees to perform more appropriate behaviors and consequently contribute to the firms' effectiveness are detailed.

Key Words: Part-time hotel employees, Organizational behavior, Organizational support, Employee motivation

INTRODUCTION

Enz (2001) has uncovered, by surveying hospitality executives, that the most critical problem within the industry is the motivation and care for hourly employees. Additionally, Woods and Macaulay (1989) revealed that in fact managers often think that they know what employees in the hospitality industry want and what motivates them, yet their assumptions are often wrong. Most recently, Dermody, Young and Taylor (2004) conducted a study of hospitality workers providing insight into the reasons why employees choose to work in the industry and what factors encourage long-term commitment. Although, these studies address significant motivational issues faced by many hospitality managers today, minimal research has been published evaluating attitudes and motivations of part-time workers and whether and how these behaviors differ from full-time employees. In fact, research analyzing the comparisons between part-time and full-time service employees in hospitality has been limited to the foodservice sector, and the recent research in this area of study has concluded mixed results for industry practitioners (Inman and Enz, 1995; Stamper and VanDyne, 2003). Furthermore, no empirical evidence was found that directly evaluates attitudes, behaviors, and commitment of part-time hotel employees despite the fact that they represent nearly 25 percent of the total U.S. hotel workforce (BLS, 2005). Therefore, the current research project is designed to uncover whether part-time workers differ from full-time workers in their attitudes, behaviors and organizational commitment in the U.S. hotel industry.

METHODS

Sample and Data Collection

Self-administered questionnaires were distributed to employees in three hotels in a metropolitan city in Southeastern in U.S. Of 200 questionnaires distributed, a total of 87 hotel employees returned usable surveys for a final response rate of approximately 45%.

Instrumentation

The questionnaire consisted of five sections: perceived organizational support, supervisor support, organizational commitment, organizational citizenship behavior, and general demographic information. Respondents were asked to indicate the extent of their agreement with questions on a 7-point Likert scale, except the demographic information. Specifically, perceived organizational support (OS) was measured with the 9-item scale developed by Eisenberger and colleagues (1986). Perceived supervisor support (SS) was assessed with seven items used in Pearce, Sommer, Morris and Frideger (1992). Organizational commitment (OC) was measured with three items used in Meyer, Allen, and Smith (1993). Lastly, organizational citizenship behaviors (OCBs) were measured with a 19-item scale developed by Moorman and Blakely (1995). The 19-items measured four dimensions of OCBs, helping, voice,

action, and loyalty. Each of the four dimensions of OCBs was used as a dependent variable. Cronbach's alpha was used to evaluate each construct's reliability. Cronbach's alpha tests revealed that all constructs had satisfactory level of reliability.

Additionally, respondents were asked to indicate their current work status as either part time or a full time. Respondents were also asked to indicate their preferred work status, given their overall current personal and financial responsibilities and goals. Given this information, a new variable (PTBFT) was created indicating 'part-time workers wanting a full-time work status'. We assigned '1' for those with part-time employment, but wanting to work full time and we coded as '2' otherwise. This additional variable was created as past research has argued that part-time workers wanting to work full-time may show greater commitment and more appropriate behaviors at work (Van Dyne and Ang, 1998).

Data Analysis
All of the statistical procedures necessary to analyze the data in this study were performed using SPSS 12.0 professional series software. Descriptive statistics were run to examine the basic integrity of the scales and data set. The instrument used in the study was first examined for its reliability, mean scores and standard deviations. Secondly, central tendency and frequency scores were evaluated to discover whether or not there was a normal distribution of the variables and to examine any inconsistencies. Lastly, a hierarchical regression analysis was applied to investigate whether part-time employees displayed different attitudes and behaviors from full-time workers.

RESULTS
Of the 87 participants, 46% indicated they were part-time employees while 54% held full-time status. About 30% (n=25) of employees holding a part-time work status indicated that they want to work full-time. The proportion of gender was similar between part and full-time employees; three fifths of the respondents were female. While 34% of full-time employees held a bachelor degree, only 18% of part-time had a bachelor degree. Interestingly, 62% of the sample held at least an associate's degree. Most of the full time employees were Caucasian (70%). The full time employees ($M = 28.32$) were younger than the part time employees ($M = 32.65$) and they ($M = 24.81$) had less tenure than part timers ($M = 36.55$). Lower average tenure among full time workers can be attributed to the fact that ten full time employees had less than one year tenure while none among part time employees.

To examine the effects of work status on OS, SS, and OC, a hierarchical regression analysis was used. Model 1 included only demographic variables; Model 2 contained the demographic variables and work status; and PTBFT variable was added in Model 3. As a result of the statistical procedure, work status did not explain the variance of OS and SS, after age, gender, tenure, and education were controlled. However, PTBFT did explain the variance of OS and SS significantly after work status, age, gender, tenure, and education were controlled, 8% and 12% more, respectively, indicating that part-time workers with preferred work status as 'full-time' showed greater perceived OS and SS. Neither, work status or PTBFT had effects on OC.

Furthermore, to investigate the effects on OCBs, a hierarchical regression analysis was again applied with the OS, SS, OC, and work status and PTBFT. Gender, age, tenure, and education were used to control spurious variances in OCBs. As a result, OS, SS, and OC significantly explained the variances within OCBs of: helping (ΔR^2 = .35), voice (ΔR^2 = .15), action (ΔR^2 = .22), and loyalty (ΔR^2 = .35), after gender, age, education, and tenure were controlled. Model 3 indicated that work status demonstrated significance only for voice (ΔR^2 =.05) suggesting that part-time workers demonstrated greater "voice" organizational citizenship behavior than full time employees (β = -.26). However, PTBFT did not show significance on any of the four OCBs.

DISCUSSION AND CONCLUSIONS
The results of this exploratory study revealed that some significant differences do exist between part-time hotel employees and full-time hourly workers in their attitudes, behaviors and organizational commitment. One significant finding is that part-time employees performed or demonstrated more 'voice' behaviors than full-time employees did. This is a positive finding for hotel leaders in the management of part-time workers as voice is a critical employee behavior in the success of managing hotels and maintaining a competitive advantage within the industry. As front-line employees within the hotel industry are typically the main point of contact with the guest, the present study suggests that part-time employees are relating concerns, issues, problems and potential solutions to management for improvement. Interestingly, Stamper and Van Dyne (2003) found no significant differences in the

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low mean levels of voice reported for part-time and full-time restaurant workers, indicating that hourly employees, regardless of work status, are not willing to make many suggestions for change within the restaurant industry as found within the present study within hotels. However, it should be noted that their study has a relative large sample size (257).

Another key finding is that involuntary part-time workers (those who worked part-time but would prefer full-time) showed greater perceived 'organizational support' and 'supervisor support' than voluntary part-time workers (those who worked part-time and preferred to work part-time) and full-time employees. However, the involuntary part-time workers did not show significantly stronger commitment or more OCBs. These results are in contrast with the findings in Van Dyne and Ang's study (1998). In the study, they uncovered that part-time employees who desire to work in a full time capacity may eventually show stronger levels of desired behaviors because they aspire to upgrade their work status and prove to management their value and worth.

This research has important managerial implications. Managers need to understand that when employees perceive their employers' commitment to them exceeding their expectations, the employees will be more likely to demonstrate stronger commitment to their organizations, and when employees are committed to their organizations, they will engage more strongly in behaviors of helping co-workers, voicing opinions and suggestions to improve work, paying extra attention on work, and showing loyalty toward their employers.

In conclusion, research on part-time employee behavior, though scarce in hospitality literature, is critical to human resource management and bottom-line success within the industry. Such research has been suggested to be of critical value not only because of the proportion of part-time employees in front line service positions, but also because of managers' perceptions that the performance and commitment of part-time employees are worse than those of full-time employees. The present research study provides hotel managers with a better understanding of the differences between the behaviors of part-time and full-time employees and provides an evaluation for enhancing the attitudes of part-time workers within hotels.

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FOOD AND FOOD RELATED ELEMENTS OF FESTIVAL BROCHURES IN RURAL INDIANA: A CONTENT ANALYSIS

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ABSTRACT

The present research examines one aspect of culinary tourism: food and food related elements (FFRE) at rural festivals. It introduces a multi-sensory formation process via FFRE and experiential interaction to the concepts of image formation and rural destination branding. The sample of this study comes from festival brochures of rural Indiana. Through analyses of graphical, textual and contextual information presented in the selected brochures, this research identifies four dimensions of FFRE on a continuum of cultural significance. The findings of this research lend practical application values for a rural community to incorporate FFRE into a rural destination brand.

Key Words: Rural destination branding, culinary tourism, Food and food related elements, multi-sensory formation process.

INTRODUCTION

The phenomenon of culinary tourism is a concept on the cutting edge of research. Researchers are beginning to explore visitors' emotional attachment to food and food related elements and its relationship with a destination. When farming took an economic downturn, rural areas looked for other venues to contribute to economic growth and continued employment for rural residents (Wilson, Fesenmaier, Fesenmaier, & Van Es, 2001; Cai, 2002). Communities use festivals as a strategic part of their economic growth and development (Chhabre, Sills, & Cubbage, 2003). Food is present at a majority of festivals (Getz, 1991) and is a form of culinary tourism (Hall and Mitchell, 2001). Food and food related festivals provide an optimal opportunity for tourists and residents to interact and share each other's experiences.

Building on Hall and Mitchell's culinary tourism definition (2001), food and food related elements (FFRE) are defined as specific items related to indigenous plants, animals or food products, recipes, culinary preparation, cultural food rituals or ceremonies, culinary customs or cultural traditions, presentation, manufacture, restaurants, and consumption of food or any other culinary item an area would consider proprietary. As FFRE has been an integral part of a tourism experience, rural destinations have been exploring the potential of using food and food-related festivals as an effective destination marketing and branding tool (McKercher & du Cros, 2002). Food involves the senses of taste, touch, and smell that can convert a vacation necessity into a cultural exchange (Selwood, 2003). For the tourists, food at festivals is a way to experience new cultures and flavors (Long, 2004). Experiencing local cuisine through demonstration or experiential interaction allows a tourist to take ownership in a destination (McKercher & du Cros, 2002; Bessiere, 2001). The personal nature of this interaction translates into a deeper appreciation for the culture (McKercher & duCros, 2002; Long, 1998; Mitchell & Hall, 2003). This deep appreciation generates an emotional identification and connection with a destination. The cultural experience via food leaves lasting impressions of the destination traveled to long after the vacation ends. A positive experience triggers repeat visitation, a benchmark of destination branding, thus, a benchmark of successful culinary tourism.

Destination branding is a powerful marketing tool to differentiate one location from another (Cai, 2002; Kotler & Gertner, 2002). Successful destination branding must incorporate various elements of a destination to

portray a unique and positive image to attract tourists (Cai, 2002). The tenets of destination branding are the underpinning of culinary tourism. Currently, most rural communities have in place at local festivals the mechanisms for symbolic experiential interaction through existing FFRE. However, the local community has yet to identify and incorporate FFRE into a branding strategy. Cultural significance, combined with food at festivals and implemented as a branding strategy, forms a powerful emotional connection with a destination. FFRE in destination branding materials could be used as a tool to evoke a positive response to a destination and also invoke an emotional identification with FFRE. Such a culinary tourism strategy uses the emotional response of food consumption as a sensory image builder for the destination. FFRE can be incorporated into a destination strategy by creating a sensory identification along with a visual image of a destination, increasing the number of ways to trigger memory recall, and developing a more powerful destination brand image.

By identifying the contributing factors of culinary tourism, indigenous local cuisine and rituals from festivals can be used to promote a rural destination through image building and branding. The purpose of this present study, therefore, was to analyze the presence and utilization of FFRE in rural festival marketing materials through a content analysis of festival brochures in Indiana. The outcome of this analysis would yield insights as to how to effectively use festival-based culinary tourism as a unique way to differentiate and brand rural destinations.

LITERATURE REVIEW

Branding related concepts have been discussed in several contexts, such as differentiation of the goods and services from others (Aaker, 1991), the customer-based brand equity pyramid (Keller, 2002), dimensions of brand development, and brand essence, a single thought that identifies the soul of a brand (Aaker and Joachimsthaler, 2000). The commonality among the various definitions is that a brand extends beyond traditional tangible product features. It includes the intangible qualities assigned by a consumer that add value to the product. Tangible assets include the product itself, attributes, logos, taglines, graphics, symbols, packaging designs, or a combination of several of these items. Intangible assets of a brand include the attitudes and emotions invoked by the consumer when presented with the product or other elements of the brand. This parallels the accepted definition by Aaker (1991), as cited in Blain, Levy & Ritchie (2005), in which branding describes the identification of goods and services along with the differentiation of the goods and services from others. The overall importance of branding is that the brand is sustainable as long as its value is maintained through consistent marketing (Anholt, 2004).

Keller (2002) describes a brand as a perceptual entity based in reality. Keller's description acknowledges that a brand's true value is in the mind of the consumer through the emotional attachments associated with a specific product or place. Once established, the value of a brand is the perception by the consumer, thus difficult to destroy (Anholt, 2004; Kotler & Gertner, 2002). Morgan, Pritchard and Pride (2004) echo this sentiment, underscoring the power of branding when the consumer reaches an emotional attachment with a product or place. Keller (2002) expands on the dimensions of brand loyalty (Aaker & Joachimsthaler, 2000), in the customer-based brand equity diagram, adding brand elements, marketing components, and other associations. Keller, in fact, describes marketing as a coordinated effort of branding, allowing marketing campaigns to incorporate elements that emphasize the brand.

Destinations offer many tourism products to the consumer. Destinations are often thought to be well-defined geographical locations such as a city, state, or country (Buhalis, 2000). Buhalis (2000) expands this definition to include a concept, a perceived idea of what a destination could be in the eyes of the consumer based on travel plans or past experiences not bound by geographical locations. Accordingly, a destination is a plethora of interrelated elements and experiences (Buhalis, 2000; Murphy, Pritchard, & Smith, 2000). Destination branding is the selection and implementation of consistent elements to identify and differentiate a place or product through positive image building (Morgan & Pritchard, 2004; Cai, 2002). Cai (2002) reiterates the significance of elements, marketing efforts, and secondary associations with the inclusion of these components in his model of destination branding. Cai defines a destination brand as comprised of multiple attributes: tangible characteristics of a destination and affectives: how a tourist feels about that particular destination.

The destination branding model by Cai (2002) integrates organic and induced image concepts with attributes, attitudes, and affective components of a destination. One of the tenets of the Cai model of destination branding is the theory of spreading activation by Anderson (1983). The theory by Anderson employs a method called Adaptive Control of Thought (ACT) by which higher levels of cognitive control are related. This theory states that the more nodes of recall a person has with a concept, the stronger the chance of recollection when presented

with external stimuli. Therefore, a multi-sensory or experiential association with a destination, in addition to the traditional elements of a destination image, will increase the memory recall by a tourist and strengthen the brand.

An important part of destination branding is the image formation process. Destination image formation, as defined by Gartner (1993), is comprised of three interrelated components. These components are cognitive, affective, and conative. The cognitive component is derived from facts. The affective component is relates to personal perception. The conative component is the behavior or action taken. The three steps of destination image formation are (1) image development, (2) image evaluation, and (3) and action implementation.

Although images are central to branding, images are only part of a branding strategy. Branding is a consistent and unifying message comprised of multiple elements to project an overall image of a destination. Graphics and elements must be used together to strengthen the linkages and increase destination brand recognition. A key component of the destination branding model by Cai (2002) is the projection of consistent positive images to the target market. Baloglu and McCleary (1999) discuss two components of image, the perception or cognitive portion and the affective component. The cognitive component refers to the knowledge or information one possesses. The affective component refers to how a person feels about the information. Baloglu and McCleary concluded that image is more likely influenced by affective components rather than cognitive and affective components together. In culinary tourism, such a strategy can be utilized. Based on the destination image and branding concepts and theories reviewed above, the objectives of this study were to: (1) understand how FFRE have been represented in the rural festival marketing materials; (2) understand how FFRE are utilized to enhance rural destination images; and (3) provide insights as to how to successfully incorporate FFRE into an overall rural destination branding strategy.

METHODOLOGY

Data for the present study comes from printed material of brochures for festivals in rural Indiana. The starting point of printed material collection was from the Indiana Department of Fairs and Festivals annual festival guide (2005). The guide listed contact information for each festival, specific dates of the festivals, and a brief summary of festival offerings. The state hosts approximately 630 festivals annually. A brochure or printed material request was made to all contact people listed in the festival guide for 2005. The final usable sample size includes 128 valid rural festival brochures.

Content analysis was conducted on these marketing materials from festivals where FFRE were present, featured or had the potential for FFRE as a major theme of the event. The purpose of the content analysis was to identify FFRE of festival marketing materials and identify relevant patterns and reoccurring themes that are FFRE in nature. A content analysis of words as well as graphics was conducted. Graphics can be used to support printed words or develop separate categories.

RESULTS

A total of 128 individual brochures were classified. The categories used were modified from Frochot (2003). Two separate coders verified the classifications. The inter-rater reliability was .81 for the brochure classifications. Brochure content analysis revealed a diverse collection of 13 themes relating to rural festivals: town celebration (e.g., Franklin Fall Festival), food (e.g., Very Berry Strawberry Festival), history (e.g., Lore of the Laughery), transportation (e.g., Auburn's Classic Car Show), ethnic (e.g., Berne Swiss Day), arts and crafts (e.g., Art Around The Square), music (e.g., Annual Fiddler's Celebration), national holiday (e.g., Vincennes Forth of July Celebration), flowers (e.g., Daffodil Stroll), wine (e.g., Indiana Wine Fair), antiques (e.g., Spring Antique Show), university (e.g., Festive Friday and Homecoming), and other (e.g., Kite Festival).

Graphics from festival brochures with a major or secondary emphasis on FFRE were assessed and classified into four areas: the presence of graphics depicting FFRE, the context or setting of the FFRE graphics, the food theme within the graphics, and the occurrence of experiential interaction. The context or setting refers to the surroundings or background of the graphic. Food theme refers to the method of culinary preparation. Experiential interaction is depicted by FFRE in the presence of people interacting at the festival. The use of graphics in brochures allows the tourist to draw meaning and affective attachment to a festival destination. FFRE graphics can convey meanings of cultural significance in the absence of text for a tourist to form an emotional attachment with the

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destination. However, of the festival brochures with a FFRE emphasis, while 98.2% had graphics, only 42.86 % had FFRE graphics in them. Arguably, graphics of FFRE in brochures are of little consideration.

Previous studies of food and travel brochures (Frochot, 2003) evaluated the setting and theme of the FFRE within the graphic. Since Frochot's graphic setting classifications were developed from food and travel brochures, researchers modified his approach for the present application. Six settings were employed: no graphic representation, historic, present day, natural, rural/local community, and can not tell. With regard to the specific graphics of FFRE and how the setting is depicted in the brochures, the most common representation of food was "food in a natural setting," with 19.6% of the graphics representing food in this way. Historic and present day settings were the second most popular ways to depict FFRE, at 7.1% each. With 57% of the graphics having no food reference, opportunity exists to increase the number of graphics that relate to FFRE, increase the awareness of FFRE at festivals, and extend an invitation to experience the culture of a destination through FFRE at festivals.

Eight different themes were in the evaluation process: no graphic, no graphic of food, raw/unprepared food, cooked food in a restaurant style, cooked food in a home style, wine related graphics, food trade, and food in an agricultural process. Other settings represented included "cooked food in a restaurant style", "cooked food in a home style", and "food in an agricultural process". Graphics with FFRE were analyzed for experiential interaction. Experiential interaction can be defined as tourist interaction with residents, resulting in a shared meaning and understanding of culture through FFRE. Only 12.5% of the brochures had graphics with experiential interaction. A gap exists in the marketing materials for the use of experiential interaction through food to be examined.

The content analysis of FFRE emphasis brochure text revealed four categories. These classifications were: food, wine, history, and ethnic. The first two categories of "food" and "wine" have an explicit major emphasis on FFRE. Further analysis by the researchers added the two additional classifications of "history" and "ethnic" festivals. The two additional categories lend themselves to FFRE present at the festival; FFRE is rooted in the historic or cultural celebration of the festival. Analysis of text of the brochure revealed four categories of FFRE emphases. The first category was no FFRE emphasis at the festival. This was determined if FFRE was not mentioned in any capacity in the brochure's graphics or text. 12.5% of the brochures fell into this category. The percentages suggest there is room for FFRE evaluation and the use of such items to differentiate a festival destination. The second category was FFRE as a minor emphasis at the festival where general food information was present as peripheral information. About 12.5% of the brochures belonged to this group. The third category was FFRE as a component of the festival of secondary importance. In this category, FFRE was determined not to be the focus of the festival but featured as a highlighted activity at the festival. 26.8% of the brochures were placed into this category. 48% of the brochures were classified into the "major emphasis of festival" category where FFRE is the primary focus and a main reason for the festival.

FFRE text in festival brochures ranged from the mere mention of food availability to an invitation to join with residents for an experiential FFRE interaction. Four distinct dimensions were identified: food as sustenance, specific food and drink (non-alcohol), beer and wine, and experiential FFRE interaction (Table 1). Each dimension was further analyzed to develop sub dimensions, which span a continuum of attribute symbolism from no cultural significance or low attributional associations, to symbolism with cultural representation or high attributional associations.

The first dimension of FFRE that was evident in the data was *food as sustenance.* This was determined by the mention of FFRE availability using the word "food" within the text of the festival brochure. A complete analysis of the use of the word "food" and the context of the surrounding text within the brochures revealed five sub dimensions spanning a continuum of attribute symbolism associated with each sub dimensions. The continuum of attribute symbolism ranged from the single word of "food" as a basic food need to the word "food" with the use of descriptors being identified as symbols of culture. Overall, this dimension rated the lowest on the continuum of attribute symbolism and has significant potential for improvements to text. Table 1 displays the complete food sustenance dimension, sub dimension results, continuum of symbolism level and textual examples of each sub dimension.

Table 1
Food Sustenance Dimension

Sub Dimension	Continuum of Symbolism	Textual Example
Basic Food Needs	Low	Word "food" in text
Basic Food Choices	Low	Food booth, Food concessions, Food Court
Food with Accompaniments	Low	Food, drinks & snacks, Berry food and drinks
Food with Descriptors	Low	Variety of our foods, Delicious food
Foods with Descriptors-Symbolic of Culture	Medium	Food cooked over wood fire, Traditional food

The second dimension of FFRE identified within the data was a listing of specific food and drink items available at the festival. This analysis further revealed 5 sub dimensions spanning the continuum of attributional symbolism from low to high. These five categories were (1) Natural/Raw Ingredients, (2) Processed/Cooked Foods, (3) Processed Food/Cooked Food with Accompaniments, (4) Processed Food/Cooked Food with Accompaniments and Descriptors, (5) Processed Food/ Cooked Food with Accompaniments and Descriptors Symbolic of Culture (Table 2). As the categories moved from basic raw ingredients to cultural symbolic descriptors, the level of symbolism increased.

Table 2
Specific Food and Drink Dimension

Sub Dimension	Continuum of Symbolism	Textual Example
Natural/Raw Ingredients	Low	Gourds, Strawberries Pumpkins, Sassafras root
Processed Food/ Cooked Food	Low	Pancakes, Sorghum, Jams, and Jellies Cakes, Strawberry pies and tarts
Processed Food/ Cooked Food with Accompaniments	Low	Ham and beans with cornbread Sausages and sauerkraut
Processed Food/ Cooked Food with Accompaniments and Descriptors	Medium	Sorghum molasses, Food usage in tons
Processed Food/ Cooked Food with Accompaniments and Descriptors Symbolic of Culture	High	Halupki and Halusky, Schnitzel, Homemade pies Full Irish breakfast, "Crick" fried taters
Ancillary Enhancements	High	Cookbooks

A third dimension discovered in the data, displayed in Table 3, was beer and wine. Similar to the food classification, beer and wine presence in the brochures can be further grouped into five sub dimensions. These are "Beer and Wine Availability", "Beer and Wine Venues", "Beer and Wine Descriptors", "Sensory Wine Interaction", and "Experiential Wine Interaction". As the categories moved from mere availability to invitation to taste and sample to invitation to visit with wine experts and attending seminars, the level of symbolism and interactivity ascended. The marketing materials for wine festivals were highly effective at combining FFRE and interaction for tourist participation and experiential interaction. Sensory and experiential interaction also had strong representation within the dimension.   Pure Maple syrup, Hot apple dumplings

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Table 3
Beer and Wine Dimension

Sub Dimension	Continuum of Symbolism	Textual Example
Beer and Wine Availability	Low	Beer and wine, Adult beverages
Beer and Wine Venues	Low	Beer Garden, Bier garden, Beer tent, Wine fair
Beer and Wine Descriptors	Low	Delectable wines! Largest wine event in Indiana
Sensory Wine Interaction	Medium	Taste the wine, Celebrate with wine Quench your thirst, Relax with a brew
Experiential Wine Interaction	High	Visit with the wine experts, Brewmeister competition Stein toss competition, Food and wine seminars

Table 4 displays the levels of experiential interaction dimension. The experiential interaction dimension inherently is a symbol of culture because of the invitation for a tourist to participate and therefore, part of the cultural experience at the festival. Three levels of experiential interaction were identified: promise or invitation, sensory interaction, and experiential FFRE interaction. The first level is the promise or invitation to the tourist to participate in a festival. The second level involves FFRE but also integrates one or more of the five senses. The third level is experiential interaction, which involves the tourist, FFRE, and the resident. Coupled with the third level of experiential interaction is creation of sensory memory that will trigger recall of the destination when a tourist is again presented with FFRE stimuli experienced during the festival. As is apparent, the experiential interaction dimension bears a higher level of symbolism.

Table 4
Experiential FFRE Interaction

Sub Dimension	Continuum of Symbolism	Textual Example
Promise/Invitation	Medium	Bring the family, Be venturesome! Enjoy a story, Take a stroll Spend a leisurely Saturday afternoon
Sensory Interaction	High	Visit our wine tasting pavilion, Taste the Wine, Taste Open your mind to your palate!, Live a little history Sign up the whole family for a grape squishing time!
Experiential FFRE Interaction	High	Vote for your favorite, Experience 18th century outpost We welcome participants, Experience the difference! Take an interactive part, Create, Savor, Engage, Indulge

DISCUSSION AND IMPLICATIONS

The present study identified four dimensions of festival-based culinary tourism: food as sustenance, specific food and drink, beer and wine, and experiential FFRE interaction. The dimensions identify ways FFRE can be described to represent the true attributes of a festival destination. The dimensions are set on a continuum of symbolic representation. Each dimension of FFRE spans a continuum of symbolism attributes from no cultural significance to symbolism with cultural representation. The lowest end of the continuum had no mention of FFRE in festival marketing materials, consequently, no symbol of culture. The attributes of FFRE with little or no cultural significance used plain verbiage such as the word "food" to describe the availability. Plain verbiage does little to symbolize culture but does provide a physiological need of food. The need for sustenance was also on the low end of the cultural continuum. The next level was the use of words and phrases to enhance FFRE. These phrases or enhancements move FFRE on the continuum of symbolism to carry more meaning of culture. Using additional accompaniments and descriptors for FFRE gave the text more meaning and raised the level of cultural significance.

Movement on the continuum of symbolism indicates an increase in cultural significance of FFRE, and thereby, the higher sense of place.

The higher the level of cultural symbolism, the higher possibility there is for rural destination to effectively employ FFRE in destination image projection and branding. In order to incorporate FFRE at rural festivals as part of a destination branding strategy, several key components must be present. First, it is important to be able to identify existing cultural linkages between FFRE at festivals and the community. Secondly, for a cultural linkage to be incorporated into festival-based culinary destination image, the FFRE must bear significant meaning for the community. The classification process demonstrated in this study can be effective in identifying food dimensions and their cultural linkages with the community. Graphics and text as part of brochure content are important in the context of FFRE, culinary tourism, and destination branding, as, these elements are the first contact point between the destination and the potential visitors. In the minds of the prospective visitors, these elements represent the destination and the promised experience. Based on the data analysis, the uses of FFRE in graphics or text are limited with the exception of a few communities. Data revealed that over 50% of the brochures evaluated did not have any inclusion of FFRE. With a significant number of brochures lacking FFRE information, and the strength of the affective components associated with FFRE, a gap exists. Stakeholder education regarding the emotional attachments tourists place on elements of a destination would contribute to the understanding of the effectiveness of utilizing FFRE in branding a destination. In addition to cultural linkage education, stakeholders also would benefit from state of the art marketing principle education. The brochures evaluated have a large proportion of antediluvian marketing techniques, currently considered out of date. As examples, over 67% of the brochures do not have graphics featuring FFRE. Seminars explaining effective marketing techniques would assist stakeholders to understand that marketing materials represent the festival and the destination to the potential tourist. Making a positive, quality impression is as effective as a personal phone call from an advocate of the destination. Therefore, the marketing materials must reflect an appropriate and suitable image of the destination.

Using FFRE to contribute to the destination image can assist a tourist in the destination selection process. FFRE creates an emotional identification enriched with symbolic meaning of culture. With FFRE, the physical and emotional identification as well as the connection to a destination creates emotional identification; a complete sensory experience provides a tourist with a powerful identity of the destination in one's memory linked by sight, taste, aroma, sound, and touch. A potential model for a rural area would be to develop a FFRE brand using a food item or product from a festival to assist in destination brand identification. A possible strategy to create or strengthen a brand of a destination would be to incorporate the indigenous cuisine or food products of a regional festival and use them as an element of the brand. Food items should be unique to a place, region, or area and hold social significance that allows differentiation from other destinations. Indigenous FFRE featured at festivals in rural destinations could be incorporated into brand elements to strengthen the destination brand and increase the opportunity for multiple sensory stimuli. The chance of increased a memory recall of a destination by a tourist would be enhanced.

Many of the discussions regarding the impact of image can be applied to FFRE as it relates to a complete sensory experience instead of sight. The image formation process could be expanded to include the five senses, termed the sensory formation process. Sensory processes such as touch, smell, taste, and sound can added to image and incorporated into the image formation to strengthen the identity of a rural destination. Tourist and resident involvement with FFRE creates a total sensory experience that provides the memory with a multitude of memory recall triggers. A broad spectrum of senses provides additional critical links and assists in the identification of the brand. Incorporating total sensory stimuli into a destination brand through FFRE makes it more likely that a tourist will develop multiple sensory links associated with a destination.

Figure 1:
FFRE Incorporation into Branding Message
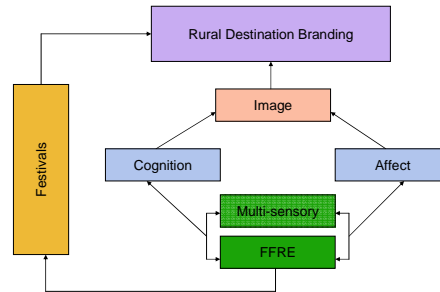
CONCLUSION

This study identifies the dimensions of FFRE and indicators of cultural significance at rural festivals through the analysis of rural festival brochure content. Using the tenets of branding cultural linkages of FFRE as a branding element, the outcomes of this research provide a tool for rural destinations to strengthen a destination brand. Such information advances culinary tourism research on two levels, academic and practical. At the academic level, the present study contributes to the understanding of the dimensionality and cultural significance of FFRE at rural festivals. It introduces a multi-sensory dimension to the image formation process. Practically, this research provides information for a destination to incorporate FFRE into a rural destination brand. Many festivals feature interactive events regarding food, but such festival do little to promote the experience to the tourist in marketing materials. Applying the fundamentals of image building and destination branding, one can modify marketing materials to project an image of an experiential FFRE interaction with residents at a festival destination. The FFRE experience engages tourists in a multi-sensory activity with residents of the community, and therefore, tourists interact with culture. In this process, rural festival brochures serve an important role in rural destination branding. The experience begins with anticipation of a promise through graphics and descriptive text in marketing materials. When used to represent the culture of an area, FFRE can demonstrate to potential visitors the types of experiences available a rural destination.

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COSTUMER SATISFACTION IN SENIOR LIVING RESORTS: A QUALITATIVE INVESTIGATION

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ABSTRACT

There has been limited research into the types of customer satisfaction experienced by residents in leisure-oriented retirement communities (LORCs). Focus groups were conducted at a series of retirement communities. Results have lead to the development of a typology of retirement community resident satisfaction containing five different domains encompassing up to twenty-four distinct types or facets of customer satisfaction experienced by residents. This proposed typology of LORC resident satisfaction is the most comprehensive investigation of retirement village customer satisfaction to-date.

Key Words: customer satisfaction, leisure-oriented retirement communities

INTRODUCTION

With the aging of western society in general, and the pending retirement of the baby boomers specifically, leisure-oriented retirement communities (LORCs) (Foults & Meir, 2002) are becoming an increasingly important accommodation option for retirees (Streib, 2002) as well an emerging career path for hospitality management graduates. In the U.S., the percentage of adults 65 and over who currently prefer to live in retirement communities is now estimated to range from a low of 7% (Omoto & Aldrich, 2006) to a high of 17% (Brooks, 2001). Notably, the increased acceptance of retirement communities has taken place before the leading edge of baby boomers has retired.

The growth potential of the retirement community market has not escaped the attention of the major international hotel chains. In 1999, both Host Marriott[6] and Hyatt had senior living entities that were ranked in the top 20 management companies in the U.S. (Schless, 2000) in terms of retirement community units managed. In 2004, Classic Residences by Hyatt was ranked # 24 in the U.S. with 17 senior living communities and more than 5,000 residential units under management[7]. Given the functional disciplines common to both hotels and retirement communities in the built environment (e.g. design, construction, development) as well as operational management (e.g. overnight accommodation, food and beverage, sports programming, recreational and social programming), it is likely that other hotel and hospitality-related organizations will investigate this burgeoning market.

Seniors researchers generally classify communities of retirees along a continuum: Naturally Occurring Retirement Communities (NORCs), Leisure-Oriented Retirement Communities (LORCs), and Continuing Care Retirement Communities (CCRCs) (Streib, 2002). NORCs are not "officially" age-restricted communities, but communities that grow organically to predominantly serve the accommodation and service needs of retirees, without necessarily excluding non-retirees. LORCs are age-restricted, purpose-built communities for active and independent retirees offering a variety of built amenities, services, and social benefits. While LORCs are often "gated" residential communities, they are not necessarily so. CCRCs offer a continuum of care over the remaining lifespan for individuals or couples that require or anticipate requiring assistance with the activities of daily living, and progresses to include full-time skilled nursing care when increased frailty necessitates these services (Jenkins, Pienta, & Horgas, 2002). This paper focuses exclusively on LORCs, and the types of consumer satisfaction (or dissatisfaction) that accrue to residents of LORCs.

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[6] In 2003, Sunrise Senior Living acquired Marriott Senior Living Services, making Sunrise the largest senior living manager in the USA. At that time, Marriott Senior Living Services managed over 120 communities, and was responsible for the accommodation of more than 30,000 senior residents (http://www.sunriseseniorliving.com).
[7] http://www.seniorshousing.org/outsideofstore/misc/50managers.aspx.

Despite the emerging market for LORCs, investigations into the consumer satisfaction in LORCs are scant or non-existent. A review of the extant literature revealed only one published study investigating overall consumer satisfaction with retirement communities (Stimson, McCrea, & Star, 2002a). Stimson et al. (2002a) found that 92% of those living in retirement communities reported that their communities had met or exceeded their expectations. Related, they asked respondents to rank the top three factors underlying their resident satisfaction with their retirement village life. However, this study was deductive by design, and asked for responses based upon researcher-inspired categories. Another study (Graham & Tuffin, 2004) examined aspects of customer satisfaction with retirement community living but focused on only three facets: companionship, privacy, and security. Hence, to our knowledge, there is no published research that comprehensively and inductively identifies the facets of consumer satisfaction with retirement communities. Related consumer satisfaction research has been limited to satisfaction with nursing home care (e.g. Applebaum, Straker, & Geron, 2000) or satisfaction with aged care services delivered into the home (e.g. Braun & Karel, 2002).

Hence, while the Stimson et al. (2002a) study gives us some initial understanding of the level of satisfaction that residents of retirement communities enjoy, there appears to be scant knowledge of the comprehensive types or facets of satisfaction. Identifying the types of customer satisfaction is a necessary first step in the measurement and management of this critical aspect of consumer behavior. This will allow for the development of a reliable and valid quantitative measure of retirement community resident satisfaction (RCRS). Related, once a reliable and valid measure of RCRS is developed, further research can examine both the antecedents (i.e. which individual variables lead to customer satisfaction) and consequences of RCRS (i.e. positive word-of-mouth advertising, intentions to re-purchase, etc.).

The next section will discuss the scope and process of the qualitative enquiry that was utilized for this investigation. Rynes and Barber (1990) have suggested to researchers that they should make more use of qualitative, descriptive research as a prelude to survey research as a means of becoming better informed about the topic under investigation. This is especially recommended when the research stream is relatively new (Rynes, Bretz, & Gerhart, 1991). Accordingly, using qualitative methods seems to be the appropriate avenue for determining the various types of retirement village resident satisfaction. This will allow the respondents to tell in their own words, what causes them to be happy or unhappy, satisfied or dissatisfied, with living in their retirement community. This study used focus groups allowing the appropriate "actors" to "determine" the relevant satisfiers/dissatisfiers via induction. By using inductive research to illuminate the factors, subsequent consumer satisfaction researchers can be more confident that they are descriptive of actual content and process, and have what Rynes et al. (1991) refer to as "contextual fidelity" or meaningfulness within the consumer's environmental context (p. 490).

METHOD

Setting and Subjects

In order to maximize external validity, respondents were current residents living in LORCs in the state of New South Wales in Australia. Retirement community sites were selected using maximum variation sampling (Patton, 1990). In maximum variation sampling, research sites are chosen to maximize the diversity in the respondent pool, based on a number of factors relevant to the qualitative inquiry. In this case, the relevant factors included the size of the community (in terms of living units), the age of the community, and whether the retirement community was for-profit or not-for-profit (Stimson et al., 2002b).

Consistent with Rynes et al. (1991), the appropriate diversity of characteristics was achieved with the assistance of individuals with proximity to the target population. In this case, the Retirement Village Association (RVA) of New South Wales, which is the leading professional association for retirement communities, was in the best position to nominate communities that represented the variety of desired characteristics. The RVA nominated 4 communities with the requisite characteristics and all 4 communities agreed to participate. The 4 communities are herein referred to as Communities A, B, C, and D.

It would appear that the sample was diverse in terms of all of the desired characteristics. Community A was a for-profit retirement community owned and managed by a large, publicly-held company. The village consists of 133 independent living units (i.e. apartments and/or villas) and 20 serviced apartments (i.e. assisted living units), and is 17 years old. Community B was a 4-year old, for-profit, privately-owned retirement community made up of 71 independent living units. Community C was a 46-year old, not-for-profit community, made up of 775 units, which is owned and operated by a church organization, and operates as a not-for-profit organization. Community D was an

18-year old, not-for-profit, 59 unit retirement community affiliated with a not-for-profit hospital.

All focus group participants were retirees as well as residents of their given retirement community. Ages ranged from 64 to 92. There were a total of 27 focus group participants, including 18 females (66.67%) and 9 males (33.33%) across the four focus groups. This is comparable to the national gender break-down, with Stimson et al. (2002b) noting that 64% of residents living in Australian retirement communities were female, and 36% male. Community tenure ranged from a low of 6 months to a high of 16 years.

Procedure

Focus group questions were standardized and open-ended, designed to investigate the participant's point of view "without predetermining those points of view through prior selection of questionnaire categories" (Patton, 1990, p.24). The focus group format was semi-structured, allowing for the use of follow-up probes (Rynes et al., 1991) when necessary.

The focus groups were conducted at the participants' retirement community, with the organization of the meetings facilitated by the village manager. Participants were recruited via recruitment fliers posted on each community's bulletin board. Participation was voluntary and all responses were confidential. Focus groups lasted between 60 and 90 minutes.

The research team included the first author and two research assistants, with the first author conducting the focus groups. After a briefing about the purpose of the focus groups, residents were asked to sign informed consent forms attesting to their consent to be interviewed, as well as granting permission for the focus groups to be audio-recorded. The two research assistants were available to take separate notes of the discussions, in the event that the respondents agreed to participate, but did not want their responses to be audio-recorded. As each group gave permission to be recorded, the separate note-taking was not necessary. Upon completion of the focus groups, the audio recordings were transcribed by a professional transcription service.

In an effort to put the respondents at ease, and to build rapport (Patton, 1990), each focus group participant was encouraged to first "tell their story" as to how they chose to live in their given retirement community. After this ice-breaker, each group was asked to identify things that made them happy or unhappy, satisfied or dissatisfied, with living in their retirement community. Once a reasonably comprehensive list was developed, then each individual topic was canvassed in more detail.

Preliminary to data analysis, the two authors read all of the interview transcripts. In order to insure that all focus group responses were coded using the same coding scheme, a consensus coding scheme was developed (Miles & Huberman, 1994). In a consensus coding scheme, two or more analysts agree, in advance, what term or phrase will be used to label each paragraph, sentence, or phrase that is pertinent to the qualitative inquiry. In this case, it was any statement which described a type of satisfaction or dissatisfaction with residing in the retirement community. After the coding scheme was agreed upon, each focus group transcript was coded independently by the second author and a research assistant. The first author resolved the inter-rater coding disagreements. Initial inter-rater agreement was very high (91%).

After the transcripts were coded, and the inter-rater coding disagreements resolved, a list of all of the unique satisfiers/dissatisfiers was compiled. The goal was to generate a comprehensive list of satisfiers/dissatisfiers, rather than generate a ranking of the importance of different factors, which is more suited to quantitative methods. Finally, conceptually related variables were clustered[8] (Miles & Huberman, 1994) into groupings or categories. After the clustering was complete, names were assigned to each cluster.

RESULTS
Based upon the consensus coding scheme, the following unique types of satisfaction (or dissatisfaction) were identified. They are illustrated in Table 1. The top row of the table contains the cluster labels (Built

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[8] *Clustering* is the term given to this type of qualitative grouping, and should not be confused with *cluster analysis*, which is a quantitative analytic technique.

Environment, Financial Environment, Service Delivery Environment, Social Environment, Spiritual Environment) in alphabetical order. Each column contains the specific type(s) or facets of satisfaction/dissatisfaction of each cluster, with bullet points used to identify sub-aspects of each type.

Table 1
Typology of Resident Satisfaction/Dissatisfaction with Retirement Community Living

Built Environment	Financial Environment	Service Delivery Environment	Social Environment	Spiritual Environment
The Individual Residence • Condition of interior (i.e. appliances, paint, carpet, etc.) • Garage space • Outlook/Sun • Overall design • Storage space Common Space – Internal • Air conditioning • Clinic • Food and beverage (i.e. restaurant, bar, etc.) • Trash disposal • Hairdressers • Library • Elevator • Public meeting space • Reception/Front desk • Retail • Sport and recreational facilities • Healthy/safe design (e.g. wheelchair access, design of elevator) Common Space – External • Barbecue area • Community clothesline • Grounds and flower gardens • Vegetable and herb Garden • Outdoor sport facilities (e.g. lawn bowls, putting green, etc.) Overall Design Security (Design) • Bars on windows • Emergency call	Financial Satisfaction (FS) at Entry • Initial purchase price Ongoing FS • Level of recurrent charges • Rate of annual increase in recurrent charges • Extra Benefits • Extra costs FS at departure • (Deferred management fees • Capital gain Value for money Forward planning	Services • Clinic/visiting medical practitioners • Emergency response service • Hairdressers • Maintenance • Front desk service • Retail services • Sport and recreation • Transport • Security guard • Food and beverage service (incl. room service) Activities • Programmed social activities (with social coordinator) • Un-programmed activities Management • Communication • Low pressure sales • Maintenance • Management board • Management proximity • Management skill Staff Care • Hospital care • Nursing service and extra Care • Ongoing care • Respite care • Support • Visiting doctors Dependency/ Independency • Forward planning • Services • Care ("being looked after") Residents' Committee	Social Relationships • Comfortable associations • Companion-ship • Friendship • Privacy • Social occasions and meetings Satisfaction with Fellow Residents • Diversity • Residents' health and ages Social Atmosphere Interdependency	Religious Aspect

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button
- Overall security of community
- Security of individual residence

Product Mix
- Size of community (i.e. number of residences)
- Mix of residences

Community location
- Proximity to family
- Proximity to local shopping
- Proximity to previous home
- Surroundings

The Built Environment. Not surprisingly, there were a number of facets of customer satisfaction that dealt specifically with the building and its surrounds. They included the individual residence, internal common space, external common space, overall design of the community, security in design, the product mix, and community location. This cluster was labeled "The Built Environment". All four focus groups actively discussed various ways in which the built environment contributed to their satisfaction with retirement community living.

The Individual Residence. This facet of customer satisfaction deals with all of the aspects of the interior of the individual residence or apartment in the retirement community. The range of important aspects includes the condition of the interior, inclusion of garage space, the outlook of the apartment and its relation to sunshine, storage space, and overall design.

Common space-internal. There are a number of important built features that are outside of the individual residence but are shared in common with all residents inside the retirement community buildings. As seen in Table 1, the focus groups named at least 12 of these features including the availability of an in-house clinic for visiting doctors and other allied health professionals, sport and recreational facilities, hairdressing salon, library, retail shops, and healthy/safe design.

Common space-external. This facet of customer satisfaction is so named because it encompasses shared or common facilities that are on the grounds of the retirement community but that are external to the buildings. These include such aspects as a barbecue area, community clothesline, and flower and vegetable gardens.

Overall design. The fact that the community is purpose-built for seniors (e.g. single-floor living, low-maintenance, etc.) is a major cause of satisfaction. One response that was fairly typical was "I found my family home was too big, the taxes and maintenance costs were going up each year, there were repairs to be done, and it was difficult home for me to maintain by myself. This community is such a lovely place…a lovely compound all around."

Security. As one might expect, security was a very important facet of customer satisfaction. Security, in the design and fit-out of the built environment included such aspects as bars on windows, emergency call buttons, card or intercom access to the building or gated community, as well as the internal security of the individual residence. While interviewees sometimes used the words "safe and secure" in the same phrase, for purposes of clarity this facet of satisfaction was labeled as "security" (as opposed to Safety and security) and reserved the word "safe" (see Common space-internal above) to describe aspects of the built environment that indicate healthy and safe design.

Product mix. This satisfaction category relates to the total number of units (and related, the total number of residents) in the complex and to the mix of accommodation options available (i.e. from independent living units, to serviced apartments, to residential aged care).

Community location. The location of the retirement community was understandably important to residents and was discussed in a number of ways including proximity to family, proximity to local shopping, proximity to one's previous home, and fitting in with the greater community or surroundings.

The Financial Environment. Aspects that dealt specifically with financial matters were an important element of customer satisfaction to all four focus groups. At least five different aspects of the financial environment that were key satisfiers/dissatisfiers were identified: financial satisfaction at the point of entry, ongoing financial satisfaction, financial satisfaction at departure, overall value for money, and the ability/inability to engage in forward planning.

Financial satisfaction at entry. This facet of customer satisfaction is very straightforward: it deals solely with whether or not the resident felt that the entry price was fair at the time that they moved in to the community.

Ongoing financial satisfaction. This facet of customer satisfaction is so labeled because it deals with the shared ongoing or recurring costs (i.e. costs for heat, light, power, maintenance, staff, etc.) that it takes to run the community (outside of any personal costs such as telephone that are specific to one's own residence). Discussion was focused primarily on both the level of recurrent (i.e. monthly) charges as well as rate of annual increase in the recurrent charges ("I'm not happy that my monthly fees go up each year. But as long as they go up in accordance with the CPI [i.e. the Consumer Price Index], I'm not going to get upset about it either."), but there were also mentions of miscellaneous costs and as well as benefits.

Financial satisfaction at departure. While the focus groups were made up of current residents of retirement communities, there was a fair bit of attention placed on what the costs would be when the resident moved out. This was labeled financial satisfaction at departure. It focused mainly on how much capital gain was going to be realized upon the re-sale (or re-lease) of the unit, as well as the dollar amount of the deferred management fee (which is typically calculated on a set percentage of the selling price times [x] the number of years in residence in the community). While both of these aspects were discussed individually, they were also discussed in an interactive sense as the net amount available to the resident (or their estate) upon re-sale (or re-lease) is typically based on a combination of these factors.

Overall value for money. While financial satisfaction was discussed at different points in time (as described above), a number of residents viewed their financial satisfaction in its totality, which was termed overall value for money ("Well, I did my costings before I came in here – electricity, telephone, security, maintenance, gardening, the whole bit, and I'm well in front.").

Forward planning. Finally, a related but separate aspect of the financial environment was satisfaction derived from an ability to forward plan their financial matters. Because residents typically had a good idea of what their recurrent charges were going to be, as well as their departure charges, they took comfort in knowing what their forecast budget was and that they could live within it.

The Service Delivery Environment. All four focus groups actively discussed aspects of service delivery. This cluster includes a number of types of customer satisfaction associated with the physical delivery of services, typically through the efforts of human labor. As illustrated in Table 1, these were delineated as services, activities, management, staff, care, dependency/ independency, and residents' committee). In an intensive service environment such as a retirement community or senior living resort, this cluster is inextricably related to the Built Environment, but it clearly represents a distinct category of satisfiers/dissatisfiers. For example, while the presence of a dining room in the built environment is a key prerequisite for foodservice, satisfaction with the foodservice itself more readily falls into the Service Delivery Environment cluster. Similarly, while the presence/absence of a hair dressing salon would fall into the Built Environment, satisfaction/dissatisfaction with the hairdressers themselves would fall into the Service Delivery Environment.

Services. Table 1 denotes 10 separate types of services that were mentioned as contributing to the consumer satisfaction of respondents. These included such diverse services as foodservice (including room service), maintenance services, security guard service ("…from the moment I entered this community I felt safe, in all ways. We have staff on duty all day, and at night we have a security guard on the premises at all times."), transport services, and visiting medical practitioners.

Activities. This type of customer satisfaction relates to both specific programmed social activities (e.g. bridge tournaments, special theme dinners, cinema nights, Christian fellowship meetings, and the like, typically organized by a social director or manager), as well as activities that can be engaged in spontaneously (e.g. ping pong, billiards, use of the communal computer, etc.).

Management. Satisfaction with the management was another important aspect of consumer satisfaction. Aspects of satisfaction/dissatisfaction with management included communication, sales activities that were low-pressure, ready access to management, the availability of a management board (in addition to the manager), and the skill of the managers. While most respondents were satisfied with the service from their manager ("The manager is terrific…she's got such a great attitude…she's on top of everything."), like any category of satisfaction, there is equal opportunity for dissatisfaction.

Staff. Similarly to management, satisfaction/dissatisfaction with line staff was an important component of customer satisfaction.

Care. Medical care, in the form of on-site access to registered nurses and skilled care givers, as well as visiting medical services provided by doctors, podiatrists, or physiotherapists was also frequently mentioned as a factor in consumer satisfaction.

Dependency/Independency. The issue of independence/dependence is a complex one in the context of retirement village living. While a number of respondents talked about "maintaining their independence" and not wishing to be "a burden to my family", they also recognized their existing dependence on the service infrastructure to relieve themselves of a number of physical burdens typically associated with home ownership (e.g. external maintenance of the residence, gardening, maintenance of appliances, etc.) and the ever-increasing likelihood that they would become more dependent on care (e.g. skilled nursing care) as they became older and more frail. In light of this complex and dynamic inter-relationship, this aspect of customer satisfaction was labeled dependency/independency.

Residents' Committee. The effectiveness (or ineffectiveness) of the Residents' Committee was also a separate facet of consumer satisfaction. The Residents' Committee is a volunteer group of residents that meet on a regular basis with the owner/developer (or his/her agent), as well as the village manager. The Residents' Committee is elected by the residents to represent their interests and to provide two-way communication between the residents and management. A comment that neatly summed up the value of an effective residents' committee was as follows: "I don't want to manage this place. That's why I live in a managed environment. But I do want my interests represented. I do want to know what is going on around here. And I do want to know how my money is being spent." While one could argue that satisfaction category could have been placed in the Social Environment cluster, it seemed to fit The Service Environment cluster better because it is a service (albeit unpaid) provided by a sub-set of residents to all of the residents.

The Social Environment. This cluster deals with those elements of retirement community living that are primarily related to relationships between and amongst the residents. Four separate facets were delineated called social relationships, satisfaction with fellow residents, social atmosphere, and interdependency. Similarly to the previously discussed clusters, the Social Environment was mentioned by all four focus groups as a key feature of customer satisfaction.

Social Relationships. The ability to meet and make new friends, as well as to enjoy this companionship on a readily-available basis was a common viewpoint: "I really enjoy the friendship here…not having to be alone all the time, like when I was stuck in my apartment building all day when everyone else was at work…" While a ready-made socializing was appreciated, so was a feeling of privacy or not feeling pressured to join in group events: "There's also a great sense of privacy here. People just don't drop in, they don't just knock on doors. People call first if they are going to stop over. And if I don't want to be involved, I can just have my quiet time."

Satisfaction with Fellow Residents. Diversity, in terms of backgrounds and interests was considered to be an important aspect of a meaningful social environment, as well as a mix of ages (e.g. young-old, mid-old, and old-old) and health profiles. The mix of ages/health profiles was seen as key to a balanced and vital social environment.

Social Atmosphere. The term social atmosphere was used to describe that aspect of community living that encouraged (or discouraged) general social interaction between and amongst residents. While clearly related to social relationships, this aspect of satisfaction is less focused on personal friendships per se, and more on a general atmosphere or culture that encourages residents to get outside of their individual residences and interact with the larger retirement community.

Interdependency. The notion of interdependency is related to the notion of dependency/independency (in the Service Delivery Environment cluster) but, in our view, is subtly distinct. Interdependency, in this context, indicates an implicit or explicit reciprocal relationship between and amongst residents. The interdependency between residents can be explicit ("I often drive Mary to the supermarket, but then she helps me by making me go for daily walks with her.") or implicit ("I'm expecting to pre-decease my wife. I know that our friends here will be look after her when I am gone."). While arguably this category could be included in the Service Delivery Environment cluster (similar to the Residents' Committee), as it was not part of the formal service infrastructure it appeared to lend itself more to the Social Environment cluster.

The Spiritual Environment. Unlike all of the other clusters, the topic of spirituality was only discussed by two of the four focus groups. Interestingly, those two groups represented the two not-for-profit retirement communities.

Religious aspect. Two focus groups brought up religious aspects in relation to their customer satisfaction. One respondent noted that "The main thing is it's almost totally Christian here so…you couldn't get a more Christian society…I am very satisfied with it." Another mentioned the interdenominational weekly church service: "The chapel service is very important. Even though we're not all of the same religion, it's certainly important to us. The fact is we're all going to the same place."

DISCUSSION

The primary purpose of this study was to inductively determine via qualitative methods the major types or facets of consumer satisfaction with retirement community living. The focus groups revealed up to 23 distinct satisfiers/dissatisfiers that make up consumer satisfaction with retirement community living. These variables cover a wide array of factors ranging from satisfaction with the residence itself to the effectiveness of the residents' committee. While a number of the variables are straightforward and intuitively appealing (e.g. financial satisfaction, satisfaction with the overall design), other variables clearly add new insight to the leisure/retirement community literature (e.g. the subtle relatedness of two seemingly disparate satisfiers such as companionship and privacy). The fact that a number of these facets of consumer satisfaction were found to be in the top three categories investigated by Stimson et al. (2002a) (i.e. unit size/design, management, and social atmosphere), as well as those described by Graham and Tuffin in 2004 (i.e. companionship, privacy, and security) adds credibility and generalizability to these findings. Furthermore, with the delineation of 23 separate and distinct satisfiers, this study substantially extends this portion of the retirement community literature.

While discussion of four of the five clusters was consistent across all four focus groups, the absence of a mention of the spiritual/religious aspect of customer satisfaction in two of the focus groups is intriguing. Further investigation is warranted. It is possible that this aspect is not generalizable across a range of retirement communities. Alternatively, the spiritual aspect of customer satisfaction may be an important element that is currently being overlooked by some retirement communities.

The clustering of the 23 variables resulted in 5 meaningful categories of variables: the Built Environment, the Financial Environment, the Service Delivery Environment, the Social Environment, and the Spiritual Environment. The clustering technique illustrates the complex inter-relatedness of these separate factors; that is, while the factors are unique, there are subtle relationships within clusters, as well as some overlap between clusters.

One of the most important findings of this research is the multi-dimensional nature of the satisfiers/dissatisfiers. It is not surprising that built amenities such as sports facilities or a dining room are important considerations in customer satisfaction. But it is interesting to note that what is salient to one individual or group (e.g. the gymnasium) is not material to another individual or group; that is, built amenities can mean different things to different people (*inter-subject variation)*. Moreover, the use of follow-up probe questions revealed that the same word (e.g. "security")

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may have different and/or multiple meanings to the same person (*intra-subject variation).* The multi-dimensional aspect of these categories supports the notion of not using pre-determined, researcher-inspired questionnaire categories in the development of a new or nascent line of research. Finally, while the presence of a given factor may elicit consumer satisfaction, it is important to note that the absence of this same factor may elicit dissatisfaction.

Future research should be aimed at determining if this initial typology of retirement community resident satisfaction is generalizable to other countries. Follow-up research can utilize this proposed typology in the development of a valid and reliable multi-dimensional measure of retirement community resident satisfaction. The development of this type of measure would open additional avenues of investigation including research into the antecedents (i.e. demographic or dispositional characteristics) as well as the consequences (i.e. customer intentions) of retirement community resident satisfaction which is a necessary step if customer satisfaction is to be measured and managed in any quantitative fashion. Finally, the practical application of these findings should have important ramifications for those practitioners who want to have satisfied and happy retirement community residents.

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ORGANIZATIONAL CHANNEL DISCREPANCY IN THE MEETINGS AND CONVENTION INDUSTRY: A COMPARISON OF CVBS AND MEETING PLANNERS

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ABSTRACT

The purpose of the study was to compare the perception of advertising and communication channels between CVBs and meeting planners in order to figure out the more comprehensive picture of their marketing communication activities in convention and meeting industry. By employing an on-line survey method, the study clearly revealed that there are clear channel discrepancy between CVBs and meeting planners in term of preference, attitude, and usage of communication and advertising channels. Based on the results, CVBs and meeting planners should better understand each other's channel preference and usage, and more effective communications and marketing strategies should be possible.

Key Words: Information channel, organizational behavior, CVBs, meeting planners.

INTRODUCTION

Meetings and conventions represent one of the largest elements of the hospitality and tourism industry today. According to a recent market report (Meetings & Conventions, 2004), the meetings market was estimated to be a $ 40.8 billion industry in the U.S. in 2003. Broadly, the meetings and convention industry consists of the four components of tourism: attractions, transportation, lodging, and food and beverage (Montgomery, 1995). As an intermediary between convention attendees and convention suppliers, meeting planners have played an important role in the meetings and convention industry by selecting sites, organizing meetings, and coordinating services and events (Rutherford, 1990). As a layer of destination marketing organizations (DMOs), convention and visitor bureaus (CVBs) are important information brokers and disseminators in the meetings and convention industry. With local community financial support, one of critical missions of CVBs is to promote and brand their destination for soliciting and serving meetings and conventions and other related group business through travel intermediaries such as a travel agency and meeting planner (Gartell, 1994).

In the organizational channel research, a substantial amount of literature proved that communication and advertising channels are adopted differently depending on the characteristics of an organization because each organization has different organizational properties and resources. That is, the value of communication and advertising channel is determined by the organizational resources and supports in order to fully take advantage of the technology. Therefore, there is a need to examine organizational channel adaptation considering different types of organizations (i.e., CVBs and meeting planners), organizational properties and environments. Based on the recognition, the purpose of this study was to compared the perceptions of advertising (i.e., TV, magazine, Internet, etc.) and communication (i.e., fax, telephone, e-mail, etc.) channels between CVBs and meeting planners in order to develop a more comprehensive understanding of their marketing communication activities. The specific objectives of this study were to (1) compare perceptions and usage of channels between CVBs and meeting planners, and (2) identify and describe how the two groups are different in terms of the relationships between advertising channels and advertising effects.

LITERATURE REVIEW

Organizational Communication Behavior

According to Sheth (1996), research on organizational behavior has simply exploded for three reasons since the early 1980s. First, the shift from understanding and influencing consumers to become customers (industrial, institutional, and trade) has led to a greater focus on organizational behavior. Second, both the academic journals and business professional organizations have encouraged research and publications on inter-organization buying behavior. Finally, the marketing discipline is increasingly influenced by the disciplines of organizational behavior, industrial organizations, and transaction cost theories in economies. Among various issues in organizational research, it is noted that the most popular area of research has been the understanding of the decision-making process (Sheth, 1996; Sheth, Gardner, and Garrett, 1988; Ward and Webster, 1991). There are some important differences between individual and organizational decision making (Ames and Hlaracek, 1984; Fern and Brown, 1984; Solomon, 2001; Weiss and Heide, 1993). Some of these differences are summarized as follows:

- Organizational decision making normally involves many people, including those who do the actual buying, those who directly or indirectly influence the decisions, and those who actually use the product or service.
- Organizational purchases are often made according to precise, technical specifications that require great knowledge about the product or service.
- Impulsive decision making is unusual, because decision makers' thinking modes are more analytical and controlled.
- Organizational decision making often involves more of an emphasis on personal selling than on advertising or other forms of promotion. Sometimes dealing with organizational buyers typically requires more face-to-face communication.

Organizational Channel Choice

In the marketing communication research area, information richness theory has been a major stream of research surrounding the development of a rational channel choice model for making communication choice decisions among available communication channels. Based on theoretical and empirical works (Daft and Lengel, 1986; 1984; Daft and Macintosh, 1981; Weick, 1979), it is proposed that the choice of communication channel ranges from lean to rich. Moreover, lean channels, such as memos and other written documents, do not carry as many communication cues as rich channels, such as face-to-face conversation, where immediate feedback and a wide variety of communication cues are available to both the sender and receiver of the respective message. This theory further posits that managers will choose rich media for addressing problems of ambiguity, while lean media are appropriately selected to deliver factual information that serves to reduce uncertainty in managerial decisions (Daft, Lengel, and Trivino, 1987).

Information richness theory was a prescriptive model in which achieving a match between information processing requirements and communication channels was posited as essential for organizational effectiveness (Daft and Lengel, 1986). Gradually, it came to be understood as a descriptive theory of how employees and managers make media choices (Daft et al. 1987; Russ, Daft and Lengel, 1990; Trevino, Daft, and Lengel, 1987). Originally developed for traditional means of intra-organizational communication, such as face-to-face meetings, telephone conversations, interoffice memos, and printed reports, information richness theory has been extended to new communication media, including e-mail (Trevino et al., 1987). Daft and Lengel (1986) argued that communication transactions that can overcome different frames of reference or clarify ambiguous issues to change issues in a timely manner are rich, and those that require a long time to enable understanding or that cannot overcome different perspectives are lean. Information richness theory suggests that intra-organizational communication can be ordered on a continuum from leanest to richest as follows: (1) numeric documents, (2) impersonal written documents, (3) personal letters or memos, (4) telephone, and (5) face-to-face meetings. Lean communication media, including e-mail, memos, and letters, might be appropriate for routine, analyzable tasks such as communicating rules, standard operating procedures, plans, and schedules. However, lean media lack a personal focus and the ability to transmit nonverbal cues and provide immediate feedback (Rice, 1991; Trevino, et al., 1987).

Channel Effects

In terms of the characteristics of media channels, a common distinction made is between broadcast such as TV and radio, and print, such as newspapers and magazines (Assael, 1981). Thus, broadcast media are considered low-involvement channels, whereas print media are generally regarded high-involvement channels (Krugman, 1969). Television, in particular, produces low personal involvement because the rate of viewing and understanding is out of the viewer's control. That is, television is not a highly selective medium in terms of audience selectivity. It offers neither the geographic selectivity of newspapers nor the demographic selectivity of the specialized magazines. Instead, television is a non-selective medium reaching a mass audience. Creatively, television offers sight, sound, motion, and color. So while viewer attentiveness to commercials is likely to be low, television contains an intrusive power to force itself on viewers (Nylen, 1986). In contrast, print media enable the reader to set the pace and, therefore, provide the opportunity for making connections and dwelling on points of interest. The result is that print media offers a more comfortable learning environment whereby information can be more easily absorbed and integrated. For instance, magazines offer high quality reproduction and good color, but most importantly, they are a self-interest medium for readers. Moreover, printed materials offer longer life than most media (Nylen, 1986). Thus, print messages are more likely to lead to a change in attitude and behavior. Accordingly, it seems logical to infer that television is a more effective medium for quick messages, while print media are expected to be more effective in persuading customers when brand alternatives must be carefully compared. TV advertising is designed to maintain familiarity with a brand and reinforce positive experiences, while the messages delivered by print media

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are likely to lead to favorable behavioral responses. In all, it is clearly noted that each advertising channel distinctively influence different types of audience's perception and attitude due to their different characteristics.

HYPOTHESES

There has been substantial empirical research conducted on the impact of different types of organizations on channel preferences (Capon et al., 1996; Capon, Farley, Hulbert, and Lei, 1991; Lee, 2002). In particular, organizational characteristics (i.e., supplier firm and customer firm) are an enduring quality of organizations which influence employees' attitudes and preferences for communication channels (Taguiri and Litwin, 1968). Based on the literature review, this study hypothesizes that;

H1: There are different perceptions of communication channels between CVB marketers and meeting planners.

H2. There are different preferences of advertising channels between CVB marketers and meeting planners.

H3. There are different perceptions of advertising channels between CVB marketers and meeting planners.

H4. There are different relationships between preferred channel and advertising effects between CVB marketers and meeting planners.

METHODOLOGY

Since the purpose of this study was to compare CVBs' and meeting planners' channel preferences and usage, the data used for this study were obtained from two different sources. In case of CVBs, the sample of CVBs was drawn from the membership list of DMAI (Destination Marketing Association International). Only CVB marketers in charge of promoting their destinations and conventions (i.e., destination marketers, destination promoters, directors of sales, etc.) were selected because of the study focus on the communication channel between CVBs and meeting planners. The meeting planner population was drawn from the membership list of Professional Convention Management Association (PCMA). From this membership list, only meeting planners responsible for promoting destinations and communicating with travelers and CVBs were selected. Before obtaining the valid sample list based on the sampling criteria, a cross-checking between the two lists was performed to insure mutual exclusiveness in the two groups. Moreover, only one meeting planner per organization was chosen in order to avoid multiple responses from an organization. Applying these sample screening criteria, a total of 1,124 potential meeting planner respondents was obtained.

The survey was conducted from May 15th to June 10th, 2006 through the e-survey servers (at http://www.cfs.purdue.edu/ss/wsb.dll). In order to increase the response rate, a personalized e-mail showing each individual's first and last name was sent and there were four financial prizes ($50 dollar gift cards) as incentives. A follow-up personalized reminder e-mail was sent two times on May 24th and June 1st respectively to maximize the return rates. These efforts resulted in 245 of CVB and 226 meeting planner completed responses for 24.01% and 20.1 % response rates respectively. Preliminary analyses using chi-square tests were conducted separately for the both groups to investigate the extent and nature of response bias. In particular, the early respondents (CVBs = 175; meeting planners = 142) were compared to the follow-up respondents (CVBs = 70; meeting planners = 84) in terms of the demographic, professional, and geographic information. The results of these analyses showed that only the type of meeting planners was significantly different (at p = 0.05).

RESULTS

The demographic profiles of the respondents are summarized in Table 1. In case of CVB marketers, there were slightly more females (57 %) than males, while about 60 percent of the respondents were in the age range of 31 to 50 years. One notable characteristic of the respondents was that a majority (84 %) of the CVB respondents were highly educated (Bachelor's degree or higher). In regard to the profile of meeting planners, the most interesting characteristic of the meeting planners was the majority of meeting planners were female (81.7 %). According to Jackson (2003), 20 years ago the convention and meetings sector mostly consisted of men, but as the industry grew out of administrative departments, women in clerical positions were planning meetings and now 89.9 percent of meeting managers and 85.8 percent of meeting directors are women. Another recent market report (Meetings Focus, 2005) also showed that the convention and meetings sector was overwhelmingly comprised of women, as the survey found. The two major age groupings of respondents were 31 to 40 (32.1%) and 41-50 (31.2%). It was also observed that over 80 percent of meeting planners has at least a Bachelor's degree.

Table 1
Demographic Characteristics of Respondents

Characteristics	CVBs		Meeting Planners		Chi-Square
	Frequency	%	Frequency	%	
Gender					33.27**
Female	139	57.0	183	81.7	
Male	105	43.0	41	18.3	
Age					16.72**
21 to 30	20	8.2	28	12.7	
31 to 40	57	23.5	71	32.1	
41 to 50	86	35.4	69	31.2	
51 to 60	60	24.7	44	19.9	
61 to 70	20	8.2	6	2.7	
Over 71	0	0.0	3	1.4	
Education					2.18
High school	4	1.6	4	1.8	
Some college	35	14.3	43	19.1	
Bachelor's degree	150	61.5	134	59.6	
Master's or Ph.D.	55	22.5	44	19.6	

Communication channels include fax, traditional mail, e-mail, Internet messenger, telephone, and the Web. Parallel questions were asked on specific communication channels rather than asking the two groups about general communication channels. The results showed that there were different perceptions of communication channel usefulness between the two groups (H1 was supported) (see Table 2). More specifically, there were significant differences between the two groups for five out of six communication channels. CVBs preferred to use telephone, traditional mail, and Websites for communicating with meeting planners, whereas meeting planners favored e-mail and fax communications. Meeting planners had higher preferences for new channels (e-mail and the Web) over traditional ones (traditional mail and fax).

Table 2
Perceived Usefulness of Communication Channels

Communication Channel	CVBs (n = 245)	MP (n = 226)	*t*
	Mean (Ranking)		
Fax	1.46 (5)	1.75 (5)	-2.62**
Traditional mail	2.44 (4)	1.92 (4)	5.46**
e-mail	3.27 (2)	3.43 (1)	-1.98*
Internet Messenger	1.43 (6)	1.35 (6)	0.58
Telephone	3.30 (1)	2.88 (3)	4.30**
WWW	3.11 (3)	2.89 (2)	2.16*

Measured on a 5-point Likert-type scale: Not useful (1), somewhat useful (2), useful (3), very useful (4).
*p < 0.05, **p < 0.01

The next phase of channel comparison was about channel usage and perception of usefulness of each advertising channel. Except for trade magazines and CVB Websites, all channels showed statistically significantly differences for channel usage by chi-square tests (H2 was supported). In terms of perceived advertising effects, CVB respondents' perceptions of virtually all channels were higher than meeting planners' scores (H3 was supported) (see Table 3). It can reasonably be assumed that CVBs as advertisers or advertising sponsors are more likely to perceive ads effects in a more positive way. A critical point of the result is that there is no significant difference for CVB Websites and trade magazines in terms of general usage. Moreover, CVB Websites were the most used communication channel by the two groups. Additionally, both groups perceived CVB Websites to be more useful than other channels.

Table 3
Comparison of the Advertising Channel Usage and Perceived Usefulness

Channel Advertising Effects	CVBs Frequency (%) Mean	Meeting Planners Frequency (%) Mean	Chi-square	*t*
Use of Trade Magazines	183 (75.0)	152 (67.9)	2.93	
Awareness	3.44	3.11		3.37**
Positive image	3.51	3.17		3.66**
Request information	3.03	3.13		-0.97
Reminding	3.51	3.64		-1.50
Use of Consumer Magazines	203 (83.5)	70 (31.4)	130.34**	
Awareness	3.88	3.11		7.22**
Positive image	3.91	3.05		8.32**
Request information	3.68	2.92		6.40**
Reminding	3.79	3.34		4.19**
Use of Portal Websites	66 (27.2)	78 (35.3)	3.58*	
Awareness	3.62	2.91		4.38**
Positive image	3.39	3.14		1.52
Request information	3.37	3.19		1.08
Reminding	3.33	2.94		2.52*
Use of CVB Websites	219 (90.9)	190 (86.4)	2.36	
Awareness	4.26	3.09		12.46**
Positive image	4.41	3.90		7.29**
Request information	4.15	3.51		7.22**
Reminding	4.12	3.35		8.21**
Use of Collateral/Brochures	231 (95.1)	149 (67.7)	58.64**	
Awareness	4.06	3.01		11.34**
Positive image	4.26	3.51		8.78**
Request information	3.76	3.35		4.16**
Reminding	3.97	3.50		5.14**
Use of Newspapers	148 (61.7)	22 (9.8)	134.15**	
Awareness	3.65	2.39		7.60**
Positive image	3.63	2.51		6.38**
Request information	3.50	2.49		5.38**
Reminding	3.72	2.60		6.89**
Use of TV	84 (35.0)	30 (13.5)	28.65**	
Awareness	4.00	2.68		6.61**
Positive image	4.21	2.41		9.89**
Request information	3.58	2.51		5.08**
Reminding	4.01	2.80		6.23**
Use of Radio	94 (39.0)	4 (1.8)	95.00**	
Awareness	3.70	1.59		8.81**
Positive image	3.47	1.47		8.88**
Request information	3.17	1.53		6.07**
Reminding	3.74	1.56		10.14**
Use of Personal Sales/WOM	228 (95.4)	219 (99.5)	7.74*	
Awareness	4.42	4.03		5.40**
Positive image	4.41	3.98		5.63**
Request information	4.28	4.02		3.26**
Reminding	4.35	3.99		4.77**

Measured on a 5-point Likert-type scale: Not very useful (1), extremely useful (5).
*p<0.05, **p <0.01

In order to examine the relationships between advertising channels and effects, correspondence analysis was employed to examine the underlying relationships between advertising channels and perceived advertising effects for both groups. The results of this analysis are visualized in Figure 1. Based on the CVB respondents'

perspective, consumer magazines had a strong linkage to delivering "detailed information" and generating "request information." Personal sales and word of mouth and trade magazines appeared to be more closely related to creating a "positive image of destination." It was notable that the results for the other advertising channels included in the study (i.e., Internet, newspapers, TV and radio) were not clearly related to any of the various advertising effect measures.

Figure 1
Correspondence Analysis of Advertising Channels and Effects for CVBs
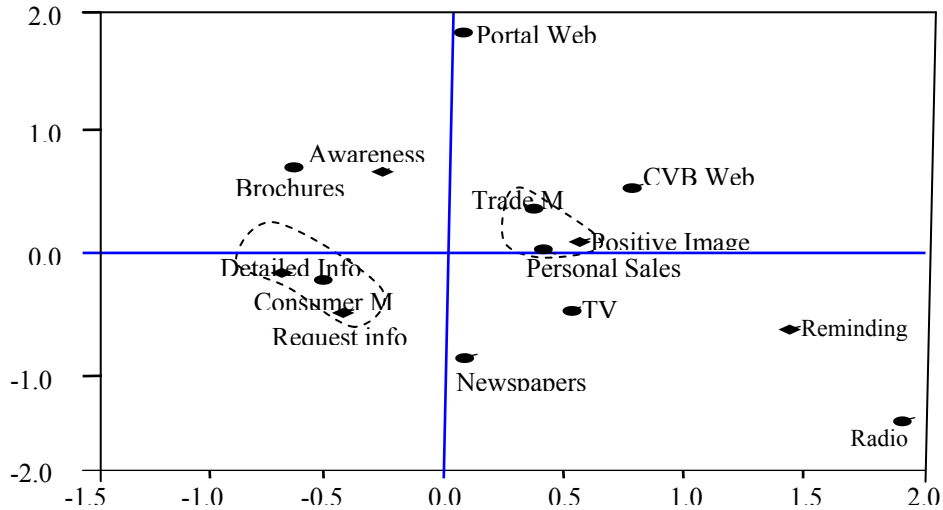
For the meeting planner group, the correspondence map was somewhat different than for the CVB respondents. As shown in Figure 2, personal sales and word of mouth had strong linkages to "request information," obtaining "detailed information," and "awareness of destinations." Similar to CVBs, trade magazines were closely related to creating a "positive image of destination."

Figure 2
Correspondence Analysis of Advertising Channels and Effects for Meeting Planners
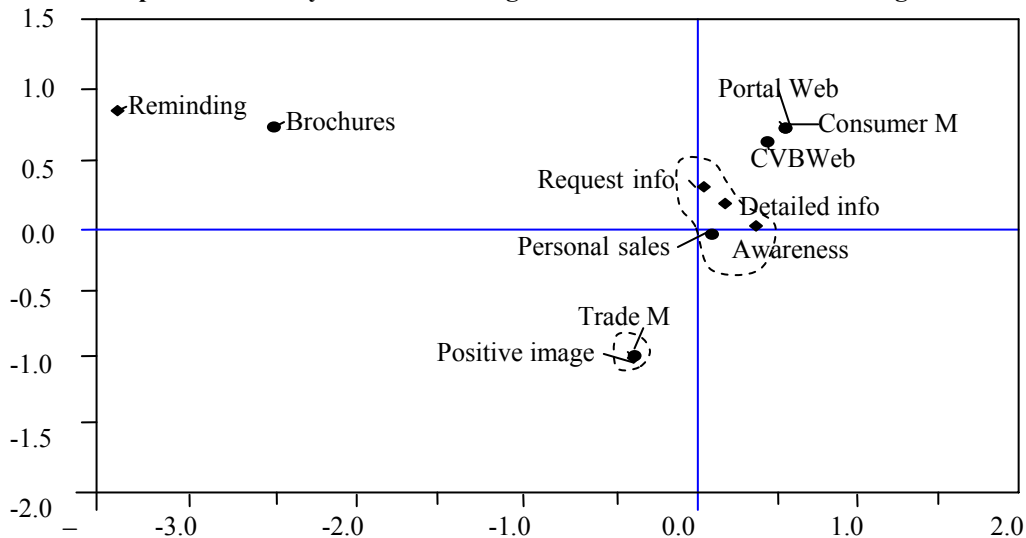
The two correspondence analyses indicated that the relationship between advertising channels and effects varied between the CVB respondents and meeting planners (H4 was supported). There were, however, some common relationships between the two. First, trade magazines had a strong linkage to creating a "positive image" of

the destination. Apart from trade and consumer magazines, and personal sales/WOM, all other channels did not have any strong relationships with advertising effects for both groups.

CONCLUSIONS AND IMPLICATIONS

It was shown that there are clear channel discrepancies between CVB respondents and meeting planners in term of preferences, and usage of communication and advertising channels. The broad parameters laid out in this study have important implications especially for CVB marketing activities. CVBs' main advertising channels (magazines, brochures, and TV) were different from those of meeting planners (personal sales/word of mouth and CVB Websites). This should be a critical finding for CVBs who want to attract meeting planners to their destinations. Although not all CVBs advertising channels are aimed at meeting planners, they are still one of the main target markets; about 40 percent of the CVB respondents considered meeting planners as their main target market. This misconception of the usefulness of specific advertising channels may lead to problems with marketing strategies, advertising budget allocations, and advertising effectiveness. CVBs should consider modifying their marketing and advertising strategies relative to meeting planners.

The most influential advertising channel for meeting planners was personal sales and word of mouth. This is very plausible when considering Information Richness Theory (Daft et al., 1986). As a buyer in charge of group consumption, meeting planners are more likely to rely on rich media such as face-to-face or telephone communications. For Internet marketing, this finding also supplies a very valuable idea. CVBs may achieve greater advertising effectiveness by promoting online word-of-mouth communications through virtual communities. Virtual communities are regarded as one of the most effective business models in the information age and the rise of virtual communities in online networks has provided great opportunities for business organizations (Armstrong and Hagel, 1996). In the hospitality and tourism literature, it is also reported that virtual communities provide organizations with a more effective method for communicating what their products and destinations are all about (Wang, Yu, and Fesenmaier, 2002). Within the IT era, the emerging challenge for CVBs is how to brand their destination images, and produce more trusted messages to get the attention of travelers and travel intermediaries while competing with a myriad of other CVB Websites. With the recognition of the experiential nature of tourism, it is clear that virtual communities will provide a substantial foundation with which to foster communication among and between travelers and the industry.

In regard to the relationship between advertising channels and advertising effects, the results of this study provided valuable insights into understanding the nature and impact of hospitality and tourism advertising. First, the results indicated that there is a strong linkage between advertising channels and advertising effects. The findings confirmed the results of previous studies indicating that the role of advertising is not limited to stimulating visits to a destination; rather, it includes exposing the destination to potential travelers, creating a positive image of the destination, and stimulating a preference for the destination that eventually leads to actual visits (Bendizen, 1993; Bojanic, 1991; Weilbacher, 2003). Second, there was a difference between CVB respondents and meeting planners in terms of their perception of advertising channels. CVB respondents perceived consumer magazines as "detailed information" and arousing "request information." Personal sales and word of mouth and trade magazines were more associated with creating a "positive image of destination." In case of meeting planners, personal sales and word of mouth had a strong linkage to "request information," obtaining "detailed information," and "awareness of destinations," whereas trade magazines were closely associated with having a "positive image of destination." Practically, these findings should provide CVBs with pointers for designing more effective advertising strategies, and particularly for better alignment of advertising channels to the aims of their advertising campaign for meeting planners.

In all, this study provides some insights to hospitality and tourism research by providing theoretical and practical contributions supporting the all hypotheses. First, this study provides extensive view of organizational theory and thoughts about channel adaptation research in hospitality and tourism. Second, marketers on both sides should be able to allocate their marketing and advertising budgets more appropriately by understanding differences in channel preferences. Based on the results, it is expected that CVBs and meeting planners should now better understand each other's channel preference and usage, and more effective communications and marketing strategies should be possible.

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PERCEIVED JUSTICE AND HOTEL GUEST RELATIONSHIP BUILDING: THE MEDIATIONAL ROLE OF RECOVERY SATISFACTION

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ABSTRACT

The purpose of this study is to examine the relative influences of distributive, interactional, and procedural justice on recovery satisfaction and subsequent hotel guest relationship buildings: trust, commitment, and loyalty. On-site survey was administered to collect data from guests who experienced a service failure at luxury hotels. The effect of distributive justice on recovery satisfaction was stronger than those of interactional and procedural justice. Since interactional and distributive justice have significant effects on trust and commitment via recovery satisfaction, satisfaction was found to be an important mediating variable. The meidational role of commitment between trust and loyalty was substantial.

Key Words: distributive justice, interactional justice, procedural justice, trust, loyalty

INTRODUCTION

No matter how excellent a hotel delivers service, every hotel business oftentimes makes a mistake in meeting the expectations of today's hotel guests, who tend to be more demanding and less loyal than ever before. Service failure prompts customer dissatisfaction with the service provider, which could possibly lead to customer complaint behavior. Hotel guests who are dissatisfied with the service encounter could possibly show any of the four reactions: silently exit, spread a negative word-of-mouth communication, voice their complaints to the operator, and continue to patronage the same property despite their dissatisfaction (Tax, Brown, & Chandrashekaran, 1998).

Gronroos (1990, p.5) defined service recovery processes as "those actions in which a firm engages to address a customer complaint regarding a perceived service failure." Some researchers suggest that a company's service recovery effort can restore customer satisfaction (Smith, Bolton, & Wagner, 1999), reinforce customer relationships, and eventually attain customer patronage (Blodgett, Hill, & Tax, 1997). Superb post-failure recovery efforts can induce "service recovery paradox," coined by McCollough and Bharadwaj (1992), whereby customers experiencing a service failure will perceive a higher level of satisfaction than those who did not experience a service failure encounter.

Past research reveals that effective complaint handling is positively related to customer loyalty and the subsequent customer retention, which eventually leads to long-term profitability (Reichfield & Sasser, 1990; Tax et al., 1988). Since hotel companies cannot prevent all customer complaints, they recently have devoted a great deal of money and efforts to learn as to how to manage and respond to customer complaints for possible service failures. Hotel companies have implemented service recovery programs by empowering employees to immediately solve a problem and offering appropriate compensation to a dissatisfied customer (Stoller, 2005).

A justice theory framework appears to gain popularity in explaining how guests evaluate service providers' reactions to service failure/recovery (Maxham III, 2001). Perceived justice is a multi-dimensional concept, comprising of three dimensions: distributive justice, interactional justice, and procedural justice. The application of the justice framework facilitates a deepening theoretical understanding of the dynamics of the service provider and customer relationship (Collie, Sparks, & Bradley, 2000). Notwithstanding the recent advances in understanding the effects of perceived justice on post-recovery behavior, there is still a lot of room to learn as to how a service provider's recovery efforts affect subsequent customer relationships with the company. Although some studies have been performed on service recovery in the field of the service industry such as the hospitality industry (e.g., Wirtz & Mattila, 2004; Ok, Back, & Shanklin, 2005), only a few studies attempted to adopt the relationship marketing approach in explaining the relationship among perceived justice with service recovery, satisfaction, and three relationship outcome variables: trust, commitment, and loyalty. Considering the importance of outcomes of relationship management after service recovery efforts, this study attempts to fill the gap by linking perceived justice of the recovery efforts following service failure with important customer relationships.

The purpose of this study is to assess the relative effects of distributive, interactional, and procedural justice on customer satisfaction with the service recovery and customer relationship variables: trust, commitment, and loyalty. Additionally, this study investigates the relationships between satisfaction with recovery, trust, commitment, and loyalty. Satisfaction with recovery serves as the mediator between the three dimensions of perceived justice and post-recovery relationship variables.

LITERATURE REVIEW AND HYPOTHESES

Perceived justice and satisfaction with the recovery

Extant research (e.g., Blodgett et al., 1997; Karatepe, 2006) indicated that perceived justice of the recovery efforts after service failure could affect satisfaction with the recovery. Many of them insisted that the degree of the influence would vary according to the types of justice itself (Blodgett et al., 1997; Tax et al., 1998). For example, Tax et al. (1998) concluded that distributive justice has a stronger impact on satisfaction than other types of justice. On the other hand, Blodgett et al. (1997) stated that the interactional justice was the most important determinant of satisfaction followed by distributed justice. Consistent with Blodgett et al.'s (1997) findings, Karatepe (2006) disclosed that interactional justice has a greater influence on hotel guests' satisfaction with complaint handling than do distributive and procedural justice. Ok, Back, and Shanklin (2005) showed that procedural justice had the largest influence on recovery satisfaction in a restaurant setting followed by distributive and interactional justice. In summary, the following hypotheses are proposed:

Hypothesis 1: Perceived justice has a positive effect on satisfaction with the recovery.
Hypothesis 1a: Procedural justice has a positive effect on satisfaction with the recovery.
Hypothesis 1b: Interactional justice has a positive effect on satisfaction with the recovery.
Hypothesis 1c: Distributive justice has a positive effect on satisfaction with the recovery.

Satisfaction and trust

Trust builds on when the customer has confidence in a service provider's reliability and integrity (Morgan & Hunt, 1994). As satisfaction arises from meeting or exceeding the expectations of the customer, it over time strengthens the reliability of the service provider and cultivates trust (Ganesan, 1994; Tax et al., 1998). Evidence suggests that satisfaction serves as the predictor of trust (Garbarino & Johnson, 1999). Thus, the following hypothesis is proposed:

Hypothesis 2: Satisfaction with service recovery positively affects trust.

Satisfaction and commitment

Moorman, Zaltman, and Deshpande (1992) define commitment as an enduring desire of a customer to maintain a valued relationship with a service provider. Satisfaction strengthens the customer's willingness to actively participate in the service process, eventually resulting in commitment (Fornell, 1992). McDougall and Levesque (2000) claim that satisfaction has a positive effect on a customer's revisit intention. They also surmise that there is a positive relationship between satisfaction and commitment. Therefore, this study posits the following hypothesis:

Hypothesis 3: Satisfaction with service recovery positively affects commitment.

Trust and commitment

According to Morgan and Hunt (1994), trust and commitment are at the heart of any successful relationship with customers. Bowen and Shoemaker (1998) developed the model of service relationship based in part on Morgan and Hunt (1994). Their empirical findings of a structural model suggested that benefits and trust were the most important antecedents to guest commitment. Strong empirical evidence exists for a positive path from trust to relationship commitment (e.g., Morgan & Hunt, 1994). Thus, the following hypothesis is proposed:

Hypothesis 4: Trust through satisfaction with service recovery positively affects commitment.

Satisfaction and loyalty

Previous empirical research suggests that customer satisfaction is strongly associated with customer loyalty (Heskett et al., 1994; Karatepe, 2006). Fornell (1992) suggests that satisfied customers tend to be the most loyal customers who spend more money with the firm, often purchase additional services, and contributes significantly to a firm's bottom line profit. Extant research also reveals that effective complaint handling is positively related to customer loyalty and the subsequent customer retention, which eventually leads to long-term profitability (Reichfield & Sasser, 1990; Tax et al., 1988). Additionally, the empirical findings of Oh (1999) for luxury hotels

showed that customer satisfaction had a positive relationship with revisit intention and WOM. Satisfied customers show stronger repeat purchase intention and spread WOM referral.

If recovery from service failure is effective, the customer satisfaction increases and loyalty will rise. However, if recovery from service failure is not done fairly, customer satisfaction with service recovery will decrease, and ultimately loyalty will also decrease. Thus, the following hypothesis is proposed:

Hypothesis 5: Satisfaction with service recovery positively affects loyalty.

Trust and loyalty

Gwinner et al. (1998) indicated that the psychological benefit of belief and trust is more important than special treatment or social benefit in the relationship between service firms and customers. Therefore, customers developing trust with service providers have proper reasons to maintain the relationship with them. Because of these inherent characteristics of service itself, a service firm like a hotel is able to employ trust as the most powerful marketing tool to build customer loyalty. In light of the aforementioned evidence, the following hypothesis is proposed:

Hypothesis 6: Trust through satisfaction with service recovery positively affects loyalty.

Commitment and loyalty

From the relationship marketing perspective, customer commitment is seen as being the key determinant of customer retention and loyalty (Gundlach et al., 1995; Fullerton, 2005). Kumar, Scheer, and Steenkamp (1995) state that commitment is regarded as a favorable affective reaction, and it leads to customer loyalty. Bowen and Shoemaker (1998) disclosed that committed guests are more likely to be loyal guests who spread positive word of mouth referrals. Some researchers suggested that customer commitment is strongly linked to loyalty (Dick & Basu, 1994). In this sense, the following hypothesis is proposed:

Hypothesis 7: Commitment through satisfaction with service recovery positively affects loyalty.

METHODOLOGY

Sampling Frame and Data Collection

Data were collected from hotel guests in Seoul, Korea. We chose five-star hotels as a sample, because successful service recovery from failure is a high priority subject for luxury hotel managers to maintain a long-term guest relationship. The researchers contacted the director of marketing for all 11 luxury hotels and four hotels allowed a research team to conduct surveys to their guests. A screening question was asked to see if respondents encountered any service failure in the past six months during their stay at a five-star hotel. A group of six hotel managers and four research faculty participated in pilot testing to refine the instrument. The survey provides respondents no monetary incentive for completing and returning the questionnaire, and a total of 542 responses were returned to survey administrators. Out of 542 collected, 35 questionnaires were either incomplete or the answers were found to be unreliable, leaving a remaining 507 questionnaires that were retained for further data analysis.

Measurements

Multiple item scales were used to measure each construct. If possible, validated scales from previous literature were employed after a slight modification. In this study, the items in all scales except for loyalty and an item for distributive justice were measured on a 7-point Likert-type scale ranging from 1 (strongly disagree) to 7(strongly agree). Customer loyalty was measured on a 7-point scale anchored with "least likely" (1) and "extremely likely" (7). One item to measure distributive justice, "compared to what you expected, the discount offered was", was anchored with "less than expected" (1) and "more than expected" (7). A total of 28 items were employed to capture the 7 latent constructs: 3 exogenous (perceived justice) and 4 endogenous constructs (relationship variables).

The perceived distributive justice was measured by a four-item scale adopted from Blodgett et al. (1997) and Smith et al. (1999). The five-item scale, the perceived interactional justice, was adapted from Tax et al. (1998), Smith et al. (1999), and Severt (2002). To measure the perceived procedural justice construct, we used a four-item scale adapted from Blodgett et al. (1997) and Smith et al. (1999). The satisfaction with service recovery scale was measured by four items and was adapted from Oliver and Swan (1989a) and Davidow (2000). The four-item scale for trust was adapted from Wong and Sohal (2002), Crosby et al. (1990), and Morgan and Hunt (1994). The commitment, adapted from Morgan and Hunt (1994) and Wong and Sohal (2002), was measured by four items. Finally, the 3-item scale, loyalty, was adapted from Hennig-Thurau, Gwinner, and Gremier (2002).

RESULTS

Measurement Model

The adequacy of the measurement component of the proposed model was first examined by performing confirmatory factor analysis. Table 1 demonstrates the results of the measurement model. All the fit indexes demonstrated an excellent fit with $\chi^2 = 358.037$, $df = 247$, goodness of fit index (GFI= 0.953), adjusted goodness of fit index (AGFI = 0.921), root mean square error of approximation (RMSEA = 0.035), and comparative fit index (CFI = 0.982). Collectively, the results of the CFA mostly satisfy the recommended level of goodness-of-fit, and so the proposed model generally fits the sample data well.

Purification of scales was then performed through the use of confirmatory factor analysis (CFA). The Cronbach's αs of the six constructs ranged from .836 to .919 and they were all above Nunnally's (1978) recommended .70 benchmark, indicating that the measures are internally consistent. Fornell and Larcker (1981) suggest that composite reliability is generally superior to Cronbach's α. The composite reliability of each construct ranges from .793 (loyalty) to .913 (interactional justice), exceeding a suggested minimum of 0.7 (Bagozzi, 1980). Thus, all scales demonstrate adequate internal consistency.

Table 1
Results of the measurement model

Scale items	Standardized loadings	t-value	SMC	AVE	Composite reliability
Distributive justice (α = .867)				.603	.794
Compared to what you expected, the "discount" offered was:	.505	12.073	.403		
Taking everything into consideration, the manager's offer was quite fair.	.910	-	.828		
Given the circumstances, I feel that the hotel offered adequate compensation.	.903	30.598	.853		
The customers did not get what they deserved (i.e., regarding a refund, coupon, room upgrade) (R)	.834	25.974	.695		
Interactional justice (α = .915)				.746	.913
Employee was courteous to me	.989	-	.978		
Employee's communication with me was appropriate	.882	39.810	.779		
Employee put the proper effort into resolving my problem	.710	22.171	.504		
Employee showed a real interest in trying to be fair	.976	75.684	.952		
Employee showed a concern	.511	13.212	.413		
Procedural justice (α = .895)				.625	.874
My complaint was handled in a very timely manner	.969	65.407	.938		
My complaint was not resolved as quickly as it should have been (R)	.829	31.679	.686		
The procedure for handling my complaint was complicated (R)	.848	34.083	.720		
The employee made an effort to adjust the procedure of handling my complaint according to my needs	.990	-[a]	.981		
Satisfaction (α = .903)				.625	.844
Overall, I am satisfied with the service I received	.797	23.228	.636		
I am satisfied with the manner in which the service failure was resolved	.866	27.471	.750		
A hotel's response to the service failure was better than expected	.916	-	.839		
I now have a more positive attitude toward A hotel	.877	28.565	.768		
Trust (α = .919)				.758	.893
This hotel employees can be trusted at all times	.774	20.791	.483		
This hotel employees have high integrity	.966	24.586	.573		
This hotel make an effort to fulfill promises made to the customers	.974	-	.948		
Overall, I can rely on this hotel	.757	55.291	.934		
Commitment (α = .852)				.674	.868
My level of emotional attachment to this hotel is high	.872	30.875	.761		
My relationship with this hotel has a great deal of personal meaning to me	.926	-	.857		
Maintaining relationship with this hotel is important to me.	.927	36.448	.860		
I intend to maintain relationship with this hotel	.876	31.201	.767		
Loyalty (α = .836)				.565	.793
I would recommended this hotel to others who seeks your advice	.736	16.698	.602		
I consider this hotel as my first choice compared to other hotels	.995	-	.837		
I intend to visit this hotel again	.613	14.146	.455		

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Convergent and Discriminant Validity

Convergent validity exists when a researcher's proposed scale items correlate with the same construct. The standardized loadings and the squared multiple correlation (SMC) for the measurement items and the constructs were examined as an evidence of convergent validity (Bollen, 1989). Significant factor loadings for a specified construct suggest confirmation of convergent validity, indicating that indicators for a given construct should be at least moderately correlated among themselves. All items loaded significantly on their specified construct with the lowest critical ratio (t-value) being 12.07 (p < .01), which indicates that the specified indicators are sufficient in their representation of the constructs (Hair, Anderson, Tatham, & Black, 1998).

To evaluate the discriminant validity of the constructs, a confidence interval test approach suggested by Anderson and Gerbing (1988) was adopted. A confidence interval of plus or minus 2 standard errors was first calculated around the correlation coefficients between the constructs and tested if any interval includes 1.0. In this test, none of the confidence intervals included 1.0; thus, the correlation between the constructs was not strong and discriminant validity is confirmed (Bagozzi, 1980; Anderson & Gerbing, 1988; Hatcher, 1994). In summary, these results demonstrate that the proposed measurement model is appropriate for further analysis.

Structural Model Test

The results of the structural model tested are illustrated in Table 2. Using the structural equation modeling (SEM), the predicted relationships among exogenous and endogenous constructs were tested. The overall fit of the model to the data was satisfactory: χ^2 = 453.554, df = 260, GFI = 0.946; AGFI = 0.910; RMSEA = 0.038; CFI = 0.979. As was expected, all structural path estimates with the exception of the linkage between satisfaction and commitment were significant. The signs of all structural paths were also consistent with the hypothesized relationships among the latent constructs. Moreover, the model accounted for a substantial proportion of the variance (R^2) in four endogenous variables: 79.9% of variance in satisfaction with service recovery, 62.4% of the variance in trust, 58.7% in commitment, and 73.0% in loyalty.

Hypotheses Testing

Hypotheses testing generally led to support for most of the hypotheses. H1a, H1b, and H1c posited the positive relationships between three elements of perceived justice and satisfaction with service recovery. Procedural (γ_{11} = .059, p<.05), interactional (γ_{12} = .346, p <.01), and distributive justice perception (γ_{13} = .654, p <.01), all had significant influences on satisfaction with service recovery, thereby lending support for H1a, H1b, and H1c (see Table 2). Satisfaction with service recovery (β_{21} =.714, p<.01) was positively associated with trust. Therefore, H2 was supported. However, satisfaction with service recovery (β_{31} =.048) was not positively related to commitment. Therefore, H3 did not receive empirical support. Trust (β_{32} =.797, p<.01) had a significant effect on commitment. Hence, H4 was supported. Satisfaction with service recovery (β_{41} =.797, p<.01), trust (β_{42} =.797, p<.01), and commitment (β_{43} =.797, p<.01) were found to have significant effects on loyalty, thereby H5, H6, and H7 were supported.

CONCLUSIONS AND AVENUES FOR FUTURE RESEARCH

The results of this study provide useful insights on the behavior of hotel guests who experienced faulty service together with subsequent follow-up action of service recovery. The study results are enlightening the efforts of hotel management who pursues to ensure that the hotel guests perceive a higher level of satisfaction than those who did not encounter a service breakdown. The empirical results testing the relationships among satisfaction, service recovery, trust, commitment, and loyalty demonstrated that all hypothesized relationships except the one between satisfaction and commitment were supported. The findings also show that the effect of satisfaction with service recovery on trust is significant and positive (Tax et al., 1998), and in turn the trust is positively associated with commitment (Bowen & Shoemaker, 1998). Trust as an important antecedent of commitment coincides with Morgan & Hunt (1994)'s argument that trust and commitment play an important role to continuous customer relationship. In particular, the significant and positive effect of recovery satisfaction on loyalty confirms a "recovery paradox" in that service recovery efforts after failure could ultimately enhance the customer relationship (McCollough, 2000). This corroborates that a customer can build on a positive feeling by the efforts of effective service recovery from hotels, and the relationship between the service provider and customer can be fortified, even though a hotel guest encounters faulty service (Smith et al., 1999). Wirtz and Mattila (2004) suggested that effective service recovery would be one of the important factors in attaining customer repatronage. The effect of trust on loyalty was found to be significant and positive (Crosby, 1990), and the commitment was positively associated with loyalty (Garbarino & Johnson, 1999).

Table 2
Results of the structural equation model analysis

Hypothesized Paths	Direct effects Path coefficients	Direct effects t-value	Indirect effects	Total effects	Remarks
H1a Procedural justice→Satisfaction (γ_{11})	.059	1.984*		.059	Supported
H1b Interactional justice→Satisfaction (γ_{12})	.346	11.948**		.346	Supported
H1c Distributive justice→Satisfaction (γ_{13})	.654	18.371**		.654	Supported
H2 Satisfaction→Trust (β_{21})	.714	18.634**		.714	Supported
H3 Satisfaction→Commitment (β_{31})	.048	.731	.569	.617	Not-Supported
H4 Trust→Commitment (β_{32})	.797	10.119**		.797	Supported
H5 Satisfaction→Loyalty (β_{41})	.764	13.467**	.099	.863	Supported
H6 Trust→Loyalty (β_{42})	.407	7.885**	.268	.675	Supported
H7 Commitment→Loyalty (β_{43})	.336	6.433**		.336	Supported
Procedural justice→Trust			.042	.042	
Interactional justice→Trust			.247	.247	
Distributive→Trust			.467	.467	
Procedural justice→Commitment			.031	.031	
Interactional justice→Commitment			.180	.180	
Distributive→Commitment			.341	.341	
Procedural justice→Loyalty			.051	.051	
Interactional justice→Loyalty			.298	.298	
Distributive→Loyalty			.565	.656	
R^2(Satisfaction)	.799				
R^2(Trust)	.624				
R^2(Commitment)	.587				
R^2(Loyalty)	.730				

* Significant at $p<.05$.
** Significant at $p<.01$.

The magnitude of direct and indirect effect that perceived justice had on satisfaction appeared to be in descending order of distributive justice (.654), interactional justice (.346), and procedural justice (.059), where the indirect effects to satisfaction through trust, commitment, and loyalty were the same order. This implies that when a service provider in hotels encounters the problem of service breakdown, building satisfaction, trust, and commitment through fair and adequate service recovery is of the utmost importance in maintaining a continuous customer relationship.

In this study, the effect of distributive justice on satisfaction was found to be stronger than those of interactional and procedural justice, which in turn implies that hotel employees should pay attention to solve any conflict by offering appropriate monetary compensation (e.g., room upgrade, refund, discounts, coupon, etc.) to unsatisfied guests. To proceed appropriate interactional justice, hotel staffs may be alerted to respond with offering an apology, empathy, attentiveness, or courtesy and respect. Regarding the procedural justice, hotel employees must keep in mind that timeliness and quickness of resolving conflicts and high customer voice. It was also confirmed that trust had a stronger effect on loyalty than commitment. In the hotel industry, appropriate relationship marketing is important to form a sound business relationship with the customer. Once satisfaction with service recovery is met, trust builds confidence in the customer, so future behavior of the customer can be voluntary and positively geared towards the company through revisit intention, WOM references, and recommendations.

Some more practical implications are suggested herewith. First, hotel management should make efforts to train both full- and part-time employees to quickly and properly react to various situations of service failures. A comprehensive training program can facilitate the appropriate level of compensation (room discount versus refund), improving the interactional justice practice (via demonstrating empathy and attentiveness, and offering a genuine apology), and reacting to customer problems quickly and in a timely manner. Hotel managers should consider suitable rewards and recognition for employees' exemplary recovery efforts to stimulate their voluntary participation (Karatepe, 2006). Second, guest contact employees should be empowered in such a way to provide a quick recovery resolution for service breakdown. It is important for hotels to incorporate the empowerment and mentoring procedure into their operating manual by clearly delineating the critical issues such as maximum monetary incentive of contact employees without the supervisor's approval, promptness of the responses, employees' behavioral

responses by showing empathy and compassion, giving an apology, and flexibility of complaining procedures (Tax et al., 1998).

Some limitations in which this study could not escape from are as follows. First, the results of this study might be affected by respondents' memory bias because the study was based on the cross-sectional survey to respondents who had stayed in five-star hotels in the metropolitan city of Seoul. Future research would be able to adopt longitudinal design to trace the relationship between customers' perceived justice associated with service recovery over time, because most relationship variables may be measured more accurately in the time-series design. Second, future research could focus on the empirical validation of the recovery paradox across different segments (accommodation, restaurant, and casino) of other hospitality industries. Recovery paradox may be understood as not being realized, because the impact of first critical failure is too devastating to be made up by recovery efforts in some sectors of tourism industry. However, recovery paradox could be found in other segments of the hospitality industry, so that further research may confirm it across different types (e.g., resort hotel vs. downtown hotel or luxury restaurant vs. quick service restaurant) of businesses within a segment of hospitality industry.

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MEASURING THE EXPERIENCE CONSTRUCTS: A SCALE DEVELOPMENT AND VALIDATION

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ABSTRACT

This study developed and validated multi-dimensions of the Consumer Experience Index (CEI). Data were collected from 397 adults via a web-based survey. Exploratory Factor Analysis (EFA) was employed using first-half split sample (N=199). Scale-development procedures resulted in a seven-factor model made up of the following dimensions: sales environment, driving benefit, shopping convenience, accessibility, utility, incentive, and brand trust. To confirm the seven-factor model of the consumer's experience, Confirmatory Factor Analysis (CFA) was used for the second-half split sample (N = 198). CFA results demonstrated the dimensionality of the measures, reliability, convergent validity, discriminant validity, and cross validity.

Key Words: Consumer Experience Index, A Scale Validation, and Experience Economy, Confirmatory Factor Analysis

INTRODUCTION

The hospitality business has always been an industry in which the consumer's experience is at the core. A consumer's experience has been around in many types of businesses but until now, this concept has gone largely unrecognized. Pine and Gilmore (1999) introduced the concept of "experience economy" via *The Harvard Business Review*, and the concept later expanded into *The Experience Economy: Work is Theatre & Every Business a Stage*.

Pine and Gilmore (1999:11) explained that "experiences occur whenever a company intentionally uses services as the stage and goods as props to engage an individual in an inherently personal way." Pine and Gilmore (1999) differentiated the service business from the experience business. According to them, when a customer buys a service, he or she purchases a set of intangible activities customized for individual consumers. But when the consumer buys an experience, he or she pays to spend time enjoying a series of memorable events that a business stages to engage him or her in a personal way (Pine and Gilmore, 1999).

In the new millennium, the focus has started to shift from a service- to an experience- economy. Because of today's advanced technology, consumers' increasing expectations, and increasing competition, however, services today are starting to look like commodities (Knutson and Beck, 2006). That is, offering quality products and service are expected in today's competitive world. They no longer suffice to establish a competitive advantage. Businesses need to move beyond goods and services to create memorable experiences for each guest, since each guest's experience is unique and individualized (Gilmore and Pine, 1997). Thus, Pine and Gilmore have argued that, in an

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experience economy, companies must make memories and create the stage for generating greater economic value, rather than simply making goods and delivering services.

LITERATURE REVIEW

Experiences are elusive, difficult, and indistinct constructs. To stand out in this competitive environment, hospitality businesses need to not just deliver high quality products and services but also to create memorable experiences for individual guests. Thus it is important for researchers and practitioners to understand the dimensions of a consumer experience. Generally, an experience, while a distinct economic offering, had gone largely unrecognized, unstudied, and unmeasured. Although hospitality businesses increasingly have recognized the need to create economic value for their customers in the form of experiences, there is lack of hospitality research relative to identifying and measuring the dimensions of the customer's experience. Knutson, Beck, Kim, and Cha (In press, 2007) explained that characteristics of personal involvement/participation and individualized customization are what make experience marketing, measurement, and management so difficult.

Knutson and Beck (2006) proposed a holistic model that structures the complex relationship among the four major components of a consumer buying process: [1] expectations and perceptions of service quality, [2] the consumer's experience with the organization, [3] value, and [4] satisfaction. Among these four components, they recognized that the dimensions of the experience construct had not been extracted, but only assumed. As a follow-up study, Knutson et al. (2007) took the initial step in identifying the underlying dimensions embedded in the experience construct. They conducted empirical research using the exploratory factor analysis to develop a valid and reliable Consumer Experience Index (CEI). As a result, they identified the seven dimensions of the consumer's buying experience.

The seven dimensions of the consumer's experience identified in their study are:
- Driving benefit – understanding how to use a product or service, as well as its consistency, benefit and value.
- Accessibility – product or service must be readily available or easy to acquire.
- Convenience – the entire shopping process should be fast; products or services easy to locate.
- Incentives – offering incentives increase the chance of buying the featured product or service.
- Utility – practicality is important; there should be no surprises surrounding a product or service; safety is a major concern
- Brand trust – satisfaction with a store or product or service is critical.
- Sales environment – surrounding should be entertaining, stimulating, educational.

Study Objectives

This study was built on the work of Knutson and Beck (2006) and Knutson et al. (2007) to validate multi-dimensions of the Consumer Experience Index (CEI), comprising Driving Benefit, Accessibility, Convenience, Incentives, Utility, Brand trust, and Sales Environment. In the study by Knutson et al. (2007), exploratory factor analysis was employed to reduce the large number of items after generating the initial pool of items. For further experience scale development in this present study, total sample of N = 397 was split into two random halves. Put differently, this study used different data sets to build and validate the measurement model of an *experience*.

METHODS

Overview of Scale Evaluation Procedures

Hatcher (1994) cautions that using the same data for both EFA and CFA methods may lead to a final measurement model that not able to be generalized to other samples or population. The EFA was first performed using the first half sample, and the unidimensionality of each factor structure obtained from the EFA was validated using the second half via the CFA in structural equation modeling (SEM). CFA provides a more rigorous interpretation of dimensionality than does EFA. Besides dimensionality, CFA provides evidences of scale reliability, convergent, discriminant, and cross validity (Kline, 1998).

Sample and Data collection

A web-based survey was employed through on-line survey company, SurveyMonkey.com, targeting a sample of adults using Internet. The final instrument with 126 items was distributed to a sample which included

marketing-related professionals and general customers. The respondents were asked to indicate their position on each of the statements on service/product experience. A Likert Scale ranging from "1" (strongly disagree) to "7" (strongly agree) was used to measure respondents' levels of agreement to the named experience items.

A total of 506 individuals responded to the web-based survey. The deletion of this missing data resulted in 397 usable responses. First-split sample (N = 198) was used to conduct the exploratory factor analysis. For this sample, 57% of respondents were female, age of the majority of respondents ranged between 40 and 60 (59.8%), and 44% of respondents indicated more than $100,000 household income. Second-split sample (N=199) used for the confirmatory factory analysis represents that 69 % of respondents were females, 53.3% of ages ranged between 40 and 60, and 36% of respondents had more than $100,000 household income.

An initial pool of 134 items was generated from a review of items used in the popular and academic literature. The instrument was converted to the web-survey, and conducted a pre-test with 20 students to check the length of time of completing the web-based survey and to identify any technical or wording problems while completing and submitting it. Before the email invitation was sent to all participating partners, a pilot study with 125 members of the sample was conducted to refine the clarity of survey and to receive feedback on the web-based survey design. Based on that feedback, the questionnaire was edited to 126 items from the original 134 items.

RESULTS

Scale Development

Exploratory Factor Analysis (EFA) was employed to identify underlying dimensions of an experience and to reduce a large number of variables to a smaller number - in other words, scale refinement. The 126 items were first analyzed using Principal Components Analysis with Varimax Rotation over the 198 responses (i.e. First-split sample). Seven factors were identified by using Kaiser's (1960) criterion (eigenvalues greater than 1.0) (Kaiser, 1960) and Cattell (1966)'s scree test. The items were deleted, based on the following suggested statistical criteria (e.g., Hatcher, 1994; Tabachnick and Fidell, 1997) : an average corrected item-to-total correlation below .35, an average inter-item correlation below .2, factor loadings below .45., cross-loading greater than 0.4 , and reliability score below .70. These seven factors, composing of 39 items explained 59% of the variances. Findings from EFA indicate that seven dimensions are important in an economic experience. These dimensions are labeled as Sales environment (14 items: α=.91), Driving Benefit (6 items: α=.79), Shopping Convenience (5 items: α=.80), Accessibility (5 items: α=.84), Utility (4 items: α=.70), Incentive (3 items: α=.77), and Brand Trust (2 items: α=.84). These seven dimensions are consistent with the findings of previous study, conducted by Knutson et al. (2007), when they used the total sample of 397.

Scale Confirmation

Confirmatory Factor Analysis (CFA) was conducted to verify seven-factor structure of the proposed *experience* model, which was obtained from EFA as well as to explore whether significant modifications are necessary from EFA. Data from the second-split sample (N =199) was used for CFA. The proposed measurement model was specified by the relations between the observed variables and the unobserved latent variables (i.e., factors) through loadings of the observed variables and their error terms. All factors and observed variables were specified based on EFA results. The proposed measurement model consisted of seven factors and 39 observed variables. The proposed measurement model of the *experience* was estimated using the AMOS 5.0 program. In past decades, a number of fit indices have been developed to evaluate the model fit. In this study, chi-square statistic/degree of freedom (< 3) as well as model fit indices such as comparative fit index (CFA > .9), non-normed fit index (NNFI > .9), and root-mean-square residual (RMSEA < .10) were examined to evaluate adequate model fit (Hu and Bentler, 1999; Kline 1998). Furthermore, the χ^2 difference was used when comparing fit of an adequate model and other competing models. Models were evaluated by significance testing based on the difference in χ^2 and the degree of freedom between the two.

The measurement model, which included seven factors and 39 observed variables, was tested and evaluated through the model specification procedure suggested by other researchers (Bollen, 1989; Joreskog and Sorbom,1993). Table 1 presents the overall fit indices for three models through specification and modification procedures.

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Table1
Comparison of Overall Fit Indices for Proposed and Modified Models (N = 198)

Model	χ^2	*Df*	X^2/df	NNFI	CFI	RMSEA	$\Delta \chi^2$
Model A [a]	1209.1	681	1.78	.827	.841	.063	-
Model B [b]	391.2	278	1.41	.931	.941	.045	817.9[*]

Note: NNFI = non-normed fit index; CFI = comparative fit index; RMSEA = root mean square error of approximation; $\Delta \chi^2 = \chi^2$ difference between two models (i.e., χ^2 of Model 1 minus χ^2 of Model 2 = 562.3)[a] Model A: Initial model containing 39 items derived from the exploratory factor analysis. [b] Model B : Model A minus (V1, V2, V5, V6, V12, V13, V14, V20, V24, V25, V27, V34).

In the first step, a proposed measurement model (Model A) obtained from EFA was tested. According to overall fit indices, the proposed model did not produce a good fit with the data, χ^2 (681) =1209.1, p<.001 (χ^2/df=1.78, CFI = .82, NNFI = .80, RMSEA = .06) in this initial step. The initial model labeled as model A does not show acceptable fit indices (CFI = .827 and NNFI = .841), although its chi-square ratio (< 3) and RMSEA (< .10) are in acceptable ranges. Thus, the proposed model needed further modifications. When the proposed model was required for the improvement in fit –in other words, the fit was found to be inadequate - modification procedures were conducted to identify candidate observed variables for deletion from the measurement model. These procedures are customary to maximize the fit (Bollen, 1989). Thus, the model modification procedures proceeded to identify observed variables that had low factor loadings, significant cross-loadings, and large residuals using standardized factor loadings. The MI test objective was to determine whether, in subsequent runs, models would better represent the data, with certain parameters specified as free rather than fixed. As the minimum cut-off, it was suggested that a standardized factor loading should be greater than .50, and each MI should not exceed 100 (Kline, 1998). AMOS provided three measures. After removing observed variables based on three criteria, overall fit measures (CFI, NNFI, RMSEA, and χ^2 difference test) were used iteratively to determine whether the CFA model fitted data well.

In the second step, thirteen observed variables were identified with low factor loadings (below suggested level of .50 for the expected constructs.), shared factor loadings, and shared large residuals with other observed variable loadings (above MI suggested level of 100). Thus, those variables were removed for modified model (Model B). Model B was re-estimated. Results from running this model showed that all fit indices suggested a good fit of data, $\Delta \chi^2$ (278) = 391.2, p<.01, χ^2/df = 1.4, CFI = .941, NNFI =.931, RMSEA = .045. The modified model surpasses the proposed model on all fit criteria, which confirmed that the modifications were meaningful. Through this process to assess a model's fit, modified model of *experience* (Model B) resulted in seven factors (26 items) distributed as follows: Sales environment (7 items), Driving Benefit (4 items), Shopping Convenience (3 items), Accessibility (4 items), Utility (3 items), Incentive (3 items), and Brand Trust (2 items) as shown in Table 2. The modified final CFA model has the same factor structure with seven factors as does the EFA factor model. It is purified from EFA model (39 items to 26 items).

Table 2
Means, Standard deviations and reliabilities for factors in Model B (N = 198)

Factors	Number of variables	Mean	SD	Reliability (Cronbach's α)
Sales environment	7	32.96	6.29	.94
Driving benefit	4	25.38	2.50	.87
Shopping convenience	3	17.50	2.75	.81
Accessibility	4	24.20	3.07	.87
Utility	3	17.61	2.53	.70
Incentive	3	16.97	2.82	.79
Brand trust	2	11.03	2.84	.84

Note: Cronbach's α provides an estimate of the inter-item reliability or consistency.

Scale Reliability

Reliability can reflect the internal consistency of the indicators measuring a given latent variable. Means, standard deviations and reliabilities are presented in Table 2. Standardized coefficient alpha based on the second half split sample (CFA) are as follows: .87, Sales Environment; .75, Driving Benefit; .86 Shopping Convenience; .73, Accessibility; .70, Utility; .74, Incentive; and .80, Brand Trust. A scale (or factor) should have a Cronbach's alpha of .7 or higher to be judged reliable measures (Nunnally, 1978). All scales demonstrate generally good reliability, the same as those of EFA model.

Convergent and Discriminant Validity

Convergent validity is evidenced if different indicators used to measure the same construct obtain strongly correlated scores. In SEM, convergent validity can be assessed by reviewing the t-test for the factor loadings (Hatcher, 1994). Here all factor loadings for indicators measuring the same construct were statistically significant, showing that all indicators effectively measure their corresponding construct (Anderson and Gerbing, 1988) and supporting convergent validity. Table 3 shows values of factor loadings for the modified model of *experience* (Model B). Observed variables specified to measure each of the constructs all have relatively high loadings (statistically significant at p < .05), ranging from .56 to .89, which is supporting evidence of convergent validity.

Discriminant validity was examined by the pairwise correlations between factors obtained from the revised seven-factor model (27 items). As a rule of thumb, Kline (1998) suggests that each pairwise correlation between factors should not exceed .85. Estimated correlations between factors were not excessively high, ranging from .094 to .603, and none of the pairs for the 95% confidence interval approach 1.00, thus providing support for discriminant validity (Anderson and Gerbing, 1988).

Table 3
Confirmatory Factor Analysis Results for Revised Model of Consumer Experience (N = 198)

	Factor loading	t-value
Factor 1. Sales environment		
V3 The product/service environment should be fun	.748*	-
V4 The environment of a product/ service should provide sensory stimulation	.725*	9.25
V7 The product/service environment should motivate me	.630*	8.52
V8 Atmosphere is an important element when interacting with a product/service	.754*	10.16
V9 Music enhances my interaction with the product/services	.572*	7.47
V10 Product/service presentation must be very interactive	.583*	7.75
V11 I feel more comfortable if a product/ service is shown in a realistic setting	.627*	8.19
Dropped variables: V1, V2, V5, V6, V12, V13, V14		
Factor 2. Driving benefit		
V15 Understanding how to use a product/service is important to me	.745*	-
V16 Consistency in product/service performance makes me more confident	.833*	9.95
V17 I must benefit from the product/service I use	.530*	6.90
V20 A product/service should be safe to use.	.682*	8.54
Dropped variables: V18, V19		
Factor 3. Shopping convenience		
V21 The less time it takes to shop, the more likely I am to buy that product/service again	.873*	1
V22 The less time it takes to shop, the more likely I am to visit that store (web-based or otherwise) again	.845*	12.57
V23 The entire shopping process should be fast	.599*	8.37
Dropped variables: V24, V25		
Factor 4. Accessibility		
V26 Product/service information should be readily available to me	.766*	7.28
V28 The product/service must be easy for me to acquire	.889*	7.49
V29 Products/services must always be readily available	.692*	6.94
V30 Stores (web-based or otherwise) must be clutter free	.536*	-
Dropped variables: V27		
Factor 5. Utility		

V31 Practicality is important for store (web-based or otherwise) designs	.659*	6.72
V32 The product/service must be distributed through appropriate channels	.657*	6.76
V33 There should be no surprises surrounding a product/service	.558*	-
Dropped variables: V34		

Factor 6. Incentive

V35 I am more likely to buy a product/service if incentives are offered	.692*	7.51
V36 Incentives increase the chance that I will buy the featured product/service	.725*	7.41
V37 Price promotions that accompany a product/service are a bonus	.758*	-
Dropped variables: None		

Factor 7. Brand trust

V38 My satisfaction with a store (web-based or otherwise) is the company's most important concern	.861*	5.15
V39 My satisfaction with the product/service is a company's most important concern	.839*	-
Dropped variables: None		

Note: 13 of original 39 observed variables were removed for the revised model of Consumer Experience; Standardized loadings indicate relationships between observed variables and their associated factors in order to examine convergent validity; * Factor loadings were all significant at p < .001.

Cross-validity

Cross-validity was assessed to see if there are differences in factor loadings in the tested measurement model across groups. In other words, factor loadings were tested for their equivalence across groups. Both data obtained in the first-split sample for EFA (Group 1; N =198) and the second-split sample for CFA (Group 2; N = 199) were analyzed via multiple group analysis in SEM. Multiple group analysis is to evaluate a whole model across independent samples. Equal factor loadings imply that the degree of correspondence between each observed variable and its respective factor is the same for the first-split sample and the second-split sample. The χ^2 difference test was performed to compare the unconstrained and fully constrained model. An unconstrained structural model is estimated, in which factor loadings are allowed to vary across the cross-group datasets. Next, a fully constrained structural model is estimated by requiring that all factor loadings are constrained to be equal for cross-group datasets. The χ^2 statistics for the unconstrained model and constrained factor models were 834.8 (df = 556) and 897.1 (df = 603), respectively. The difference is 62.3, with 47 degrees of freedom. There was no significant difference (p = .067) in factor loadings across groups. Based on this result, all measures of experience are operating in the same way for both groups. Thus, this data support cross-validity of the experience construct.

DISCUSSION

This study involved the development and validation of an instrument that measures the level of consumers' experience via products or services. Evidence regarding the dimensionality, reliability, and validity of the experience measures were established through EFA, CFA, and multiple group analysis in SEM in sequence. At first, EFA provided dimensionality of the experience construct. Seven factors were identified: Sales environment, driving benefit, shopping convenience, Accessibility, Utility, Incentive, and Brand trust. Each factor had satisfactorily high reliability greater than .70. Through EFA, items of experience were refined to 39 items from 126 items accounting for 59% of total variances. Subsequently, CFA was employed to confirm the dimensionality of the first order experience factors. Consistent with EFA analysis, the experience measures were found to be positively related to each of seven factors. Thus, the results of CFA supported that of EFA. More importantly, CFA provides a more rigorous interpretation of dimensionality than is provided by the EFA indicating stronger factor loadings and higher reliability. Further, CFA results in a more parsimonious model with 26 items from 39 items of EFA. Parsimony is an important goal to make empirical study easier (Kline, 1998). Convergent validity and discriminant validity were demonstrated by factor loadings and correlations between factors in CFA model respectively. Cross validity was further evidenced by testing invariance of factor loadings between two groups (the first-split *vs.* the second-split sample).

Implications

This study emphasized that today's business has moved out of the service economy and toward the experience economy. Pine and Gilmore (1999) explained that businesses no longer should be mere suppliers, but should be stagers of events designed to be experienced, since customers now demand memorable experiences. They suggested that businesses wishing to enter the experience economy should first get their act together by customizing

their goods and services for individual customers. Their suggestions are highly applied to the hospitality companies. Hospitality companies cannot just reply to the visual elements such as architecture, décor, and costumed employees to provide a compelling consumer experience (Knutson et al., 2007). It is important to remember that, in the experience economy, customers' perception makes for success. Successful hospitality companies will understand this evolution of the experience economy and make their best efforts to create offerings to provide the desired experiences. By understanding seven dimensions of the consumer experience construct in this study, hospitality operators should think about effective marketing and promotion strategies, turning from a flawless service into a positively memorable experience for individual guests while guests are engaged in buying activities.

The experience scale, validated from this study would be useful in assessing the effectiveness of the marketing efforts. In the basis of seven important dimensions of the experience, the marketers can measure how well they are doing on each of these attributes. Experience scale also enables marketers to focus their efforts on these seven important attributes of the product/store relationship with customers. The other valuable application for marketers is that experience scale can be used for market segmentation. By segmenting consumers into groups based on their index scores and analyzing each segment's characteristics, marketers will gain insights for more effective target marketing.

Limitations and Future Research
This study is limited to adults as a convenience sample. The results may have varied if the group of participants had different ages or other socioeconomic compositions. Evidences for external validation should be provided by using other samples for future research.

Another limitation is that this study only concentrates on the experience based on the general service delivery system instead of narrowing down one specific service category such as lodging industry. Given the exploratory nature of the research for measuring experiences in a standardized way, this approach may be justified for this study. But, applicability of the experience measures should be evaluated from applications to diverse service industries. In particular, an exploratory study should begin to identify constructs appropriate to hospitality service experiences, and then apply to other segments of businesses. For example, Gilmore and Pine (2002) explained how hospitality operations can differentiate their offerings from those of other competitors by managing guests' experiences, and why selling services is not enough to remain competitive. They argued that in the hospitality and lodging industry, almost any service can be leveraged to stage a more compelling experience. They used the simple examples of wake-up calls and shuttle-bus services to show how hospitality operators can create a positive memorable experience for each guest.

This present study is limited to identify dimensions most relevant to enhance a consumer's buying experience in general. Future study is required to take a holistic approach to identify variables representing memorable elements. Consequently, future researchers need to identify the link between four processes of a consumer buying process, relative to their hospitality purchases to follow up with Knutson and Beck (2006)'s study identifying four major components of a consumer buying process.

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THE RELATIONSHIP OF BRAND ATTITUDE, CUSTOMERS' SATISFACTION AND REVISITING BEHAVIOR OF THE UNIVERSITY STUDENTS- A CASE STUDY OF COFFEE CHAIN STORE IN TAIWAN

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ABSTRACT

The purpose of this research was to investigate the relationships among brand attitude, customers' satisfaction, and revisiting behavior of university students to the coffee chain stores situated in the areas adjacent to universities. The dimensions of the brand attitude included cognitive, affective and conative components. It was shown that the mean value of the affective component was much higher than those of cognitive and conative components. The regression analysis showed that customers' satisfaction represented a positive predictor of affective, cognitive and conative components. The effect of brand attitude to participants' revisiting was mediated by their satisfaction.

Key Words: coffee store, brand attitude, customers' satisfaction

INTRODUCTION

In recent years, due to the rapid growth of economy and the increase of people's income, people's life-style in Taiwan has been largely westernized. The increased purchasing power and the change of catering culture of consumers in Taiwan have driven a large consumption of coffee beverages. As a result, various types of coffee stores have emerged one after another on the island, people crowd in there to enjoy drinking coffee and to have relaxed conversation. Generally, today's consumers highly recognize the products and services based on their experiences and perceptions gained from the brand of coffee chain stores. The major coffee chain stores in Taiwan include Starbucks, Seattle, IS coffee, Dante, Ikari and Doutor. The brand names of coffee chain stores still keep increasing in Taiwan. This type of coffee business has been developed in various areas in Taiwan, major ones are commercial districts, residential areas, office buildings, schools and hospitals (Kao, 2003).

Coffee has been stereotyped as an adult beverage. Cristovam et al. (2000) suggested that a better understanding of the basis of coffee preferences for different consumers is necessary. The same reasons were found in the adult students as well. A restaurant provides customers with food, it is also a place where general public can conduct parties and other social events. According to some literatures, the research on the customer satisfaction has flourished over the past two decades and has become one of the most popular topics in the marketing of service sector. It has been realized that increasing the customer satisfaction is the critical factor for the success of a coffee shop. Generally, food service companies use the customer satisfaction data to determine the level of the service/product quality in order to increase customer retention rate. Brand strategy of a firm is important because of its critical impact on the firm's financial and marketing performance. Effective brand management is gaining growing attention because of the increasing number of brand portfolios and it is changing the fundamental structure of the hospitality industry (Haussman, 2002; Koonce, 1998; Nardozza, 1998).

Since most of the coffee chain stores only provide minimum service, the service style is almost comparable to fast food restaurants. Thus, it is suitable to relate the review of consumers' selection of fast food restaurants to coffee chain stores. Results of Knutson's(2000) study on important factors affecting university students' choice among fast food restaurants showed that " cleanliness and friendliness", "price", "service speed", "consistency in menu items" and "menu variety" were the most important factors. The brand choice process is continuous and sequential in that cognitions are formed first, followed in order by attitudes and confidence levels,

and finally, purchase intentions. In studying consumers' brand selection processes, researchers have demonstrated the existence of both direct and competitive effects between consumers' cognitive evaluations, attributes, confidence levels, and intentions (Laroche et al., 1996, 2001). In developed countries consumers are becoming fewer brands loyal, probably because of the private label brand. The primary reasons for that are price, as well as marginal perceived differences in basic quality (Hollingsworth, 1993). This can explain why in all processed food categories over the last decade, and especially during the last economic recession, private label brands (including coffee store brands) have obtained big economic gains. In order to better develop the marketing plan to students, this study will study the relationships among brand attitude, consumers' satisfaction and revisiting behavior of university students. The purpose is to recommend more appropriate marketing activity and to offer better value and competitive advantage.

HYPOTHESES

A description of the variables in the model shown in Fig. 1 is presented below along with a description of their hypothesized interrelationships. The following relationships are hypothesized, based on literature review. H1: The greater the brand attitude of cognitive, affective and conative components the higher the customers' satisfaction is. H2: The greater the customers' satisfaction the higher the revisiting behavior is. H3: The brand attitude will provide the higher revisiting behavior.

Figure 1
Model development
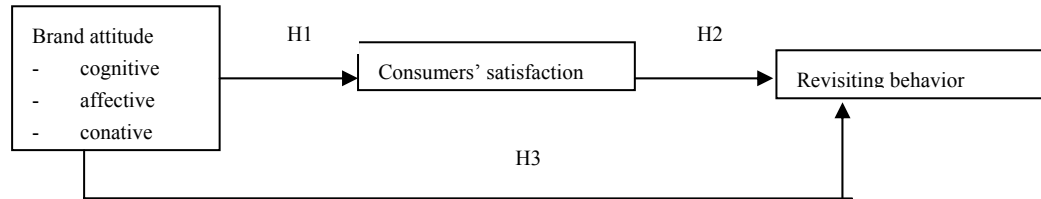
METHODOLOGY

Sampling

One hundred copies of questionnaire were distributed for the purpose of pre-testing in May 2006. Based on the comments collected during the pre-testing period, a complete questionnaire was designed. A quota-sampling method was adopted for data collection. The questionnaires were collected in July from the student customers of one brand of coffee chain stores who studied in eight universities located in northern Taiwan. Of the 450 copies of questionnaires that were distributed, a total of 409 questionnaires were returned in which 20 were discarded due to excessive amount of missing data. The remaining 389 copies of questionnaire (86.4%) were coded and analyzed for the empirical investigation.

Design and Development of questionnaires

The questionnaire was developed based on a comprehensive review from literatures. The questionnaire was consisted of three sections: the first section asked the brand attitude that included 17 items; the second section included 22 question items designed to discover the customers' satisfaction, 18 questions to assess the satisfaction, 4 questions to assess the revisiting behavior, and 6 questions to collect participants' demographic characteristics, including gender, salary income, pocket money, place of residency, department and grade. The items were rated on a 5-point-Likert scale ranging from 1 (strongly disagree or dissatisfaction) to 5 (strong agree or satisfaction). Data Analysis: The collected data were analyzed using Statistical Package for Social Science (SPSS) version 10.0. Descriptive statistics: The demographic information of the participants and the raking of brand attitude were summarized by descriptive statistics. Regression analysis: the relationship of brand attitude, customers' satisfaction and revisit. Cronbach's alpha was applied to test the reliability of each group. The brand attribute Cronbach's alpha was 0.8283 and the consumer satisfaction Cronbach's alpha was 0.8873. We used the expert validity including 2 teachers and 2 coffee chain shop managers to evaluate the questionnaires.

RESULT

Descriptive statistics of the respondents were presented in Table 1. A total of 389 copies of questionnaire were collected. The majority of the students were female (56.3%). More than half (51.7%) of the

respondents reported no part –time work and 40.4% of them had pocket money under NT$ 5000. 74.6% of the respondents live in the north of Taiwan and 60.7% are 4th grade students. The rankings of brand attitude items including cognitive, affective and conative components were presented in Table 2. The top-ranked item is affective component with a mean value of 3.2549. The scores of the other two items are all above 3.0, which is neutral. The average brand attribute is 3.1822.

One of the objectives of this study was to examine the relationship among brand attitude, consumers' satisfaction and revisit to this coffee store. Table 3 shows the brand attitude elements including cognitive, affective and conative. The mean values of affective component are much higher than those of cognitive and conative components. If the independent variable shows significance on the mediator, the mediator shows significance on the dependent variable, but the independent variable is not significant on the dependent variable, and it is suggested that the independent variable has an indirect effect on the dependent variable. The least squares regression analysis was used to assess the relationship between dependent variable (revisiting coffee store) and several independent variables. Table 4 presents the results of the hypothesized relationships. Brand attitude was found to exert a significant positive impact on the consumers' satisfaction (standardized regression coefficients 0.567, P<0.005). The regressions of brand attitude, consumers' satisfaction and revisiting were shown. Customers' satisfaction influenced revisit to the coffee chain store significantly, but brand attribute did not. The effect of brand attitude on the influence of customers' revisit was mediated by satisfaction. Therefore, Hypotheses 1 and 2 were accepted. Hypothesis 3 was rejected.

Table 1
The socio-demographic characteristics of students

Variable	Items	Number	Percents(%)
Gender	Male	170	43.7
	Female	219	56.3
Salary income (NT$)	$\leq$10,000	101	26.0
	10,001~20,000	58	14.9
	$\geq$20,001	29	7.5
	none	201	51.7
Pocket money (NT$)	$\leq$5,000	157	40.4
	5,001~10,000	145	37.3
	$\geq$10,001	87	22.4
Place of residency	North of Taiwan	290	74.6
	Middle of Taiwan	48	12.3
	South of Taiwan	46	11.8
	East of Taiwan	5	1.3
Department	Tourism	35	9.0
	Information system	95	24.4
	Media	56	14.4
	Business	111	28.5
	Arts	60	15.4
	Law	16	4.1
	Language	16	4.1
Grade	Freshmen	16	4.1
	2nd year	51	13.1
	3rd year	86	22.1
	4th year	236	60.7

Table 2
The mean value for the brand attribute

Brand attribute	Mean	S.D.
Cognitive component	3.1984	.46682
Affective component	3.2549	.50844
Conative component	3.0756	.56326

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Total	3.1822	.43800

Table 3
Factors Affecting brand attribute to customers' satisfaction

Variable	Standardized Beta Coefficient	T value	Significance
Cognitive component	0.193	3.889	0.000
Affective component	0.390	8.063	0.000
Conative component	0.296	7.066	0.000

Note: Multiple R=0.756; adjusted R^2=0.569;F=171.706; Significance F=0.000

Table 4
The regression analysis of brand attitude, consumers' satisfaction and revisiting

Dependent variable -Independent variable	Adjusted R^2	Standardized Beta Coefficient	T Value	Result
Customers' satisfaction -Brand attribute	0.567	0.754	22.553***	Accept H1
Revisiting -Customer' satisfaction	0.385	0.622	15.624***	
Revisiting	0.386			
-Brand attribute		0.072	1.197	Reject H3
-Customers' satisfaction		0.567	9.374***	Accept H2

***P<0.005

DISCUSSION

From the results of the example, the affective component is the most important factor of the three that affect the brand attribute. One of the most dramatic findings is that providing high levels of comfort reduces the price sensitivity of customers (Barsky and Nash, 2003). Good service, friendly and relaxing were the important factors for the students. The coffee shops provide a more important value than other restaurants with respect to the comfortable space. To be successful in the coffee store business, an effective marketing mix is important. With the advancement in technologies, automated coffee brewer and coffee machines can help to ensure the consistent quality of the coffee. However, the human element is also very important in controlling. The coffee chain stores have already provided coffee master training to their employees to raise the quality standard of the coffee being served in the coffee chain stores.

In Taiwan, the scale of coffee beverage market in the college areas keeps expanding. Most of the coffee shops only provide minimum services and the service style is almost comparable to fast food restaurants where customers order and pick up their food and beverage at the cash register counter and then proceed to the sitting or dining area for their enjoyment. Therefore, it will be relevant to see if customers' selection criteria for the fast food restaurants are similar to selecting chained coffee stores (Lo et al., 2005). The average price of meals in coffee shops is higher than that of the fast food, thus, different profile shall be offered to the coffee shops managers. The restaurateurs should focus more on advertising food quality for first time patrons who do not have prior information then those that already have awareness about the restaurant. Its value, location, atmosphere and food type may be strong factors creating repeat patronage. Information sources from friends and relatives were the most important sources that influence the choice of restaurants. "Good word of mouth" may be very important.

Income and convenience are the important factors in understanding consumer behavior regarding the choice of food (Hsu and Huang, 2005). The university students are supposed to have less money or more price-sensitive considering their economic status, because they do not have fulltime jobs. Consumers, especially students, are concerned about prices. More experienced customers are looking for reasonable prices by evaluating the quality and quantity of the products as well as quality of service, in which they try to find the value for the money paid, it is something that can attract and retain customers. When customers become more sophisticated, plus the increase of competition, they may be looking for more than just an excellent core product and service, a better environment and other value-added service will be important in the future. A positive relationship between consumers' evaluation of a brand and attribute intention toward the same brand (Laroche et al., 2005). Also, attitudinal loyalty measurements provide more insight about the possible reasons a customer demonstrates brand loyalty. A customer may be driven

by functional attributes, quality attributes or simply by price. Attitudinal loyalty measures will help brand mangers understand (1) why and for what reasons, customers purchase their brands as well as those of their competitors, and (2) what are the strengths and vulnerabilities of their brands. These insights will help them to plan their marketing programs more effectively (Bandyopadhyay and Martell, 2007). A manager finds that the majority of their customers have a low quality perception about their brands, they may consider several remedial strategies such as wrapping the product in plastic, printing a certificate from an authentic testing agency, and offering extended product warranty. If the customers are price-driven, they may offer price discounts such as coupons and volume discounts, ex. "buy one get the second one at half price" deal and large-pack discounts (Baek et al., 2006). This marketing strategy is suitable for students.

CONCLUSIONS AND LIMITATION

The expected outcome of this study was to encourage the coffee chain store managers to offer special activities to students. Brand attitude is a direct antecedent of the consumers' satisfaction. The satisfaction is a significant determinant of confidence for the customer to revisit. Brand attitude only influences revisit through satisfaction. Therefore, a good marketing plan is important for students' consumption. The following limitations were inherent in the study. First of all, the study was conducted in only one coffee chain store. To overcome this limitation, future research findings should compare the results attained from different coffee chain stores and private brand coffee shops. Second, the population in this research was limited to Northern Taiwan. Therefore, the results from the study may not be generalized beyond this population. A comparison of cross lifestyle student may also be undertaken to reveal if the results differ from city to city.

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SEARCHING FOR THE OPTIMUM LEVERAGE POINT FOR LODGING FIRMS FOR VARIOUS ECONOMIC CONDITIONS

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ABSTRACT

The purpose of this study is to investigate the optimum leverage point in the lodging industry setting. In detail, this study examines the validity of using industry mean and median leverage ratios as the optimum leverage point for lodging firms during the entire sample period of 1980 to 2005, or economic expansion and recession periods. The findings of this study suggest that the industry median leverage ratio is more valid than the mean industry ratio as a proxy for the optimum lodging industry leverage ratio.

Key Words: Lodging industry, optimum leverage point, economic condition

INTRODUCTION

The lodging industry is capital-intensive due to its characteristically large investment in fixed assets such as buildings. This is why capital structure is one of the significant topics in the lodging industry's financial literature. Various theories suggest factors that impact debt financing, and several lodging studies have examined such factors (Dalbor & Upneja, 2004; Kwansa, Johnson & Olsen, 1987; Tang & Jang, 2007; Sheel, 1994). Despite the importance, few of the examinations focus on the issue of explicit, optimum, leverage point for lodging firms. Even though general capital structure literature suggests the existence of an optimum leverage point, where the marginal costs of using debts are equal to the marginal benefits to maximize firm value (Brealy & Myer, 2001), knowing the exact optimum leverage point for an entire economy, an industry, or a firm is extremely difficult, if even possible.

Several studies from mainstream finance and accounting literature have paid attention to the optimum leverage point issue, and reveal some consensus of differences in optimum leverage ratios among different industries (Bowen, Daley & Huber, 1982; Bradley, Jarrell & Kim, 1984; Fischer, Heinkel & Zechner, 1989; Hull, 1999; Marsh, 1982; Schwartz & Aronson, 1967; Scott, 1972; Taggart, 1977). However, much of general financial literature does not explicitly examine the optimum leverage point of a given firm, and in particular, does not include lodging sample observations in their studies. Thus these findings are probably inapplicable to the lodging industry (Bowen, Daley & Huber, 1982; Bradely, Jarrell & Kim, 1984; Hull, 1999; Schwartz & Aronson, 1967; Scott, 1972). Also, researchers have not paid much attention to investigating the issue under different economic conditions: expansion and recession periods.

The purpose of this study is, therefore, to investigate the optimum leverage point in a lodging industry setting. In detail, this study examines the validity of using industry mean and median leverage ratios as the optimum leverage point for given lodging firms. The study further explores the optimum leverage point issue with a lodging focus under different economic conditions: expansion and recession periods. The findings of this study suggest that the industry median leverage ratio is more valid than the mean industry ratio as a proxy for the optimum lodging industry leverage ratio. Also, the findings show that both mean and median ratios act better as optimum leverage points for recession periods than for expansion periods.

The second section of this research provides a literature review of capital structure appearing in lodging financial literature and mainstream accounting and finance literature. Data and methodology sections precede the results of the analysis. The final section provides implications and discussion of the results.

LITERATURE REVIEW

Capital structure literature proposes an optimum leverage point for each firm in which the marginal costs of using debts are equal to the marginal benefits, thus maximizing firm value (Brealy & Myer, 2001). Several recognized financial, economics studies examined the existence of different levels of industry optimum leverage points (Bowen, Daley & Huber, 1982; Bradley, Jarrell & Kim, 1984; Schwartz & Aronson, 1967; Scott, 1972). All investigated mean industry leverage ratios and found significant differences across industries. Bowen, Daley and Huber (1982) also found that firms have a tendency to move toward their industry mean leverage point and suggested that industry mean leverage ratio is a valid proxy for an optimum leverage point. Marsh (1982) found that

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firms act as though they have a target debt level as well. Hull (1999) employed an event study to examine the validity of the industry leverage ratio as an industry norm. The study used the median industry leverage ratio and found, in fact, the industry debt-to-equity ratio acts as an industry norm.

Despite efforts of the aforementioned studies regarding the optimum leverage ratio topic, several issues remain unexplored. First, little study has concentrated on comparing the industry mean and median leverage ratios for superiority as a proxy for the optimum leverage point. Hull (1999) used the industry median leverage ratio without certain justification, while other studies (Bowen, Daley & Huber, 1982; Bradley, Jarrell & Kim, 1984; Schwartz & Aronson, 1967; Scott, 1972) used the industry mean value as an optimum leverage point. Comparing those two, in the lodging context, will provide evidence of which ratio is more valid in the lodging setting.

Second, the studies in primary literature have often excluded lodging firms from their study samples. Hull (1999) used 338 sample observations that announced public common stock offerings, and very likely, none or very few lodging firms were part of the sample. Bradely, Jarrell and Kim (1984) used 24 industries; Scott (1972) used 12 industries, and Schwarz and Aronson (1967) used four industries; every group excluded the lodging industry. Bowen, Daley and Huber (1982) used nine industries, up to SIC code 5411, thus excluding lodging firms. The findings of these studies may have no application to lodging firms, and therefore, the findings of the current study, using lodging samples, will provide meaningful and specific evidence about the lodging industry.

Third, none of the aforementioned studies has inspected the optimum leverage point issue under different economic conditions: expansion and recession periods. This research performs analysis and provides such findings, applicable to lodging firms.

Several lodging financial studies considered the capital structure issue in general in a lodging context (Dalbor & Upneja, 2004; Kwansa, Johnson & Olsen, 1987; Tang & Jang, 2007; Sheel, 1994). Dalbor and Upneja (2004) and Tang & Jang (2007) provided some lodging industry-specific evidence which is inconsistent with general capital structure theory. Sheel (1994) and Tang and Jang (2007) compared the lodging industry to other industries, such as software and manufacturing to successfully reveal differences between these industries. All of the studies, however, focused on the determinants of the debt ratio, not the optimum leverage point issue for the specific industries. Addressing that exclusion renders the current research valuable for its additional, unique contributions to lodging capital, structure studies.

METHODOLOGY

This study performs a regression analysis to investigate the optimum leverage point issue for the lodging industry. To accomplish its main purpose, the study investigates impacts of lodging industry mean and median debt-to-equity ratios as proxies for an optimum leverage point on equity returns. For estimating the movement of a firm's individual debt-to-equity ratio toward or away from the industry optimum leverage point, first, the absolute difference (DIFF, hereafter) between the mean (median) debt-to-equity ratio and an individual firm's debt-to-equity ratio are the basic calculations. Then, changes of the absolute difference over each year are estimated. The assumption is that, on average, the mean (median) debt-to-equity ratio is the optimum leverage point for the lodging industry. Therefore, if a lodging firm's leverage ratio moves closer to (away from) this point, a positive (negative) stock return will occur, suggesting a negative relationship between the two variables. Thus, the regression analysis in this study examines the basic relationship between changes in DIFF and stock returns.

The regression model includes five control variables as explanatory variables along with the main variable of change in DIFF. The control variables are: change in earnings (CHOIBD), firm size (SIZE), market return (SPRETURN), book-to-market equity (BtoM) and price momentum (PM). Estimation of the change in earnings (CHOIBD) variable is via changes in operating income before depreciation. The expectation is that the CHOIBD variable will have a positive relationship with a firm's equity return because a firm with better performance likely has positive equity performance. Market capitalization, estimated by multiplying the number of outstanding shares by a stock price, is a proxy for firm size (SIZE) and likely has a negative relationship with equity return (Fama & French, 1992, 1995; Berk, 1995). The log of SIZE is used for analysis to reduce the problem of skewed distribution. Estimates for the market return (SPRETURN) variable use S&P 500 Composite Index returns and will likely have a positive relationship with a firm's stock return because an individual firm's stock, more likely, performs well when general market condition is positive and vice versa. Estimates for book-to-market equity (BtoM) occurs by dividing book equity by market equity and will likely have a positive relationship with equity return (Fama & French, 1992,

1995). The last control variable is the price momentum variable (PM) whose estimates originate from the past one-year equity return. Jegadeesh and Titman (1993) proposed that past equity performance winners tend to outperform past losers, and thus the expectation is for a positive relationship between the past and current equity returns.

The regression model is:

$$Equity\ Return_t = \alpha_0 + \alpha_1 CHDIFF1(2)_t + \alpha_2 CHOIBD_t + \alpha_3 SIZE_t + \alpha_4 SPRETURN_t + \alpha_5 BtoM_t + \alpha_6 PM_t$$

where,

$$Equity\ Return_t = \frac{(Stock\ Price_t + Dividends - Stock\ Price_{t-1})}{Stock\ Price_{t-1}},\ t = time\ at\ t\ ;$$

$$CHDIFF1(2)_t = \frac{(DIFF1(2)_t - DIFF1(2)_{t-1})}{DIFF1(2)_{t-1}}\ ;$$

$$DIFF1(2) = |(Industry\ Mean\ (Median)Debt-to-Equity) - (Firm\ Debt-to-Equity)|$$

$$; CHOIBD_t = \frac{(OIBD_t - OIBD_{t-1})}{OIBD_{t-1}},\ OIBD = Operating\ Income\ Before\ Depreciation\ ;$$

$$SIZE_t = \log(Market\ Capitalization) = \log(Number\ of\ Shares\ Outstanding \times Stock\ Price)\ ;$$

$$SPRETURN_t = S\&P\ 500\ Index\ Return\ ;$$

$$BtoM_t = Book-to-Market\ Ratio = \frac{Book\ Equity}{Market\ Equity}\ ,\ and$$

$$PM_t = Price\ Momentum = Equity\ Return_{t-1}\ .$$

DATA
This study investigates the sample period, 1980 to 2005. Selection for the sample period includes all economic cycles of expansion and recession. The annual financial data of publicly traded lodging firms was collected from *Compustat* and stock price data was collected from *CRSP*. Sample observations were designated as outliers if the standardized residual error is larger than 10 in the main regression analysis for the full sample period. After elimination of the outliers, the final total observations of 560 became the sample population for the analyses.

RESULTS
Table 1 presents summary statistics of variables used in the main analysis of this study. The final sample size is 560 for the full sample period, 1980 to 2005. The mean value of debt-to-equity ratio is approximately 2.87 while the median value is approximately 0.95. The mean (median) return for stock of lodging firms (Equity Return) is about 9.6% (3.4%), while the mean (median) annual S&P 500 Composite return is around 9.7% (13.5%). The absolute difference between the mean industry debt-to-equity ratio and a firm's specific debt-to-equity ratio (DIFF1) has a mean (median) value of 2.56 (2.26). The absolute difference between the median industry debt-to-equity ratio and a firm's specific debt-to-equity ratio (DIFF2) has a mean (median) value of 1.66 (0.70). The analysis uses operating income before depreciation (OIBD) as a proxy for firm performance, and this factor has a mean (median) value of $127.55 (19.16) million. Market equity value (EQUITY) has a mean (median) value of $988.78 (81.95) million. Book-to-market ratio (BtoM) has a mean (median) value of 1.18 (0.75).

The study performs a multiple regression analysis to investigate the optimum leverage point for the lodging industry for the period of 1980 to 2005, and the results of the main analysis appear in Table 2. The analysis regresses the dependent variable of an individual firm's stock return on the main independent variable of changes in DIFF1 (CHDIFF1) or DIFF2 (CHDIFF2) with five other control variables: CHOIBD, SIZE, SPRETURN, BtoM and PM. The first section of Table 2 shows the results of the regression analysis with CHDIFF1, indicating that CHDIFF1 has no significant explanatory power for stock return. The findings suggest that the mean value of lodging industry debt-to-equity ratio does not work as an optimum leverage point for the industry. Only book-to-market ratio (BtoM) shows a significant coefficient (t-value = -3.94, p-value < .0001). However, the sign is negative, which is different from its expected positive sign. None of other variables shows a statistically significant coefficient. The adjusted R^2 is 0.0313.

Table 1
Summary Statistics of Variables

Variable	N	Mean	Median	Maximum	Minimum	Std Dev
Equity Return	560	0.09642	0.03421	4.40000	-0.93500	0.53040
DERATIO	560	2.87148	0.94798	49.37500	0	6.15704
DIFF1	560	2.55681	2.25930	33.49864	0.00622	3.50689
DIFF2	560	1.66171	0.70371	35.42214	0.00242	4.03860
OIBD	560	127.55	19.16	1,719.76	-295.74	298.74
EQUITY	560	988.78	81.95	15,023.55	0.05545	2,414.68
SPRETURN	560	0.09660	0.13510	0.30932	-0.22154	0.13531
BtoM	560	1.17917	0.75011	34.26510	0.007025	2.00312

DERATIO is the debt-to-equity ratio of firm. Equity Return is stock return of the firm. The SPRETURN is the annual S&P 500 composite return. DIFF1 is an absolute value of the difference between the debt-to-equity ratio of an individual firm and the industry mean. DIFF2 is an absolute value of difference between the debt-to-equity ratio of an individual firm and the industry median. OIBD is operating income before depreciation and is used as a proxy for firm performance (in millions). EQUITY is the total equity value of a firm and is calculated by multiplying total outstanding shares by stock price (in millions).

The second section of Table 2 presents the findings of the regression analysis with CHDIFF2. According to these findings, CHDIFF2 has a significant and negative explanatory power for return on stock as expected (t-value = -2.10, p-value = .0036). This finding reveals that, as a lodging firm moves closer to (away from) the lodging industry's median debt-to-equity ratio, its stock performs significantly better (poorer), suggesting that the lodging industry's median debt-to-equity ratio works well as the optimum leverage point for lodging firms. Among the five control variables, only BtoM appears to be statistically significant, but again, with a negative coefficient (t-value = -3.75; p-value = .0002). The adjusted R^2 is 0.0388.

Table 2
Regression Analysis for Full Sample Period

$Equity\,\mathrm{Re}\,turn = \alpha_0 + \alpha_1 CHDIFF1\,(2) + \alpha_2 CHOIBD + \alpha_3 SIZE + \alpha_4 SPRETURN + \alpha_5 BtoM + \alpha_6 PM$

		Mean (CHDIFF1)			Median (CHDIFF2)		
Variables	N	Coefficient	t-value	p-value	Coefficient	t-value	p-value
Intercept	560	0.15454	2.49	0.0129*	0.17189	2.87	0.0043**
CHDIFF1	560	-0.00718	-0.33	0.7410			
CHDIFF2	560				-0.02359	-2.10	0.0360*
CHOIBD	560	-0.01023	-1.62	0.1052	-0.01053	-1.68	0.0944
SIZE	560	-0.00603	-0.61	0.5442	-0.00669	-0.69	0.4922
SPRETURN	560	0.30527	1.86	0.0638	0.31589	1.93	0.0543
BtoM	560	-0.04723	-3.94	<.0001**	-0.04491	-3.75	0.0002**
PM	560	-0.01036	-0.25	0.8019	-0.01050	-0.26	0.7971
Adj. R^2		0.0313			0.0388		

* and ** indicate p-value levels less than 5% and 1% respectively.
CHDIFF1 (2) is the change in DIFF1 (2) where DIFF1 (2) is defined as the absolute value of the difference between the industry mean (median) and an individual firm's debt-to-equity ratio. The industry mean (median) debt-to-equity ratio for the expansion periods is calculated using debt-to-equity ratio data of the expansion periods, and for the recession periods using the data of the recession periods. CHOIBD is the change in earnings. Earning is defined as operating income before depreciation (OIBD). SIZE is defined as the log of market value of a firm. SPRETURN is annual S&P 500 composite return. PM is price momentum which is a stock return over the past year.

This study further investigates the optimum leverage issue by dividing the full sample period into two sub-periods: economic expansion and recession periods. Table 3 shows the results of the regression analysis. The first section presents the findings of the analysis for the economic expansion period and neither of the main variables (CHDIFF1 and CHDIFF2) presents statistically significant coefficients. Only the BtoM variable shows a significant, negative coefficient for both periods. For the economic recession period, however, the results of analysis show that CHDIFF2 demonstrates a statistically significant, negative coefficient (t-value = -3.43; p-value = .0009), while CHDIFF1 fails to show such a coefficient even though its p-value is quite close to the 5% significance level (t-value = -1.90; p-value = .0599). BtoM is the only significant variable for the model with an industry mean value (t-value = -3.07; p-value = .0028) during the recession periods. For the model with the industry median variable, in addition to the BtoM variable (t-value = -2.50; p-value = .0028), SPRETURN also shows a significant coefficient with the expected positive sign (t-value = 2.09; p-value = .0389) during the recession periods.

Table 3
Regression Analysis for Expansion and Recession Periods

$$Equity\ Re\,turn = \alpha_0 + \alpha_1 CHDIFF1\,(2) + \alpha_2 CHOIBD + \alpha_3 SIZE + \alpha_4 SPRETURN + \alpha_5 BtoM + \alpha_6 PM$$

		Expansion Period					Recession Period			
	N	Mean (CHDIFF1)		Median (CHDIFF2)		N	Mean (CHDIFF1)		Median (CHDIFF2)	
Variables	457	t-value	p-value	t-value	p-value	103	t-value	p-value	t-value	p-value
Intercept	457	2.82	0.0050**	3.22	0.0014**	103	0.16	0.8700	0.28	0.7795
CHDIFF1	457	0.50	0.9672			103	-1.90	0.0599		
CHDIFF2	457			-1.03	0.3054	103			-3.43	0.0009**
CHOIBD	457	-1.72	0.0862	-1.75	0.0815	103	0.77	0.4415	0.87	0.3867
SIZE	457	-1.11	0.2694	-1.31	0.1918	103	0.90	0.3692	1.07	0.2859
SPRETURN	457	0.74	0.4622	0.78	0.4366	103	1.88	0.0636	2.09	0.0389*
BtoM	457	-2.90	0.0039**	-2.91	0.0038**	103	-3.07	0.0028**	-2.50	0.0141*
PM	457	0.04	0.9672	-0.02	0.9808	103	-1.27	0.2067	-1.08	0.2844
Adj. R^2		0.0146		0.0163			0.1647		0.2276	

* and ** indicate p-value level less than 5% and 1% respectively.
CHDIFF1 (2) is the change in DIFF1 (2) where DIFF1 (2) is defined as the absolute value of the difference between the industry mean (median) and an individual firm's debt-to-equity ratio. The industry mean (median) debt-to-equity ratio for the expansion periods is calculated using debt-to-equity ratio data of the expansion periods, and for the recession periods using the data of the recession periods. CHOIBD is the change in earnings. Earning is defined as operating income before depreciation (OIBD). SIZE is defined as the log of market value of a firm. SPRETURN is annual S&P 500 composite return. PM is price momentum which is a stock return over the past year.

The results of Table 3 suggest that during economic expansion, both mean and median debt-to-equity ratios are not useful as optimum leverage points, while, contrarily, for economic recession, the industry median value is useful for the optimum leverage point. The adjusted R^2 is 0.0146 (0.1647) for expansion (recession) periods with CHDIFF1, and is 0.0163 (0.2276) with CHDIFF2. Further discussion of findings appears in the next section.

Table 4
Regression Analysis for Expansion and Recession Periods Using Period Specific Ratio

$$Equity\ Re\,turn = \alpha_0 + \alpha_1 CHDIFF1\,(2) + \alpha_2 CHOIBD + \alpha_3 SIZE + \alpha_4 SPRETURN + \alpha_5 BtoM + \alpha_6 PM$$

		Expansion Period					Recession Period			
	N	Mean (CHDIFF1)		Median (CHDIFF2)		N	Mean (CHDIFF1)		Median (CHDIFF2)	
Variables	457	t-value	p-value	t-value	p-value	103	t-value	p-value	t-value	p-value
Intercept	457	3.07	0.0023**	3.03	0.0026**	103	-0.27	0.7872	-0.28	0.7770
CHDIFF1	457	-0.77	0.4443			103	-1.46	0.1488		
CHDIFF2	457			0.11	0.9120	103			-1.04	0.3012
CHOIBD	457	-1.71	0.0876	-1.72	0.0869	103	0.82	0.4159	0.63	0.5322
SIZE	457	-1.21	0.2283	-1.19	0.2343	103	1.25	0.2128	1.14	0.2569
SPRETURN	457	0.76	0.4456	0.72	0.4747	103	1.83	0.0703	1.98	0.0510
BtoM	457	-2.90	0.0039**	-2.88	0.0042**	103	-2.79	0.0064**	-2.86	0.0052**
PM	457	-0.03	0.9758	0.02	0.9844	103	-0.47	0.6362	-0.42	0.6785
Adj. R^2		0.0149		0.0136			0.1501		0.1409	

* and ** indicate p-value level less than 5% and 1% respectively.
CHDIFF1 (2) is the change in DIFF1 (2) where DIFF1 (2) is defined as the absolute value of the difference between the industry mean (median) and an individual firm's debt-to-equity ratio. The industry mean (median) debt-to-equity ratio for the expansion periods is calculated using debt-to-equity ratio data of the expansion periods, and for the recession periods using the data of the recession periods. CHOIBD is the change in earnings. Earning is defined as operating income before depreciation (OIBD). SIZE is defined as the log of market value of a firm. SPRETURN is annual S&P 500 composite return. PM is price momentum which is a stock return over the past year.

An additional analysis applied period specific industry mean and median leverage ratios. For this consideration, estimates of industry mean and median leverage ratios for expansion (recession) periods use leverage

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data of expansion (recession) periods, not the entire sample period as in previous analyses. The results appear in Table 4. Overall, none of the main variables (CHDIFF1 and CHDIFF2) have significant coefficients for the both economic periods. In fact, only the book-to-market ratio demonstrates a significant explanatory power for both periods. Basically, the findings suggest that period-specific industry mean and median ratios are not valuable as optimum leverage points for lodging firms.

To enhance validity, this study checked the variance inflation factor for a possible multicollinearity problem, and estimated the Durbin-Watson d-statistic to check for possible autocorrelation. None of the variables and models analyzed in this study indicates either of the two problems.

IMPLICATIONS AND DISCUSSIONS
For the entire sample period, 1980 to 2005, the results of this study suggest that the median lodging debt-to-equity ratio is better than the mean value for determining an optimum leverage point for lodging firms. The mean ratio may not be representative of many lodging firms because the value may contain significant influence from a few extreme values, even after the elimination of outliers. At the same time, the median value is less sensitive to those extreme observations.

Further analysis revealed that the industry median leverage ratio continues to function well as an optimum leverage point for lodging firms, and the industry mean leverage ratio is an improvement as an optimum leverage point during recession periods. However, both do not act as an optimum leverage points during expansion periods. One possible explanation for this phenomenon is that during expansion periods, the economy grows and the market has an expectation that the economy will continue to grow for a while. Therefore, the market may become less sensitive to certain facts, such as a capital structure issue, meaning that even though a firm diverges from the optimum leverage point, the market may expect that the firm will still perform well because of the overall economic conditions. Therefore, the market does not punish the firms for their equity performances. On the other hand, during recession periods, the market may become more sensitive to a firm's capital structure issue because the market wants to spot those firms that do not cope well with poor economic conditions, and consequently, punishes them. This explanation may hold more value for the lodging industry because the lodging industry is very sensitive to economic conditions. However, this is speculation and lacks empirical proof. Further study may shed more light on this last issue.

This study also examines the validity of using period-specific industry mean and median leverage ratios for the expansion and recession periods. The findings are that they both do not act as optimum leverage points for lodging firms during the specific types of economic period. The industry mean and median, especially median, leverage ratios estimated using the full sample size for the period, 1980 to 2005, still performs better as optimum leverage points for lodging firms. For the full sample size, the mean (median) industry leverage ratio is 2.87 (0.95). For the expansion periods, the mean (median) industry leverage ratio is 2.58 (0.78), while for the recession periods, the mean (median) ratio is 3.49 (1.10). During the expansion periods, both mean and median industry leverage ratios tend to decrease and during the recession periods, both tend to increase. However, the findings suggest that changes during the specific economic periods do not reflect an optimum practice for determining the capital structure of lodging firms. Therefore, advisedly, investors, analysts, managers and executives should not follow period specific leverage ratios as optimum points for lodging firms.

The book-to-market ratio has had use, for a while, in primary financial literature as an indication of a growth opportunity, and at the same time, a risk measure. Fama and French (1992, 1995) showed, empirically, that the ratio has a positive relationship with equity returns. The higher ratio indicates a lower growth opportunity, and also a higher risk, and vice versa. The findings of this study consistently show a negative and significant coefficient for the book-to-market ratio. Three possible explanations exist. First, the book-to-market ratio may not accurately measure risk of lodging firms. Second, the model may have a specification problem, such as, omission of correlated variables. Third, lodging firms may have different characteristics from the entire economy and other industries in terms of book-to-market ratio. For example, Dalbor and Upneja (2004) and Tang and Jang (2007) examined the explanatory power of growth opportunity on debt level and found a positive relationship when other theories suggest the reverse. They provided a possible reason for this finding as being the fundamental differences of the lodging industry from other industries. Even though which particular factor(s) created the differences remains unclear, such fundamental differences may have contributed to the findings of the current research as well. More research should endeavor to explore further answers to this particular issue.

The findings of this study benefit analysts, investors, executives and managers of the lodging industry in several ways. First, lodging analysts can use the findings, regarding the capital structure issue for their own analyses of individual lodging firms, or the lodging industry as a whole, regarding the capital structure issue. They may use the information to assist their analyses to substantiate their lodging industry investment recommendations. Investors also can use the information provided by this study for improving investment decisions. Executives and managers of lodging firms can use the findings to maximize their firm values by learning, obtaining and maintaining the optimum leverage point. However, this study is merely the first step in investigating the optimum leverage point issue for the lodging industry. Further analyses are necessary to expand findings on the issue.

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THE EFFECT OF CONFERENCE BRAND KNOWLEDGE ON ATTENDEE BEHAVIORS

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ABSTRACT

This study investigated attendee behaviors from the perspective of brand knowledge. According to simultaneous structural equation analyses, professional education, staff service, site selection, and social networking were positively related to brand satisfaction, whereas brand awareness was negatively associated with it. Positive relationships existed on each path for brand satisfaction-updated expectation of brand value (UEBV), UEBV-brand trust, brand satisfaction-brand trust, and brand trust-attitudinal brand loyalty (ABL). UEBV served as a partial mediator on the brand satisfaction-brand trust path, and the differential effect of brand knowledge between two samples was disclosed. The findings suggested significant implications for practitioners and academics.

Key Words: brand association; brand knowledge; updated expectation of brand value (UEBV)

INTRODUCTION

Attending conferences involves high perceived risks arising out of intangible attributes (e.g., education and social networking). A key to success in service marketing is to "tangiblize the intangible" (Berry, 1986, p. 6). An effective way of increasing the tangible nature of a service is to use a brand as an extrinsic cue or an icon. It is widely recognized that well-branded tradeshows, conferences, or other meetings will develop participant trust and, thus, ensure committed repeat attendance (PCMA, 2002). Brand equity has been used as a barometer of brand strength through its logo, symbol, or name (Farquhar, 1989; Morgan, 2000). Strong brands contribute to tangiblizing the intangible goods and enhancing consumer trust of the intangible purchase by assisting customers in visualizing the intangible aspects of the service product (Berry, 2000). A conference with high brand equity would be assumed, therefore, to enhance brand loyalty, thereby maintaining high revenues and competitive positioning in the meeting market. Brand equity research provides a more comprehensive picture of consumer behavior because it spans various brand factors, including brand awareness, brand associations, brand image, brand trust, brand personality, and brand loyalty (Berry, 2000). Conference brand equity from the perspective of attendees is therefore expected to capture a richer portrait of attendee consumption experiences than the extant literature. Based on customer-based brand equity (Keller, 1993), this study has three objectives. The first is to identify key brand associations in brand knowledge. The second is to investigate attendee behaviors through the flow from brand knowledge to the differential effect of brand knowledge. The final objective is to provide in-depth research about and managerial implications of attendee behaviors from which sound conference management might be suggested.

LITERATURE REVIEW

Theoretical Model

Keller (1993) delineated customer-based brand equity in a detailed manner, conceptualizing it as "the differential effect of brand knowledge on consumer response to the marketing of the brand" (p. 8). Customer-based brand equity occurs when the consumer is aware of the brand with some positive (favorable, strong, and unique) brand associations in the memory. The core concept of his model draws on "brand knowledge" composed of two dimensions: brand awareness and brand associations. Drawing on customer-based brand equity, this study conceptualized the theoretical model (Figure 1 and 2) to capture attendee behaviors through "the differential effect of brand knowledge" manifested by brand satisfaction, UEBV, brand trust, and ABL, most of which are frequently used in the marketing literature to measure customer response to brand marketing.

Explications of Constructs and Hypotheses

Brand Knowledge-Brand Satisfaction Path Consumer brand knowledge can be defined by the personal meaning of a brand stored in consumer memory, that is, all descriptive and evaluative brand associations and brand awareness

(Keller, 2003). Brand knowledge contributes to enhancing marketing efficiency in that the knowledge that has been inextricably intertwined with the brand in a customer's mind significantly influences the consumer information process of a brand (Keller, 1993). Brand knowledge consisting of strong brand awareness with positive brand associations favorably affects customer perceptions, preferences, and behaviors toward marketing mix and consequently toward overall brand attitude (Keller, 1993). This indicates that brand satisfaction is highly distinguished by positive brand knowledge composed of strong brand awareness with positive brand associations. Aaker (1991, p. 109) contended that brand associations are defined as "anything linked in memory to a brand," which is consistent with Keller's (1993) line of reasoning that brand associations are other informational nodes linked to the brand node stored in consumer memory. Moreover, Keller pointed out that the favorability, strength, and uniqueness of brand associations are the dimensions discriminating brand knowledge that play a key role in underlying the differential response to the marketing of the brand. In the context of the conference, this study adopts attributes, customer benefits, geographic area, and self-image congruence. This study measured perceived quality of a conference to reflect its attributes and corresponding benefits. The perceived quality relates to four brand associations: professional education, social networking, staff service, and site selection. Professional education, social networking, and site selection, especially, have been considered important constructs in the convention literature because they significantly affect the conference participation decision (Oppermann & Chon, 1997).

Professional education can be construed from achievement motivation. According to Butler (1999), people's achievement goals affect their achievement-related attitudes that include task-involvement. Task-involvement is a motivational state in which a person's main goal is to acquire skills and understanding because of self-satisfaction (Butler, 1999). Expanding social networking with other colleagues or professionals serves to motivate participation in a conference (Oppermann & Chon, 1997) and contributes to the satisfaction with the conference in that it provides attendees with informal, beneficial information on industry trends, job opportunities, and business events. Site selection has been a key in conference management and marketing (Go & Govers, 1999) in that it determines the attendance level and thus the success of the meeting. Positive experiences with the conference venue contribute to overall satisfaction with the conference. Service quality has been treated as attitude (Bitner, 1990). La Tour and Peat (1979) pointed out that whereas attitude is a preconsumption construct, satisfaction is a postconsumption construct. Because the preconsumption significantly affects the postconsumption experience, service quality is an antecedent to satisfaction. In this study, staff service was closely related to all of the service quality dimensions but tangibles and hence significantly contributes to the formation of service attitude, resulting in increased attendee satisfaction with the conference. Self-image congruence is defined as the congruence between product/brand user image and self-image construed from multiple self-concepts (Sirgy et al., 1997). Self-image congruence strengthens the brand associated with a particular user image by identifying the user image congruent with target consumers' self images . Self-image congruence is an important predictor of satisfaction. Back (2005) found out that self-image congruence significantly affects customer satisfaction in the lodging industry, suggesting that hotel guests enhance their satisfaction when perceiving high level of image congruence.

Keller (1993) postulated that brand awareness consists of recognition and recall performance for brand. Specifically, brand recognition refers to consumers' ability to confirm prior exposure to the brand using a given brand as a cue, and brand recall represents consumers' ability to retrieve the brand in a given product category (Keller, 1993). The positive relationship of brand awareness with brand satisfaction can be derived from brand familiarity. Brand awareness enhances brand familiarity as customers accrue direct or indirect brand experiences, such as exposure to brand advertisements and usage of the brand (Kent & Allen, 1994). Increasing brand familiarity may create a better knowledge structure in a consumer's mind and reinforce confidence about that brand, thereby leading to positive brand evaluation (Sen & Johnson, 1997). This study used the definition of overall satisfaction: "an overall evaluation based on the total purchase and consumption experience with a good or service over time" (Anderson, Fornell, & Lehmann, 1994, p. 54). Overall satisfaction is characterized by a cumulative construct that has been evaluated by expectations and perceived performance as well as past satisfaction (Johnson, Anderson, & Fornell, 1995). Brand satisfaction in this study was operationalized as overall satisfaction with a brand based on previous attendance experiences. Building on Keller's (1993) model, this study examined conference brand knowledge through brand awareness and associations that are based on the past experiences of conference attendance and postulated that strong brand awareness and favorable brand associations positively affect brand satisfaction.

H1: Professional education is positively associated with brand satisfaction.
H2: Social networking is positively associated with brand satisfaction.
H3: Site selection is positively associated with brand satisfaction.
H4: Staff service is positively associated with brand satisfaction.

H5: Self-image congruence is positively associated with brand satisfaction.
H6: Brand awareness is positively associated with brand satisfaction.

Direct Path from Brand Satisfaction to Brand Trust Moorman, Zaltman, and Deshpande (1992, p. 315) defined trust as "a willingness to rely on an exchange partner in whom one has confidence." Another view of trust is an expectation about an exchange partner's trustworthiness attributed to the partner's expertise and reliability (Anderson & Weitz, 1990). The process by which consumers attribute a trust to the brand is founded on their postconsumption experiences with a brand. Keller (1993) claimed that trust is affected by various encounters with the brand. When attendees are satisfied with a particular conference, they shape the confidence that the conference will deliver what is promised and see much less perceived risk associated with the conference than with unfamiliar conferences. Transforming brand satisfaction into brand trust, however, requires repeatedly positive consumption experiences because a committed relationship between buyer and seller develops over time as they learn each other (Dywer, Schurr, & Oh, 1987). That is, the overall postconsumption experience has more effect on trust than other episodic contacts with the brand because it creates feelings that are more self-relevant and associated with certainty. Specifically, the overall satisfaction induces trust by contributing to brand confidence in fulfilling its commercial promise and protecting consumer welfare and interest. The brand satisfaction is thus assumed to be positively associated with brand trust.
H7: Brand satisfaction is positively related to brand trust.

Indirect Path from Brand Satisfaction to Brand Trust via Updated Expectation of Brand Value (UEBV) This study adopted UEBV as an exploratory construct to further elaborate on brand satisfaction-brand trust relationship from the perspective of trust as an expectation about a service provider. From the perspective of relational marketing, Sirdeshmukh, Singh, and Sabol (2002, p. 21) defined value as "the consumer's perception of the benefits minus the costs of maintaining an ongoing relationship with a service provider." This study built on their relational perspective of the brand value. Tryon (1994, p. 313) defined an expectation as an "anticipation of future consequences based on prior experience, current circumstances, or other sources of information." UEBV is based on the mechanism of expectation that is updated to cumulative or current information during or after satisfaction (Yi & La, 2004). When consumers assess future consumption experience, the updated expectation serves as a prior expectation and is updated again to satisfaction . According to Oliver (1997), the expectation has three components: value, desire, and need. These three components shape expectation and are adjusted to satisfaction. This paper focuses on the expectation of value because value is perceived from satisfaction (Patterson & Spreng, 1997), serves as a crucial constituent of relationship marketing (Ravald & Grönroos, 1996) and affects brand trust (Chaudhuri & Holbrook, 2001). Hence, this study stands behind the reasoning that attendees have favorable UEBV as they experience new and cumulative satisfaction.
H8: Brand satisfaction is positively associated with UEBV.

As noted earlier, trust is viewed as an expectation about confidence in an exchange partner. Thus, the positive relationship of UEBV with brand trust rests on the premise that favorable UEBV strengthens expectation about confidence in a conference (brand trust) via more (relational) benefits perceived from UEBV. Critical elements of relational values are safety, credibility, security, and continuity that enhance trust (Ravald & Grönroos, 1996). Specifically, these elements are considered relational benefits (Gwinner, Gremler, & Bitner, 1998) that enhance value (Sirdeshmukh, et al., 2002) and hence brand trust by solidifying the long-term relationship (Gwinner et al., 1998). That is, as attendees perceive more favorable UEBV through (relational) benefits after a few positive consumption experiences, expectation about confidence in a conference (brand trust) is further reinforced.
H9: UEBV is positively associated with brand trust.

Brand Trust- Attitudinal Brand Loyalty (ABL) Path ABL includes a degree of dispositional commitment in terms of some unique value associated with the brand" (Chaudhuri & Holbrook, 2001, p. 82). ABL is assessed by intention of word-of-mouth, repurchase intention, and willingness to pay a premium price (Cronin & Taylor, 1992). According to Chaudhuri and Holbrook (2001), brand trust affects attitudinal brand loyalty by building on brand commitment in relationship marketing. Commitment has been defined as "an enduring desire to maintain a valued relationship" (Moorman, Zaltman, & Deshpande, 1992, p. 316). Morgan and Hunt (1994) found that trust leads to commitment in business-to-business relational exchanges because relationships characterized by trust are so highly valued that parties will want to commit themselves to such relationships. That is, a trusted brand would evoke a higher degree of dispositional commitment to the brand, thereby enhancing repeat attendance intention to the brand, attitudinal brand loyalty.

H10: Brand trust is positively associated with attitudinal brand loyalty.

Differential Effect of Brand Knowledge As previously mentioned, Keller (1993) argued that customer-based brand equity is signified by the differential effect of brand knowledge comprising strong brand awareness with positive brand associations in consumer minds. This study assumed that the I-CHRIE annual conference (IC) holds higher attendee-based brand equity than regional CHRIE conferences (RC) in the sense that IC is considered a major conference to CHRIE and that IC generates more favorable brand knowledge due to stronger brand awareness with more favorable brand associations from IC. Since this study captures the differential effect of brand knowledge through the mean scores of brand satisfaction, UEBV, brand trust, and ABL, it hypothesizes that attendees rate brand satisfaction, UEBV, brand trust, and ABL for IC more favorably than ones for RC.

H11a: Brand satisfaction is more favorably perceived from IC than RC.
H11b: UEBV is more favorably perceived from IC than RC.
H11c: Brand trust is more favorably perceived from IC than RC.
H11d: ABL is more favorably perceived from IC than RC.

METHODOLOGY

The population for the survey is association members who have attended their association meetings. To disclose the differential effect of brand knowledge in a detailed manner, this study sampled I-CHRIE members attending IC and/or RC through on-line survey. Since the study was based on past experiences of the conferences, members who have not attended IC and/or RC were excluded. The response rate was 20.1% (213 out of 1,036) for the IC and 19.4% (201 out of 1,036) for the RC. The measurement invariance test and simultaneous structural equation modeling (SEM) analysis were conducted to examine proposed measurement and structural models. Furthermore, independent samples t tests were conducted to examine the differential effect of brand knowledge across IC and RC.

RESULTS

Reliability and construct validity were checked on the composite data (414) of IC and RC because the same measurements applied across two samples. The Cronbach's alpha that was used to estimate the reliability of multi-item scales was listed for each construct in Table 1: professional education (0.86), social networking (0.81), site selection (0.71), staff service (0.95), self-image congruence (0.96), brand awareness (0.87), brand satisfaction (0.91), UEBV (0.90), brand trust (0.92), and ABL (0.91). All of the alpha coefficients were above the cut-off point of 0.7 (Nunnally, 1978), indicating an acceptable level of reliability for each construct. Average variance extracted (AVE) was also employed to assess convergent and discriminant validity. As shown in Table 1, all AVE exceeded 0.5, suggesting convergent validity was satisfied. Also, an AVE for each construct was greater than squared correlation coefficients for corresponding inter-constructs, which confirms discriminant validity (Fornell & Larcker, 1981).

Table 1
Correlations (squared correlation), Reliability, and AVE

	PE	SN	SS	SVC	SI	BA	BS	UEBV	BTR	ABL
PE	1.00									
SN	.49(.24)	1.00								
SS	.34(.12)	.33(.11)	1.00							
SVC	.52(.27)	.39(.15)	.52(.27)	1.00						
SI	.42(.18)	.47(.22)	.28(.08)	.42(.18)	1.00					
BA	.16(.03)	.50(.25)	.31(.10)	.33(.11)	.30(.09)	1.00				
BS	.68(.46)	.62(.38)	.47(.22)	.65(.42)	.52(.27)	.30(.09)	1.00			
UEBV	.62(.38)	.55(.30)	.40(.16)	.58(.34)	.52(.27)	.29(.08)	.78(.61)	1.00		
BTR	.68(.46)	.53(.28)	.44(.19)	.63(.40)	.58(.34)	.24(.06)	.81(.66)	.76(.58)	1.00	
ABL	.55(.30)	.61(.37)	.37(.14)	.48(.23)	.51(.26)	.30(.09)	.73(.53)	.64(.41)	.70(.49)	1.00
Reliability	.86	.81	.71	.95	.96	.87	.91	.90	.92	.91
AVE	.53	.76	.52	.78	.73	.70	.90	.75	.67	.59

Note: PE (Professional Education), SN (Social Networking), SS (Site Selection), SVC (Staff Service)
SI (Self-Image Congruence), BA (Brand Awareness), BS (Brand Satisfaction), BTR (Brand Trust)
UEBV (Updated Expectation of Brand Value), ABL (Attitudinal Brand Loyalty). All are significant at .01.

As shown in Table 2, this study tested nonrestricted measurement model and full metric invariance model across high and low BBL groups. According to the goodness-of-fit indices (χ^2 = 1806.7, *df* = 778, RMSEA=0.06, CFI =0.92, NFI =0.90) from the nonrestricted CFA model, the proposed measurement model was proved to fit the data. Full metric invariance was not supported, as the chi-square difference between nonrestricted measurement model and full metric invariance model was significant ($\Delta\chi^2$ (21) = 55.5, p < .05). Therefore, the partial metric invariance model was adopted by relaxing some invariant factor loadings. Finally, the partial metric invariance model with ten invariant factor loadings was supported with evidence that the chi-square difference between nonrestricted and partial metric invariance models was not significant ($\Delta\chi^2$ (10) = 14.8, p > .05). For the testing of structural invariance across two groups, partial metric invariance model was thus used as a baseline model to run structural model analysis (Yi & La, 2004).

Table 2
Testing for Measurement Invariance Across Groups

	Chi-Square	*df*	RMSEA	CFI	NFI
Nonrestricted measurement model	1806.7	78	0.06	0.92	0.90
Full metric invariance (L(X)Y=IN)	1862.2	99	0.06	0.92	0.90
Partial metric invariance	1821.5	88	0.06	0.92	0.90

Note: Full metric invariance is not supported [$\Delta\chi^2$ (21) = 55.5, p < .05]

Partial metric invariance is supported [$\Delta\chi^2$ (10) = 14.8, p > .05], IN = Invariance

A baseline model (a partial metric invariance model) was tested simultaneously across IC and RC using simultaneous SEM analysis across two samples. Overall goodness-of-fit indices (χ^2= 1965.7, *df* = 827, RMSEA = 0.06,CFI = 0.90, NFI = 0.91) showed that the structural model was parsimonious. As shown in Figures 1 and 2, all the proposed paths were supported except for relationships between self-image congruence and brand satisfaction (γ_{15} = -.01, t = -.19, p > .05) for IC and brand awareness and brand satisfaction (IC: γ_{16} = -.17, t = -2.56, p < .05 vs RC: γ_{16} = -.17, t = -2.45, p < .05). Additionally, brand awareness showed a negative direction as opposed to H6 although it was significantly associated with brand satisfaction. Specifically, first, most brand associations positively influence brand satisfaction: professional education (IC: γ_{11} = .50, t = 7.43, p < .05 vs RC: γ_{11} = .31, t = 4.27, p < .05); social networking (IC: γ_{12} = .20, t = 2.39, p < .05 vs RC: γ_{12} = .32, t = 4.16, p < .05); site selection (IC: γ_{13} = .22, t = 3.42, p < .05 vs RC: γ_{13} = .15, t = 2.10, p < .05); and staff service (IC: γ_{14} = .27, t = 4.77, p < .05 vs RC: γ_{14} = .24, t = 3.31, p < .05). Self-image congruence-brand satisfaction path for RC showed a statistically positive relationship (γ_{15} = .25, t = 5.03, p < .05) although it turned out to be non-significant for IC. Second, brand satisfaction positively affected both UEBV (IC: β_{21} = .84, t = 13.84, p < .05 vs RC: β_{21} = .86, t = 8.10, p < .05) and brand trust (IC: β_{31} = .53, t = 6.43, p < .05 vs RC: β_{31} = .81, t = 7.65, p < .05) while UEBV positively influenced brand trust (IC: β_{32} = .39, t = 4.80, p < .05 vs RC: β_{32} = .17, t = 2.13, p < .05). These findings indicated that UEBV partially mediated the effect of brand satisfaction on brand trust with a significant indirect effect (IC: β_{IE} = 0.33, t = 4.53, p < .05 vs RC: β_{IE} = 0.15, t = 2.06, p < .05) (Sobel, 1990). The stronger mediating effect of UEBV for IC than for RC led to higher parameter estimates in a brand satisfaction-brand trust path for RC than for IC. Finally, brand trust was positively related to ABL (IC: β_{43} = .74, t = 11.80, p < .05 vs. RC: β_{43} = .83, t = 14, p < .05).

For testing hypotheses 11a, 11b, 11c, and 11d designed to capture the differential effect of brand knowledge by comparing the mean scores of brand satisfaction, UEBV, brand trust, and ABL across IC and RC, this study conducted independent samples t tests to identify statistically significant mean difference. Except for brand trust (IC: 4.61 vs. RC: 4.48, t-value: .947, p > .05), the remaining constructs for IC were statistically higher than RC: brand satisfaction (IC: 5.06 vs. RC: 4.54, t-value: 4.09, p < .05), UEBV (IC: 4.68 vs. RC: 4.33, t-value: 2.663, p < .05), and ABL (IC: 4.90 vs. RC: 4.07, t-value: 6.095, p < .05). These findings presented the sufficient evidence that IC was more favorably evaluated than RC, supporting H11a, H11b, and H11d. In summary, most hypotheses were supported except for H5, H6, and H11c.

Figure 1
Structural Model Testing for IC
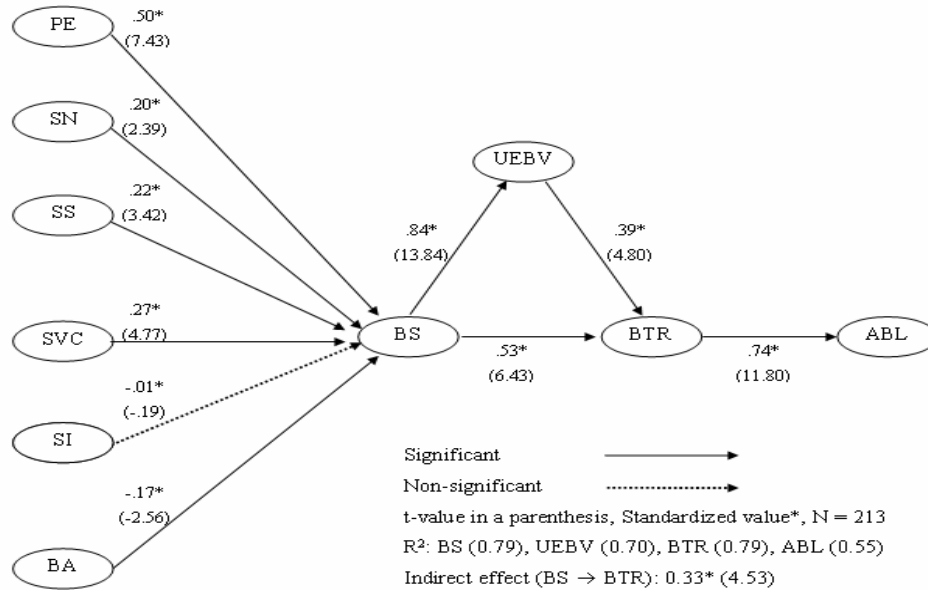
Figure 2
Structural Model Testing for RC
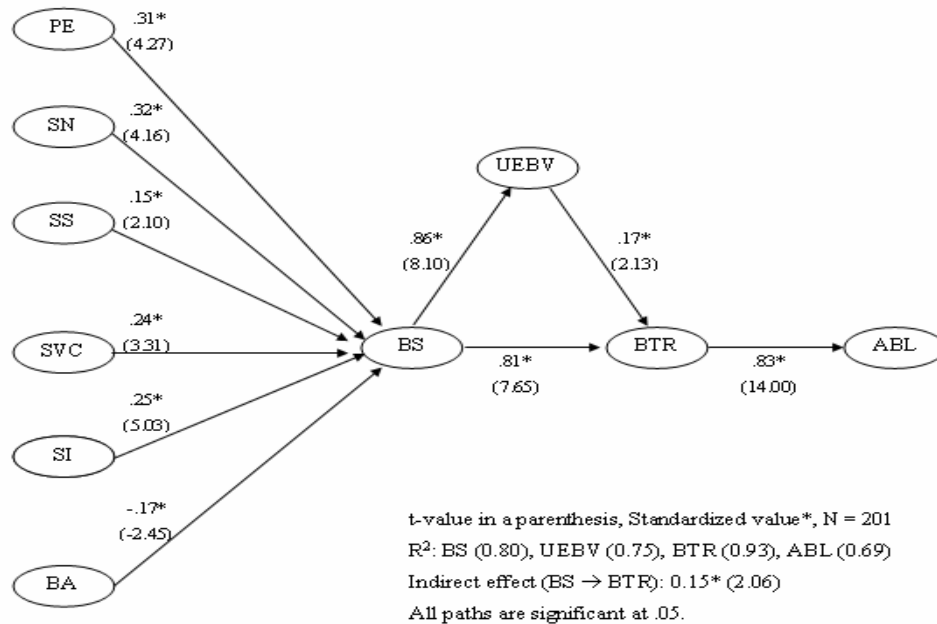
Note: PE (Professional Education), SN (Social Networking), SS (Site Selection), SVC (Staff Service)
    SI (Self-Image Congruence), BA (Brand Awareness), BS (Brand Satisfaction), BTR (Brand Trust)
    UEBV (Updated Expectation of Brand Value), ABL (Attitudinal Brand Loyalty).

IMPLICATIONS AND CONCLUSION

According to simultaneous SEM across IC and RC, professional education, staff service, site selection, and social networking are positively related to brand satisfaction whereas brand awareness is negatively associated with

it. Because brand satisfaction is a starting point in affecting UEBV, brand trust, and ABL, these four brand associations are presumed to be major sources of the differential effect of brand knowledge between IC and RC, suggesting important managerial implications for conference marketing and management. For instance, in designing the conference program, associations should focus on various sessions that meet the needs of different groups rather than general programs for average attendees. The various educational sessions can be further facilitated with a variety of session formats – for example, panel discussions, small group discussions, interactive sessions, and videoconference. Thus, conference organizers should spend more on educational program design and the invitation of outstanding keynote speakers, presenters, and facilitators rather than on lavish entertainment and events (PCMA, 2005). Furthermore, attendees usually get together with acquaintances during conference dates. Considering social networking also has positive effects on brand satisfaction, associations should develop strategies designed to encourage social networking among attendees. Social functions are good opportunities for associations to promote social networking.

Positive relationships existed on each path for brand satisfaction-UEBV, UEBV-brand trust, brand satisfaction-brand trust, and brand trust-ABL. Especially, it is noteworthy to look at the mediating effect of UEBV on brand satisfaction-brand trust path. This study extended previous research on satisfaction, trust, and repurchase intention by adding UEBV. UEBV was found to serve as a partial mediator on brand satisfaction-brand trust path across two groups, suggesting that brand trust, the firm expectation that the brand will perform its promise, firms up through UEBV as well as through brand satisfaction. From the perspective of UEBV, brand value is a significant contributor to brand trust in the sense that customers seek an exchange partner that provides maximum value (Kotler, 2000) and are committed to developing relationships because the exchange partner delivers highly valued benefits in the brand (Morgan & Hunt, 1994). That is, favorable UEBV, derived from brand satisfaction, that is not provided by alternative brands, strengthens the expectation of the brand's integrity and reliability, which in turn affects repeat-attendance intention and dispositional commitment to the conference.

As expected, IC showed higher attendee-based brand equity than RC in accordance with the differential effect of brand knowledge, as captured by higher mean scores for brand satisfaction, UEBV, and ABL. Professional education (γ_{11} = .50) was the strongest brand association to predict brand satisfaction at IC while professional education (γ_{11} = .31) and social networking (γ_{12} = .32) remained the strongest predictor at RC. Therefore, it was presumed that a stronger relationship between professional education and brand satisfaction contributed to more favorable UEBV, and ABL, thereby creating higher attendee-based brand equity to IC. With regard to overall managerial implications for educational conferences, four brand associations (professional education, staff service, site selection, and social networking) can contribute to the differential effect of brand knowledge through brand satisfaction. A negative path from brand awareness to brand satisfaction indicated that conferences with high brand awareness should consistently deliver high-quality service and product to meet attendees' high expectations. Persistently satisfied with key brand associations, attendees are likely to favorably update their expectations of brand value, to build up brand trust, and thus to cultivate loyalty to their conferences. The retention of brand loyal attendees would especially induce deep commitment to the conferences and great resistance to other conferences' marketing strategies, thereby contributing to high revenue and market share.

Despite the importance of this study, its limitations cannot be denied. As UEBV was coined as an exploratory approach, little previous research on UEBV was available to conceptually and empirically clarify that concept. Subsequent studies are encouraged to test UEBV in various business contexts. Moreover, with the sample conferences from the same association, the findings may not rigorously represent the relationships among constructs unveiled in this study and thus may not be generalized to all association meetings. Therefore, selection of multiple association meetings is advised in a future study to further reduce sampling error, thereby enhancing external validity. It is also worthwhile to survey meetings from associations with different characteristics – for example, academic (e.g., I-CHRIE) vs. non-academic (e.g., Pacific Asia Travel Association) associations. Doing so would not only increase the generalizability of findings but also reveal distinct attendee behaviors between different types of association meetings, thereby enriching managerial and research implications.

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CUSTOMER RELATIONSHIP MANAGEMENT TECHNOLOGY AND CUSTOMER LOYALTY: AN EMPIRICAL STUDY ON THE QUALITY-VALUE-LOYALTY CHAIN MODEL

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ABSTRACT

The main objective of this study was to empirically test the Parasuraman and Grewal's Quality-Value-Loyalty chain model in a restaurant context. Survey participants were asked to evaluate service quality after reading scenarios describing a restaurant experience where customized services were provided through information technology and a restaurant experience without customized services. The principal finding was that participants evaluated service quality in the customized service setting higher and the assurance factor had a positive linear relationship with attitude toward personal information utilization by a service provider. Also, perceived value was found to be a partial mediator between service quality and loyalty.

Key Words: Customer relationship management (CRM), information technology, customer loyalty, service quality, perceived value, quality-value-loyalty chain model.

INTRODUCTION

Many hotel brands are implementing frequent guest programs that allow their hotel guests to accumulate redeemable points and/or miles. For example, Hilton HHonors and Marriot Rewards offer cumulative points or miles to their patrons, so their guests can redeem them later for complimentary hotel stays or hotel room upgrade. Also, frequent guest programs present member-exclusive privileges such as dedicated reservation service, expedited check-in, late checkout and other devoted services (*Hilton HHonors*, 2006; *Marriott Rewards*, 2006).

The key objectives of such frequent guest programs, which are often called loyalty programs, are to retain existing customers and to motivate customers to remain loyal and to buy again (Dyché, 2002). While a loyalty program rewards repeated patronage, its impact on customer loyalty towards an entity (i.e. brand, product, or service) is often questionable (Baloglu, 2002; Dick & Basu, 1994; Mattila, 2006; Yi & Jeon, 2003). Rewarding repeated purchases makes customers loyal to the program rather than to an entity, and program loyalty is less desirable because repeated patronage will not last when competitors offer a better deal (Baloglu, 2002; Dowling & Uncles, 1997; O'Brien & Jones, 1995; Yi & Jeon, 2003). Therefore, affective antecedents such as emotion and affective commitment, rather than rewards themselves, may be determinants to facilitate customer loyalty (Baloglu, 2002; Mattila, 2006).

While frequent or rewards programs are often developed under customer relationship management (CRM) technology (Chen & Popvich, 2003; Fitzgibbon & White, 2005; Winer, 2001), few research studies have been completed to examine CRM and its impact on customer loyalty. CRM technology tracks and analyzes customer history and behavior, so loyalty programs driven by CRM technology can identify and reward valuable customers (Chen & Popvich, 2003). However, that is not the overall function of CRM. CRM can deliver a higher level of customer satisfaction via customization, simplicity, and convenience for completing transactions (Chen & Popvich, 2003; Winer, 2001). Fitzgibbon and White (2005) examined CRM and loyalty strategy in financial services firm while Lee-Kelley, Gilbert and Mannicom (2003) investigated the relationship between CRM and customer loyalty in an e-retailer context.

In this paper, CRM technology and its impact on customer loyalty in hospitality context will be examined using Parasuram and Grewal's quality-value-loyalty chain model (Parasuraman & Grewal, 2000). The purpose of this research was to investigate how CRM affects customer perceptions of service quality (i.e. reliability, responsiveness, assurance, empathy and tangibility), to examine how the five service dimensions consequently

influence customer perception of value (i.e. acquisition, transaction, in-use, and redemption), and to examine how perceived service quality and perceived value are related to customer's behavioral and attitudinal loyalty.

LITERATURE REVIEW

Customer Relationship Management

Fitzgibbon and White (2005) define CRM as "a data-driven approach that enables companies to assess each customer's current needs and potential profitability and tailor sales offers and services accordingly" (p. 220). The ultimate goal of CRM is retaining existing customers by establishing long-term relationship with customers (Fitzgibbon & White, 2005). The mantra of CRM is customer-centric and lifetime customer value. Companies reach the fundamental objective (i.e. the long-term relationship of the customer with the company) via various approaches such as tailoring the products and services through customization and individualization, and distributing a single view of a customer in the organization with an integrated customer database.

Customization and individualization become available via information technology (IT) embedded in CRM and tailored products and services are proposed to increase customer satisfaction (Gordon, 2002; Piccoli, O'Connor, Capaccioli, & Alvarez, 2003; Schaller, Piller, & Reichwald, 2004). Specifically, the first step is to construct a database containing transactions, customer contacts, descriptive information and responses to marketing stimuli for a successful CRM (Winer, 2001). Then knowledge and insight about customers can be obtained via the analysis of the database (Gordon, 2002; Winer, 2001). Information technology utilizes CRM via the database, and CRM is mutually influenced by customers and IT (Gordon, 2002).

Customization based on knowledge preferences and behaviors is available at the time of interaction (Dyché, 2002). For example, customers are greeted by name when entering a restaurant where CRM is implemented; their preferences such as preferred seating are recognized; and products and services that fit their needs and wants are offered (e.g. sugarless beverage instead of regular product). Also, customers can be reached through multiple channels that are fit for customers' interaction preference through the use of emails or e-newsletters for those who use the Internet.

CRM and Privacy

A customer database is a key element to understand customer behavior and to provide tailored service. However, there is a trade-off between tailored service and the amount of information necessary to enable customization (Winer, 2001). Customer information benefits marketers by providing a means to appeal to a customer's lifestyle-based interests and by emphasizing positive consequences from attributes that provide enhanced personal satisfaction. Also, customer information benefits consumers by providing tailored service and information for decision making of products and service (Franzak, Pitta, & Fritsche, 2001).

However, customers fear information abuse or misuse (Meinert, Peterson, Criswell, & Crossland, 2006; Winer, 2001). Customers may simply be intimidated when unwanted emails are delivered, but they become fearful of being harmed when there is information that they do not want others to know about. The central issue of privacy is to find to what extent customers are willing to release their sensitive information, or to what extent they want companies to know about their information, and to what extent customers expect customization and individualization as a trade-off.

Loyalty

Loyalty has two dimensions: behavior and attitude. Behavioral loyalty, which is often called program loyalty, is defined and identified based on repeated purchases of particular products or service while attitudinal loyalty, which is often called brand loyalty, is defined when repeated purchases occur due to a customer's attitudinal commitment to the brand or company (Baloglu, 2002; Fitzgibbon & White, 2005; Yi & Jeon, 2003). However, repeated purchases do not necessarily represent psychological and attitudinal preference and commitment towards the brand or company. Behaviorally loyal customers are swayed when better alternatives are available (Shankar, Smith, & Rangaswamy, 2003) while attitudinally loyal customers repurchase despite situational influences and marketing efforts (Yi & Jeon, 2003). True loyalty is posited as the balance between behavioral loyalty (i.e. repeated patronage) and attitudinal, *or affective*, loyalty (i.e. favorability) (Dabholkar, 1996; Lee-Kelley et al., 2003).

The determinant of program loyalty is posited as the perceived value of the frequent guest or loyalty program that a company offers (Dowling & Uncles, 1997; Yi & Jeon, 2003). However, the value proposition of a

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loyalty program is proposed to hold a positive linkage to brand loyalty. The perceived value of products and services, rather than the perceived value of loyalty programs, can be applicable to explain customer loyalty under the circumstance where loyalty programs are not provided (Brady et al., 2005). In addition, situational factors (e.g. stockout) are also proposed as another influential factor on behavioral loyalty (Dick & Basu, 1994).

While the value proposition and the attributes of loyalty programs, and situational factors are proposed to explain behavioral loyalty, attitudinal loyalty is examined from psychological factors such as cognitive, affective and conative (Dick & Basu, 1994). Cognitive antecedents are those associated with informational determinants such as accessibility, confidence, centrality (e.g. value proposition), and clarity. Affective antecedents are those associated with feelings involving the brand such as emotions, moods, primary affect and satisfaction, and conative antecedents are those related to behavioral dispositions toward the brand such as switching costs, sunk costs, and expectations. Trust, commitment, (Luarn & Lin, 2003; Schaller et al., 2004) and social bonds (Selnes & Hansen, 2001) are posited as other determinants of customer loyalty. Although loyalty was not included in Brady et al.'s (2005) comprehensive model, Brady and his colleagues postulated that service quality and the perceived value were the determinants of behavioral intention. In their model, the perceived value is positioned in the central mediating role between service quality and behavioral intention while the perceived value is positioned as the central determinant of behavioral intention in the other model (Grewal, Monroe, & Krishnan, 1998).

Theoretical Model: The Quality-Value-Loyalty Chain Model
In this paper, Parasuraman and Grewal's quality-value-loyalty model (Parasuraman & Grewal, 2000) is used as a theoretical model (Figure 1). While several researchers have empirically examined customer satisfaction, trust, and affective commitment as antecedents of customer loyalty (Luarn & Lin, 2003; Mattila, 2006; Schaller et al., 2004), no empirical research was found for the quality-value-loyalty chain model. In addition, the quality-value-loyalty chain model is more specific in quality and more comprehensive in value proposition, which have been excluded in previous attitudinal loyalty research.

Figure 1
The Quality-Value-Loyalty Chain Model (Parasuraman & Grewal, 2000)
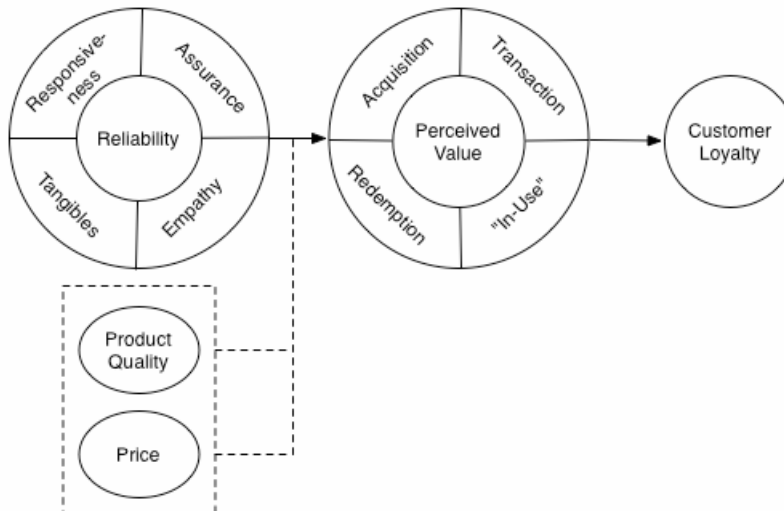
While Parasuraman and Grewal (2000) proposed three linkages (i.e. company-technology, employees-technology, and customers-technology) to explain the impact of technology on interactions between a company and its employees, and its customers, this study examined the linkage between technology and customers. Although CRM enables the company to obtain customer intelligence and employees to provide tailored services, this study investigated customer perceptions of service quality and the values that are customized by CRM.

The quality-value-chain model partitions service quality into five categories: reliability, responsiveness, assurance, empathy and tangibles. Customers use them as criteria in judging service quality. Parasuraman and Grewal (2000) define each dimension as follows: 1) reliability is the ability to perform the promised service

dependably and accurately, 2) responsiveness is the willingness to help customers and prompt service, 3) assurance is the knowledge and courtesy of employees and their ability to inspire trust and confidence, 4) empathy is the caring, individualized attention the firm provides its customers, and 5) tangibles are the appearance of physical facilities, equipment, personnel, and communication materials. CRM is proposed to have a positive impact on some or all of the service quality dimensions because CRM strives to establish long-term relationships with customers through various strategies and channels. The first set of hypotheses is:

> *Hypothesis 1a*: CRM will have positive influence on customer perception of reliability.
> *Hypothesis 1b:* CRM will have positive influence on customer perception of responsiveness.
> *Hypothesis 1c:* CRM will have positive influence on customer perception of assurance.
> *Hypothesis 1d:* CRM will have positive influence on customer perception of empathy.
> *Hypothesis 1e:* CRM will have positive influence on customer perception of tangibles.

However, customers' privacy concerns may have a negative impact on assurance. Privacy concern is defined as concerns about possible loss of privacy as a result of a voluntary or surreptitious information disclosure (Dinev & Hart, 2005) and it would have a relationship with customer assessment of trust and confidence toward the service provider who utilizes customer information for tailored service. When tailored service via CRM is delivered, customers who have a negative attitude, or higher privacy concern, toward information utilization may wonder how much the company knows about his or her preference and may become fearful of information misuse or abuse. On the contrary, if the customer knows exactly how the company becomes knowledgeable (e.g. the company knows only information that the customer releases) or the customer understands the customized service via information technology as a trade-off, CRM may have a positive impact on his or her assessment of trust and confidence toward the service provider, or assurance. Therefore,

> *Hypothesis 2*: Attitude toward information utilization by a restaurant service provider will have a positive relationship with customer perception of assurance.

The perceived value in the model has four components: acquisition value, transaction value, in-use value and redemption value. CRM may have no relationship with acquisition value (the benefits that customers believe they are getting by acquiring a service) since the customer database is initiated after an initial service purchase occurs. However, the transaction value (the pleasure of getting a good deal), in-use value (utility derived from using the service), and redemption value (residual benefit at the time of termination) may positively relate to CRM. In addition to the proposed relationships among perceived service quality and the customized service via IT setting, perceived value may play a role as a moderator between perceived service quality and customer loyalty as Parasuraman and Grewal (2000) proposed. Therefore, the third hypothesis is:

> *Hypothesis 3*: Perceived value will mediate between perceived service quality and customer loyalty.

METHOD
Participants and Procedure

Participants were recruited from a convenience sample of hospitality program alumni of a northeastern US university. An invitation email was sent to potential participants with a link to an online survey questionnaire. After being advised of their rights to participate, participants were asked to read a pair of scenarios describing a customized service experience and a non-customized service experience and respond to 28 questions. In the customized service via IT scenario, when a couple, Mr. and Mrs. Anderson, entered a restaurant (Avery's restaurant), they showed the hostess a restaurant dining card that had individual information stored. This allowed the hostess to greet them by name, lead them to a preferred table, and receive menu suggestions based on their preferences. In the non-customized service scenario, the couple was greeted without calling their name, asked where they wanted to be seated and did not receive suggestions from a service staff member (Devin's restaurant). In both scenarios, the service was described as courteous and prompt. While holding the content consistent, the appearance order of the two scenarios was random via a programming code embedded in the online survey web page in order to minimize the potential bias. Participants then were asked to evaluate the perceived service quality in both scenarios and report on their perceived value and loyalty to the restaurants. A copy of the survey may be obtained from the lead author.

The hypotheses were tested by asking participants to evaluate the written scenarios set in the context of restaurant. Of three types of simulations (e.g. written descriptions/scenarios, audio simulations, and photographic slides) used in consumer research on services, the primary advantage of using scenarios is that they eliminate difficulties associated with observation of customized service in the field that this study specifically aims for and enable participants experience in a manner that is both ethical and practical (Bateson & Hui, 1992; Smith, Bolton, & Wagner, 1999). Items used by Mukherjee and Nath (2005) were modified to measure service quality and items used by Grewal, Monroe and Krishnan (1998) were modified to measure perceived value. Four items were obtained from Reich and his colleagues (2006) to measure loyalty. All items had 7-point Likert scales for responses anchored with 1: extremely unacceptable/disagree and 7: extremely acceptable/agree. The survey questions were pre-tested using a panel of technology advisory board members whose occupations were mainly in the technology sector of the hospitality industry and graduate students whose majors were in hospitality management. Nineteen panel members participated in an online survey questionnaire that had an identical set of scenarios to this study. A manipulation check was made and wordings were modified based on their comments.

The online survey questionnaire was posted for three days and 96 responses of 109 responses submitted were usable. Although sequential emails to reinforce participation and extended online survey questionnaire posting might boost the response rate, the authors decided not to do because this study was conducted as a pilot study to future research agenda. Fifty-two participants (54.2%) were male and 38.5% of participants were between 24 to 30 years old while 31.3% were between 31 to 42 years old (age 18-23: 3.1%; 43-54: 13.5%; 55-64: 8.3%; and 65 and older: 5.2%).

RESULTS

Scales

The five categories of Parasuraman and Grewal's service quality model were measured in this study. Three items were used to measure reliability and had a coefficient alpha (Cronbach's alpha) of 0.69. The responsiveness scale (three items) and the assurance scale (four items) had a coefficient alpha of 0.68, respectively. Two items for the empathy scale had a coefficient alpha of 0.84 and two items for the tangibles scale had a coefficient of 0.75. Two items were used to measure perceived value and had a coefficient alpha of 0.88. Two items were used to measure behavioral loyalty (Cronbach's alpha = 0.71) and two items were used to measure affective loyalty (Cronbach's alpha = 0.89).

Test of Hypotheses for Service Quality

To test Hypotheses 1a to 1e, paired means comparison was conducted between means in the customized service setting and means in the non-customized service setting. This multivariate analysis revealed that at least one of five categories of perceived service quality in the customized service via IT setting differed from that in the non-customized service setting ($T^2 = 132.69$, $F(5, 91) = 25.42$, $p < 0.001$). Confidence intervals were determined to assess which categories in the customized service setting and the non-customized setting differed (Figure 2).

Supporting Hypothesis 1a, reliability was found to be higher in the customized service setting than the non-customized setting (mean difference = 2.34) with 95% confidence. Supporting Hypothesis 1b, responsiveness was found to be higher in the customized service setting (mean difference = 3.05) with 95% confidence. Supporting Hypothesis 1c, assurance was found to be higher in the customized service setting (mean difference = 2.05) with 95% confidence. Supporting Hypothesis 1d, empathy was found to be higher in the customized service setting (mean difference = 0.90) with 95% confidence. Supporting Hypothesis 1e, tangibles were found to be higher in the customized service setting (mean difference = 0.98) with 95% confidence.

A linear regression was conducted to test Hypothesis 2. The difference in assurance between the customized service setting and the non-customized service setting was estimated by attitude toward customer information utilization by a service provider. Two items were used to measure attitude toward information utilization (Pearson's correlation r = 0.60). Supporting Hypothesis 2, the difference in assurance was found to be a positive linear relationship ($\beta_1 = 0.457$) with attitude toward information utilization ($F(1,94) = 21.58$, $p < 0.000$). Attitude toward information utilization explained only 18% of variation in the difference in assurance between the customized service setting and the non-customized service setting (adjusted $R^2 = 17.8$).

Figure 2
Mean Differences in Service Quality Evaluation Between Avery's and Devin's
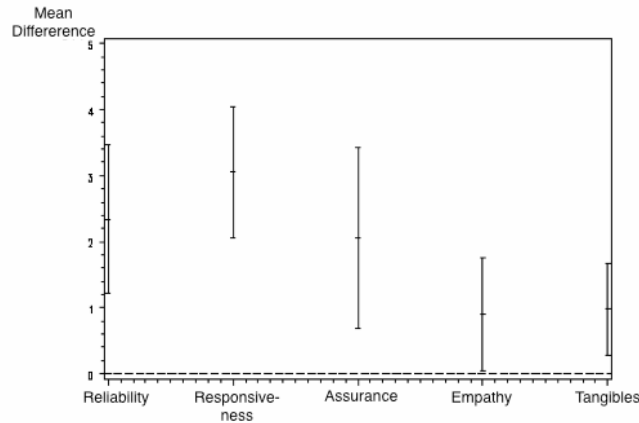
Test of Hypothesis for Perceived Value

To test Hypothesis 3, a series of regression analyses was conducted. Mediation can be explained by examining the direct effect of a predictor (service quality) on a mediator (perceived value), the direct effect of the mediator on a criterion (customer loyalty), and the direct effect of the predictor and the criterion. The total effect of the predictor on the criterion is equal to the indirect effect of the predictor on the criterion (the effect of the predictor on the criterion via the mediator) and the direct effect of the predictor and the criterion. Complete mediation occurs if there is no direct effect of a predictor on a criterion, or the total effect of a predictor on a criterion is completely accounted for by the indirect effect of the predictor on the criterion through a mediator. Partial mediation occurs if the total effect of a predictor on a criterion is due to both a direct and indirect effect of the predictor on the criterion. The regression coefficient is an estimate of the effects.

The regression analysis showed partial mediation in the customized service setting and the non-customized customized service setting (Figure 3). The total effect of service quality on customer loyalty (β_{total} = 0.29306 for the customized service setting; β_{total} = 0.24633 for the non-customized service setting) was larger than the direct effect of service quality on customer loyalty ($\beta_{sq \to loy}$ = 0.16181 for the customized service setting; $\beta_{sq \to loy}$ = 0.16651 for the non-customized service setting). When customer loyalty was partitioned into behavioral loyalty and affective loyalty, the identical partial mediation was found in both settings.

Figure 3
Partial Mediation of Perceived Value between Service Quality and Loyalty
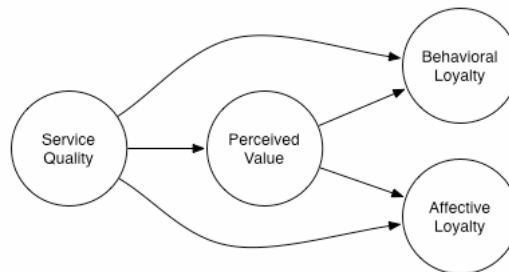
DISCUSSION

The study empirically investigated Parasuraman and Grewal's Quality-Value-Loyalty chain model. Several notable findings emerged from this study. First, perceived value was found to be partially mediated between service quality and customer loyalty. While perceived value is presented as a complete mediator in the Quality-Value-Loyalty chain model, only a partial mediation was found in this study. The chain model posits that no direct effect of service quality on customer loyalty occurs while the effect of service quality on customer loyalty occurs only through perceived value. However, the finding in this study suggested that there would be a direct effect of service quality on customer loyalty as well as an indirect effect of service quality on customer loyalty through

perceived value. This finding supports the comprehensive model proposed by Brady and his colleagues (2005). They proposed that behavioral intention is directly related to service quality, service value and satisfaction, while an indirect relationship occurs between service quality and behavioral intention. While no satisfaction was included in this study, a direct and indirect effect of service quality on behavioral loyalty similar to Brady et al.'s comprehensive model (2005) was found. Next, it was demonstrated that participants evaluated perceived service quality in the customized service using IT higher than in the non-customized service setting for all five categories of service quality. The degree of evaluation difference (or mean difference) between the customized service setting and the non-customized setting was highest in responsiveness while lowest in empathy. Finally, attitude toward customer information utilization by a service provider was found to have a positive linear relationship with assurance. The more positive attitude toward information utilization participants had, the higher they evaluated the service provider's knowledge, courtesy and ability to inspire trust and confidence.

This study was conducted to empirically investigate the chain model and highlights several implications for restaurant managers. First, managers may consider implementation of information technology to provide customized services because the finding empirically showed the chain model effective. Although return on investment on information technology is hard to measure, this study supports the belief that effective CRM can lead to increased perceived service quality that leads to increased perceived value and customer loyalty (Piccoli et al., 2003). Also, customers' attitudes toward the information utilization should be taken into account in order for successful CRM implementation. If customers have negative attitudes toward information utilization by a service provider, CRM implementation may lead to decreased perceived service quality.

LIMITATIONS OF THE STUDY AND FUTURE RESEARCH

The primary limitation to this study is the use of scenarios. Although the use of scenarios is beneficial when actual observations are not possible, it could have limited the actual evaluation of service quality and perceived value. The utilization of personal dining history in a live setting might affect customers' evaluations of service quality due to an invasion of privacy (Martínez-López, Luna, & Martínez, 2005). Since the participants did not experience the dining setting, perceived invasion of privacy might be eliminated through scenarios. Another limitation in this study is the sample size. Although the participants represent potential restaurant customers, a larger sample size would have represented the population better. The smaller sample size limits the interpretation of the structural equation model and other multivariate analysis due to the violation of multivariate normality. As more items are used in the study, more participants are required to apply the central limit theorem. Although perceived value in the chain model is proposed with four categories, namely acquisition, transaction, in-use, and redemption, only two items were used to measure transaction value in this study.

iven the results of this study, it seems that a closer look at the aggregated relationship between customers' attitude toward information utilizations by a service provider and service quality, perceived value and customer loyalty would be beneficial. In order to achieve this goal, comprehensive scales to measure customers' attitude toward information utilization should be applied. Also, more participants should be recruited to enable various multivariate analyses to investigate a closer look at the validity of the chain model.

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EXAMINING THE DETERMINANTS OF LOYALTY FROM AN INVESTMENT MODEL PERSPECTIVE

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ABSTRACT

This study attempts to find a theoretical explanation of loyalty development. Based on the Investment Model in social psychology, the authors suggest that customers' attitudinal loyalty to a brand is weakened by the quality of alternative options, while strengthened by their satisfaction with and investment in the brand. An online panel survey was conducted in a cruising context, and results supported all hypotheses. The 3 predictors collectively accounted for over 74 percent of the variance in attitudinal loyalty. It was concluded that the Investment Model may be useful in integrating extant research findings, and explaining the loyalty formation process.

Key Words: Investment Model, Loyalty, Satisfaction, Quality of Alternatives, Investments, Cruise

INTRODUCTION

Brand loyalty has drawn wide research attention since marketing first took shape as a discipline (Copeland, 1923). Although considerable work has been done in loyalty studies, how consumers develop loyalty to a brand is not yet well understood (Agustin & Singh, 2005; Morais, Dorsch, & Backman, 2004). Numerous variables have been suggested as plausible antecedents of loyalty. However, the identification of these antecedents was not always theoretically justified. As a consequence, empirical tests on such links have led to conflicting results and questionable conclusions. That is, readers may find that the same variable suggested as a critical "determinant" of loyalty in one study, could be revealed as only marginally relevant to loyalty in another. Although a couple of theoretical frameworks have been proposed (Dick & Basu, 1994; Morais et al., 2004), one may argue that a parsimonious and unifying explanation that can integrate existing findings still lacks.

This study proposes that the Investment Model (Rusbult, 1980a, 1980b, 1983) from the social psychology literature may help us understand how loyalty develops. This model, if supported, would (1) integrate extant research findings, which appear somewhat fragmented, (2) lend a concrete theoretical foundation to the discussion on loyalty formation, and (3) provide guidance to service providers in developing and diagnosing loyalty programs.

LITERATURE REVIEW

The Investment Model

The Investment Model was initially developed as a means of describing satisfaction and commitment related to romantic involvement (Rusbult, 1980b). The Investment Model proposes that one's commitment to a dyadic relationship is a function of (a) satisfaction with the relationship, (b) a comparison of the best available alternatives to the relationship, and (c) his or her investments in the relationship. To facilitate the following discussion, the participant in discussion is hereafter referred to as John, and his partner is referred to as Mary.

Satisfaction. The Investment Model assumes that people are generally motivated to maximize rewards and minimize costs (Rusbult, 1980a). The Model proposes that John's satisfaction (SAT) with the relationship depends on the rewards John estimates to derive from the relationship, the amount of costs it takes, and his general expectations of relationships.

Quality of Alternatives. In the mean time of evaluating his relationship, John may also contemplate what might be experienced outside the current relationship. John's commitment to Mary is reduced to the degree that the

quality of alternatives is high. Conversely, John may feel more committed to the relationship when the "pulling forces" are weak.

I   nvestment Size. Finally, investment size, i.e., any tangible or intangible resources attached to a relationship that may be lost or diminished once the relationship is dissolved, also contributes to the stability of a partnership. A variety of things, such as time, self-disclosure, mutual friends, and social status that the relationship brings, may be tied to John's current relationship, for which John becomes bound to Mary and their relationship.

Thus, the Investment Model maintains that John's commitment to the relationship is strengthened by the level of satisfaction that John derives from the relationship, is fueled by his investments to the relationship, and is weakened by the quality of alternatives to the relationship. Although the Investment Model was originally proposed to examine interpersonal relationships (e.g., romantic involvement and friendship), it has been tested across various non-personal settings. Le and Agnew (2003, p. 54) concluded that "the Investment Model is not strictly an interpersonal theory and can be extended to such areas as commitment to jobs, persistence with hobbies or activities, loyalty to institutions, decision-making, and purchase behaviors."

Echoes in Brand Loyalty Studies
Although the Investment Model is only now being applied in examining customers' brand loyalty, one can find substantial empirical evidence supporting individual relationship suggested by the model. Satisfaction and investment size, two of the three commitment determinants suggests by the Investment Model, have been repeatedly identified as major antecedents of customers' brand loyalty. The authors believe this may not be a coincidence.

Satisfaction. The Investment Model suggests that satisfaction is a major determinant of commitment. Not surprisingly, satisfaction, or an overall affective response resulting from the use of a product or service (Oliver, 1981), has also been frequently identified as a major requisite of loyalty in the marketing and tourism literature. Numerous marketing (Anderson & Srinivasan, 2003; Beerli, Martin, & Quintana, 2004; Bloemer & Lemmink, 1992; Lam, Shankar, Erramilli, & Murthy, 2004; Olsen, 2002; Ping, 1993) and leisure/tourism (Back, 2001; Bowen & Chen, 2001; Yoon & Uysal, 2005) studies have shown that customer satisfaction may affect customer loyalty, though disagreement does exist (Fornell, 1992; Skogland & Siguaw, 2004).

Investments. In the marketing literature, customers' investment on one brand is mainly reflected by two concepts: the switching and sunk costs (Dick & Basu, 1994), which have been suggested as key determinants of loyalty (Beerli et al., 2004; Dick & Basu, 1994; Morais et al., 2004). Similar discussion can also be found in the leisure and tourism literature, where the idea of investments has traditionally been connected to Becker's (1960) conceptualization of "side bets"(Backman & Crompton, 1991; Iwasaki & Havitz, 2004; Kyle, Graefe, Manning, & Bacon, 2004).

Quality of Alternatives. Finally, although the concept of "quality of alternatives" is not widely applied in the fields of marketing and leisure/tourism, some authors have tackled the idea. For instance, Ping (1993) incorporated theoretical elements of the investment model in his investigation on retailer-supplier relationships. He suggested that "the relationship 'structural constraints' of alternative attractiveness," among others, is one of the key antecedents of loyalty. Pritchard and Howard (1997) also suggested that perceived differences in travel service performance is an antecedent of tourist loyalty.

Overall, it seems the marketing and leisure/tourism literature has already provided empirical support to individual relationships (such as the satisfaction-loyalty link and switching costs-loyalty link) identified by the Investment Model, although a holistic examination still lacks.

The Proposed Model
The primary objective of this paper is to reveal the psychological processes underlying loyalty formation in a tourism (i.e., cruising) context, by introducing a social psychology theory, the Investment Model. As discussed, Rusbult's (1980a, 1980b, 1983) Investment Model, rooted in interdependence theory, proposes that one's commitment to a relationship is determined by his/her satisfaction level, the quality of alternative relational options, and his/her investments. Further, following mainstream conceptualization in the marketing and leisure/tourism literature (Backman & Crompton, 1991; Day, 1969; Jacoby & Chestnut, 1978; Kyle et al., 2004; Pritchard, 1991), the authors conceptualize that loyalty comprises of both attitudinal and behavioral components, with attitudinal

loyalty leading to behavioral loyalty. Combined, the paper posits that satisfaction, quality of alternatives, and investments as three major determinants of customers' attitudinal loyalty, which then leads to behavioral loyalty (Figure 1). Consequently, the three hypotheses tested were the following:

> *H 1*: A cruise passenger's attitudinal loyalty to a cruise brand will be significantly and negatively influenced by the quality of alternative options.
> *H 2*: A cruise passenger's attitudinal loyalty to a cruise brand will be significantly and positively influenced by his/her satisfaction level.
> *H 3*: A cruise passenger's attitudinal loyalty to a cruise brand will be significantly and positively influenced by his/her investment size.

Figure 1
The Proposed Model of Loyalty Formation
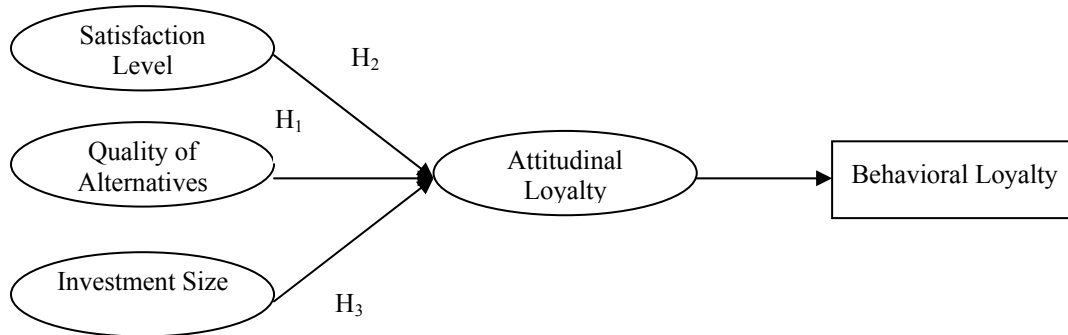
METHODS

The study employed a self-administered questionnaire survey. After the initial version of the questionnaire was developed, 14 experts were invited to review and pretest the instrument. A shortened questionnaire was pilot tested on 114 undergraduate students in a restaurant dining setting. Following most marketing and leisure/tourism researchers (Backman & Crompton, 1991; Day, 1969; Jacoby & Chestnut, 1978; Kyle et al., 2004; Pritchard, 1991), this study conceptualized loyalty as a two-dimensional construct, containing attitudinal and behavioral components. Attitudinal loyalty was measured with a 5-item, 7-point Likert-type scale proposed by Li (2006), while behavioral loyalty was measured by proportion of brand purchase (Copeland, 1923; Cunningham, 1956; Iwasaki & Havitz, 2004). The satisfaction measure was taken verbatim from Spreng et al.(1996). Consistent with marketing and tourism literature, this study operationalized investment size in terms of switching and sunk costs, and used a 6-item Likert-type scale adapted from the literature (Iwasaki & Havitz, 2004; Jones, Mothersbaugh, & Beatty, 2000). Finally, quality of alternatives was measured by Rusbult's (1998) 5-item (global items) scale, and adjusted to customer-brand relationships.

In order to examine the hypothesized model, an online panel survey was employed. Online panel survey has been shown as a valid and efficient research approach in the literature (Dennis, 2001; Deutskens, Jong, Ruyter, & Wetzels, 2006; Duffy, Smith, Terhanian, & Bremer, 2005). The survey process generated an effective sample size of 554. The sample included 55.8 percent male respondents with an average age of 53.9, with the vast majority white (91.7%) and married (80.5%). About two thirds (63.9%) had a college degree or more and the median income was $75,000 to $100,000. On average, respondents had taken 8.3 cruises with 3.4 different cruise lines in their lifetime, as well as an average of 3.1 cruises and 6.2 years with the focal cruise line. Finally, no significant nonresponse bias and sampling bias were detected.

RESULTS

A structural equation modeling (SEM) procedure was employed to analyze the data. To address multivariate nonnormal distribution, the authors decided to use nonparametric bootstrapping (Byrne, 2001; Kline, 2005), based on 500 bootstrap samples. The structural equation modeling procedure was conducted in two stages:

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Step 1: Preparing the Measurement Model. To examine the hypothesized model, the authors began with the assessment of the measurement model, using confirmatory factor analysis.[1] The measurement model demonstrated some misfit, as its goodness-of-fit statistics, χ^2 (164, N=554)=979.01, *p*<0.001, CFI=0.923, GFI=0.842, RMSEA=0.095, fell out of the acceptable range. The MI information suggested that multiple significant MIs were associated with one single item: INV3. It was postulated that the wording of this item ("I am emotionally invested in cruising with <name>") might have caused it to confound with indicators of satisfaction, attitudinal loyalty, and quality of alternatives. Thus, it was determined that dropping this item would improve the model without compromising the theoretical meaningfulness of the measure (Bentler & Chou, 1987; Byrne, 2001).

Further, it was noted that the model fit could be significantly improved by permitting the errors to correlate between items INV4 and INV5, and between QUALT2 and QUALT4, both of which made intuitive sense. The deletion of one item and specification of two error correlations resulted in a good fit of the measurement model, χ^2 (144, N=554)=467.021, *p*<0.001, CFI=0.968, GFI=0.917, RMSEA=0.064.

Next, the authors checked the validity and reliability of scales. A series of tests were hence conducted to examine the convergent and discriminant validity, and different types of reliability. Combined, these tests provided empirical support that scales used to examine the hypothesized model were valid and reliable measures. Moreover, the modified measurement model demonstrated good fit. It was hence determined that the hypothesized model was ready to be examined.

Step 2: Hypothesized Model Analysis. This phase of analysis included the simultaneous estimation of the measurement and structural models. The hypothesized model, χ^2 (162, N=554)=588.128, *p*<0.001, CFI=0.958, GFI=0.905, RMSEA=0.069, also demonstrated acceptable fit. All paths were significant (*p*<0.001). As predicted, the results suggested that respondents' attitudinal loyalty was negatively influenced by quality of alternative (β= -0.222, *p*< 0.001), but positively affected by satisfaction (β= 0.554, *p*< 0.001) and investment sizes (β= 0.343, *p*< 0.001). Thus, all 3 hypotheses were supported.

Additionally, the squared multiple correlation coefficients for attitudinal loyalty (R_{SMC}^2 = 0.741) showed that satisfaction, investment size, and quality of alternatives accounted for 74.1 percent of the variation in attitudinal loyalty. With the vast majority of attitudinal loyalty being explained by its three antecedents, the current result was considered to be strong in social science (Cohen, 1988; Kenny, 1979).

DISCUSSIONS AND IMPLICATIONS
The marketing and tourism literature has associated numerous factors (e.g., satisfaction, quality, value, switching costs/investment, etc.) with loyalty. The primary purpose of this study is to find a potentially unifying explanation of loyalty development. Based on the Investment Model in social psychology (Rusbult, 1980a, 1980b, 1983), this paper hypothesized that a cruise passenger's attitudinal loyalty to the cruise line was weakened by the quality of alternative options (H1), while strengthened by his/her satisfaction with (H2) and investment in (H3) a brand. The present study found the relationships suggested by the Investment Model also work in a consumer-brand scenario, and that all three variables uniquely predict attitudinal loyalty.

Specifically, satisfaction was found to have a significant and positive effect on attitudinal loyalty. In addition to supporting the basic premise of the Investment Model, this finding is also consistent with studies on the relationship between satisfaction and loyalty in both the marketing (Anderson & Srinivasan, 2003; Beerli et al., 2004; Bloemer & Kasper, 1995; Bloemer & Lemmink, 1992; Lam et al., 2004; Olsen, 2002; Ping, 1993) and leisure/tourism (Back, 2001; Bowen & Chen, 2001; Yoon & Uysal, 2005) literature.

Investment size was also found to positively predict attitudinal loyalty. This finding validates arguments in both the marketing and leisure/tourism literature that switching or sunk costs have a positive and direct effect on loyalty (Backman & Crompton, 1991; Beerli et al., 2004; Klemperer, 1995; Lam et al., 2004; Selnes, 1993; Wernerfelt, 1991). The finding also provides partial support to Morais and associates' (2004) resource theory-based explanation of service loyalty development, which suggests that customer loyalty was positively influenced by the resource investments that customers and service providers made in each other.

Finally, this study found that quality of alternative options significantly and negatively influences one's attitudinal loyalty. This is consistent with Ping's (1993) study on the retailer-supplier relationship and Ganesh *et*

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*al.'*s study on customer loyalty (2000). Moreover, the concept of quality of alternatives stresses that not only other brands in the same product category could make valid alternative options in a customers' mind, there may exist a variety of other products providing similar benefits. This may be related to the line of marketing research on noncomparable alternatives (Johnson, 1984), which argues that consumers occasionally face noncomparable choices (e.g., choosing between a television and a vacation).

Managerial Implications

Although the study is primarily theoretical, it is believed that the revealed relationships may provide a useful framework for managerial decision-making and problem diagnosis. This framework suggests that cruise management should move beyond satisfaction, the obvious requisite of loyalty, and improve customer retention by increasing customers' investments and providing superior service quality and unique experiences.

This study found that investment size was an important predictor of cruise passengers' loyalty. Thus, it is recommended that cruise lines should tangiblize customers' investments. To this end, cruises may provide immediate rewards for patronage (many cruise lines have been doing this in their customer loyalty programs), build relationships with customers by organizing customer clubs and using database marketing, and design customized services. These tactics should help bind customers with service providers.

The quality of alternatives issue stresses the importance of being innovative and offering unique experiences. As indicated, customer defection may occur when passengers perceive other cruise lines' quality superior or other leisure options more appealing. Since technical aspects of a cruising service are unlikely to be major differentiators between cruise lines (Zeithaml, Parasuraman, & Berry, 1990), cruise management may focus on improving performances on specific service attributes (e.g., food, entertainment, ship condition).

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DESTINATION COMPETITIVENESS FROM THE TOURISTS' PERSPECTIVE: HOW DOES IT RELATE TO QUALITY OF TOURISM EXPERIENCE?

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ABSTRACT

Destination competitiveness is a critical issue in today's increasingly challenging tourism market. Studies have indicated that the quality of tourism experiences is the key to the competitive advantages of destinations. However, limited research has been undertaken to examine destination competitiveness from the tourists' perspective and how it is related to quality of tourism experience. This study aims to investigate the nature of the relationship and better understand how the two concepts relate to each other. Factor analysis and canonical correlation analysis were performed to empirically test the nature and magnitude of the relationship.

Key Words: Destination competitiveness, Quality of tourism experience, Tourist perspective

INTRODUCTION

The tourist destination is the central component of the functioning tourism system. Studies have indicated that tourists and their needs stand as the ultimate driving force which influences the competition and competitiveness in the tourism destination (Ritchie and Crouch, 2001b, 2003). To achieve competitive advantages for a certain tourism destination, the destination must ensure that its overall attractiveness and the tourist experience offered are superior to the visitor's alternative destinations (Dwyer et al., 2004; Dwyer and Kim, 2003). Therefore, destinations eventually compete on the quality of tourism experience offered to visitors. In a highly competitive tourism destination market, tourists' experiences and their opinions should be understood in order to enhance the performance of destination products and promote destination development strategies.

From the tourists' perspective, a quality tourism experience could be considered as the major contributing factor to their perception of the competitiveness of a specific destination and would influence their decision-making, image, and future behavioral intention toward the destination. Consequently, there is an intimate link between the destination competitiveness and the quality of tourism experience and there is a need to examine this issue from the tourists' perspective. Therefore, the purpose of this study is to understand the nature of the relationship and empirically test the magnitude of the connection between the two concepts. The major research hypothesis proposed in this study is: the quality of tourism experience and perceived destination competitiveness share a common variance.

LITERATURE REVIEW

Tourism destination competitiveness is a dynamic concept. It has its own characteristics and needs to be examined from different approaches (Ritchie and Crouch, 2003; Dwyer and Kim, 2003; Hudson, Ritchie, and Timur, 2004). Existing tourism literature has attempted to define and measure destination competitiveness in various aspects, such as price competitiveness, sustainable tourism development, regional positioning, tourism enterprise development, and marketing (Enright and Newton, 2004, 2005; Dwyer et al., 1999, 2000, 2004; Ritchie and Crouch, 2003; Hudson et al., 2004; Uysal et al., 2000; Go and Govers, 2000; Melian-Ganzales and Garcia-Falcon, 2003; Mihalic, 2000; Yoon, 2002).

In this study, destination competitiveness is defined as the destination's ability to create and provide value-added products and quality experience which are important to tourists while sustaining its resources and maintaining market position relative to competitors (Dwyer and Kim, 2003; Hassan, 2000). Specifically, destination competitiveness is examined from the tourists' perspective. It refers to the tourists' perception of the destination's ability and superiority in its performance with regard to offering quality tourism experience competitively.

Similarly, the concept *tourism experience* has been used implicitly in meaning and examined from a variety of approaches within the academic literature (Jennings, 2006). Researchers have different perspectives in examining the nature of tourism/tourist experiences. Many studies have attempted to chronologically and temporally examine the term following Clawson and Knetsch's (1966) five-phase model of the recreation experience (Killion, 1992; Craig-Smith and French, 1994). The model involves five distinct and yet interacting phases: (1) an anticipation

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phase, (2) travel to the site, (3) on-site activity, (4) return travel, and (5) a recollection phase. Researchers suggested that tourist experiences are dynamic and fluctuate over the course of engagement, and experience can be studied through looking at a series of stages or events (Arnould and Price, 1993; Hull and Michael, 1995; Hull, Stewart, and Yi, 1992). This study adopts the chronological and temporal aspects of the tourist experience and examines the concept from a series of stages. The tourism experience is defined as a multi-phase phenomenon related to the pre-trip planning experience, en-route (travel to the destination and return travel) experience, on-site experience, and after-trip reflection (Jennings and Weiler, 2006; Vitterso et al., 2000; Clawson and Knetsch, 1966; Killion, 1992; Laws, 1995; Neal, Sirgy, and Uysal, 1999, 2004).

Researchers have indicated that a tourism destination is a collection of different products and experience opportunities that combine to form a total experience of the area visited. The success of the tourism product depends on how well the whole experiential content was designed, packed, and delivered to the tourists (Smith, 1994). A competitive tourism destination is one which provides superior tourist experience to that of alternative destinations or competitors (Dwyer and Kim, 2003). In this sense, destination competitiveness is closely interrelated to the tourists' vacation experience or is considered a function of the perceived quality of tourist experience related to the destination.

METHODOLOGY

Survey Instrument

The initial questionnaire was developed based on the literature review and the responses and discussion results from a focus group of hospitality and tourism graduate students and faculty members at a land-grant university in Virginia. The questionnaire was first refined and then pre-tested through an online survey link to undergraduate students in three large classes at the same educational institution. The responses were analyzed to test reliability and validity of the measurement items. The feedback received was also used to further refine the initial instrument scales and develop the final version of the survey instrument. The survey used Likert-scale questions to ask tourists' perceptions on quality of vacation experience in pre-trip planning, en-route experience, on-site destination experience, and after-trip reflections. The second part of the survey asked respondents' perception on destination competitiveness based on their general vacation experience. Information related to the respondents' general tourist behavior and demographic characteristics were also collected.

Data Collection

The sample population of this study consists of residents of Virginia who are 18 years old or above and took at least one leisure trip away from home in the past 18 months. The sample for this study was proportionally stratified on the basis of the population of the counties and cities in Virginia and was randomly selected from each county and city. A self-administered mail survey method was utilized to collect the data. Respondents were asked to complete the questionnaire and return it in a self-addressed, prepaid business reply envelop. Three weeks after the survey was mailed, a reminder postcard was sent to those who have not returned their survey.

Three hundred and fifty-three usable questionnaires were utilized in the data analysis of the study with a response rate of 12%. The data were checked for the representativeness and non-response and late-response bias. The analysis showed that there were no statistical differences on the demographic characteristics between the sampled data and the Virginia census data. The sample was also free from non-response and late-response bias.

RESEARCH FINDINGS

Canonical correlation analysis (CCA) was employed to test the extent to which the constructs of quality of vacation experience and perceived destination competitiveness are related, and to capture the common variance between the two. Before the canonical correlation analysis test is carried out, factor analysis was employed first to identify the underlying dimensions of the two major concepts: tourism experience and perceived destination competitiveness. The main purpose of the factor analysis is to reduce the number of items and delineate the factor structures so that more concise and robust canonical correlation analysis could be conducted between the constructs of quality of tourism experience and perceived destination competitiveness.

Factor Analysis

Since quality of tourism experience is measured by different phases of vacation process, factor analysis was employed for each dimension of the overall tourism experience construct, i.e., pre-trip planning experience, en-route experience, on-site experience, and after-trip reflection. The items for each dimension were tested using factor

analysis utilizing a principal components analysis with varimax rotation. The analysis results indicated substantial explained variance for each dimension (sub-construct): pre-trip planning experience (55.75%), en-route experience (58.76%), on-site instrumental experience (59.61%), on-site expressive experience (52.97%), and after-trip reflection (61.45%). The reliability coefficients (Cronbach's alpha) for these five dimensions (sub-constructs) were .69, .83, .84, .76, and .76 respectively, which all matched or exceeded the recommended reliability score of .70 (Hair et al., 1998).

The measurement items of perceived destination competitiveness were also factor analyzed utilizing a principal components analysis with varimax rotation to identify the underlying dimensions. Five factors of perceived destination competitiveness were derived to represent the data and were retained for further analysis: Accessibility and Information Availability, Environment, Tourism Attributes, Price and Value, Destination Management and Marketing, which jointly explained 60.47% of the total variance. The reliability coefficients (Cronbach's alpha) ranged from .60 to .86, indicating satisfactory reliability result.

Canonical Correlation Analysis

Canonical correlation analysis was used to reveal the extent of the relationship and identify the existing variates between the two sets of constructs: quality of tourism experience and perceived destination competitiveness. Due to the fact that both sets of variables have a large number of items, the composite mean score of the items loading on the factors was calculated to be used as the construct score based on the above factor analysis results. The perceived destination competitiveness variables were considered the dependent variates, whereas the variables of quality of vacation experience were considered the independent variates.

The canonical correlation analysis results showed that three out of five canonical functions were statistically significant at the .001 probability level (Table 1). The overlapping variances between the pairs of canonical variates, which are equal to the squared canonical correlation for each function, ranged between 12.1% and 65.0%. This finding means that the first canonical variate explained 65.0% of the total variance shared by the two sets of variables (i.e., quality of vacation experience and destination competitiveness). The second function explained 22.7% of the leftover variance, and the third function explained 12.1% of the residual variance after being extracted by the first two functions. The redundancy index showed that 40.2% of the quality of vacation experience variance could be covered by perceived destination competitiveness variables, whereas 38.9% of the perceived destination competitiveness variance could be explained by quality of vacation experience items (Table 1).

Table 1.
Overall Results of Canonical Correlation Analysis (N=353)

Variate number	1	2	3	4	5
Canonical correlation	.806	.476	.348	.158	.101
Eigenvalue (Canonical R^2)	.650	.227	.121	.025	.010
Wilk's lambda significance	.000	.000	.000	.015	.060
% of variance traced					
Vacation experience	.549	.096	.154	.105	.095
Cumulative %	.549	.645	.799	.904	.999
Destination competitiveness	.537	.077	.154	.139	.093
Cumulative %	.537	.614	.768	.907	1.00
Redundancy %					
Vacation experience items	.357	.022	.019	.003	.001
Cumulative %	.357	.379	.398	.401	.402
Destination competitiveness items	.349	.017	.019	.003	.001
Cumulative %	.349	.366	.385	.388	.389

In order to determine which variables were most important in a given pair of canonical variates, standardized canonical coefficients (canonical weights) and canonical loadings (i.e., correlations between each variable and canonical variate) were checked. Canonical loadings are used to measure the linear correlation between a variable in the dependent or independent set and the set's canonical variate (Hair et al., 1998). In this study, only variables with a canonical loading greater than .40 were considered for the interpretation of the variates (Table 2).

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Table 2 presents a summary of the three significant variates with their associated quality of vacation experience and destination competitiveness variables that are used to define the relationship between the two sets of variables. The first function could be presented as the following equation:

-.302 (destination management and marketing) + -.452 (accessibility and information availability) + -.283 (tourism attributes) + -.125 (price and value) + -.133 (environment) = -.207 (pre-trip planning) + -.258 (en-route) + -.366 (on-site instrumental) + -.318 (on-site expressive) + -.163 (after-trip reflection)

This first function, which explained 65% of the shared variance between the two sets of items, is considered the most important equation to explain the relationship of the vacation experience and perceived destination competitiveness. The canonical coefficient (weights) in the function indicated that "accessibility and information availability" and "destination management and marketing" were the two most important dependent variables which contribute to the first variate, whereas tourist on-site experience, both instrumental and expressive experience, contributed to the first variate as independent variables. In the second function, "tourism attributes" and "destination accessibility and information availability" contribute most to the dependent variate, whereas on-site instrumental experience and en-route experience contribute most to the vacation experience variate. The third function also explained the most important variables in both sets and the remaining variance after the first two functions extracted the common variance shared by the two sets of variables (Table 2).

Table 2.
Canonical loadings for quality of vacation experience and destination competitiveness sub-scales

	Variates		
	1	2	3
Quality of Vacation Experience			
Pre-trip planning experience	-.207	-.341	.275
En-route experience	-.258	-.676	.626
Onsite instrumental experience	-.366	1.232	.230
Onsite expressive experience	-.318	-.198	-.612
After-trip reflection	-.163	-.213	-.719
Destination Competitiveness			
Destination Management and Marketing	-.302	-.487	.347
Accessibility and Information Availability	-.452	-.586	.819
Tourism Attributes	-.283	1.401	.137
Price and Value	-.125	-.288	-.339
Environment	-.113	-.196	-.737

The overall results of the CCA and the specific three significant canonical variates revealed that the five variables (i.e., the sub-scales in this study) of quality of tourism experience are, in general, directly related to the sub-scales of perceived destination competitiveness. This outcome further established the duality of the existing relationship between the two major constructs. However, it needs to be pointed out that canonical weights need to be interpreted with considerable caution due to the limitations of the computational procedure of canonical weights (Hair et al., 1998).

DISCUSSION AND CONCLUSION

The findings of the canonical correlation analysis supports the proposed hypothesis that the quality of tourism experience and tourist' perception of destination competitiveness do relate to each other by sharing overlapping variances between the pairs of canonical variates representing the two major concepts respectively. The research, through empirical testing, further validates the notion of the relationship between destination competitiveness and quality of tourism experience (Dwyer et al., 2004; Hassan, 2000; Dwyer, Forsyth, and Rao, 2000a; Dwyer and Kim, 2003). Previous studies indicated that destination competitiveness, to a large extent, depends on the ability of a destination to deliver better goods and services which relate to the tourism experience considered to be important by tourists.

Tourists' perceptions on what is a high quality vacation experience and how they perceive destination competitiveness could provide important insights to destination managers and marketers. The results indicate that

the quality of vacation experience during the different phases closely relate to tourists' perception of destination competitiveness. In other words, tourists' perception on whether they receive a high quality tourism experience will directly influence their opinion on whether the destination is superior and more competitive than other alternative or similar destinations.

This study initiated the examination of destination competitiveness from the tourists' perspective by understanding the relationship between different phases of tourism experience and tourists' perceived destination competitiveness. This study reiterates that in order to increase the perceived destination competitiveness in tourists' mind, it is necessary for destination managers and marketers to provide overall high quality tourism experience to visitors. Future research is suggested to investigate the correlations among individual indicators in each variate of the perceived destination competitiveness and quality of tourism experience constructs in order to better understand the specific interrelationship between the two concepts. In addition, future studies could further assign individuals to the variates to understand and/or form different types of "segments" or clusters of tourists that may favor certain types of the shared variance between the two constructs. As discussed earlier, both destination competitiveness and tourism experience are very complex constructs which could and should be examined from various approaches and perspectives. Therefore, future studies should develop more unified definition of the two concepts. Research is also needed to build on the conceptual framework which combines the demand and supply side of the destination competitiveness in terms of concept, perceptions, and practices.

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WHAT MOTIVATES FOOD SERVICE EMPLOYEES? PERSPECTIVES FROM EMPLOYEES AND THEIR SUPERVISORS

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ABSTRACT

The purpose of this study was to determine if hourly hospital food service employees ranked the factors that motivated them differently than their supervisors, using Kovach's (1995) list of ten motivating factors. English and Spanish-speaking supervisors (n=61) and hourly employees (n=168) from 24 hospitals in Southeast Texas were surveyed. Results indicated an overall significant difference in rankings (χ^2 = 12.75, p = .01). However, "full appreciation of work done" was the only individual factor found to be significantly different in ranking between supervisors and employees. Both hourly employees and supervisors ranked "good wages" as the most important motivating factor.

Key Words: employees, supervisors, motivation, motivating factors, food service, culture

INTRODUCTION

Understanding what motivates employees could improve employee retention, increase organizational performance, improve employee satisfaction, and increase productivity (Ramlall, 2004). The working conditions, wages and demographics in the hospitality industry, especially the food service sector, inherently contribute to high turnover rates (Ghiselli, La Lopa, & Bai, 2001). With the increasing demand for employees and high turnover rates within the food service sector, motivating employees should be a high priority for food service managers.

Kovach's (1980, 1987, 1995) research in employee motivation found that supervisors ranked job reward factors for their employees differently than how the employees ranked job reward factors for themselves. Job rewards are the factors that motivate employees at their workplace. Employees chose "full appreciation of work done" and "interesting work" as the most important motivators, while supervisors chose "good wages" as the factor they believed employees would rank as their most important motivator.

The central hypothesis of this study was that hourly hospital food service employees would rank motivating factors differently than their hospital food service supervisors. Further, researchers expected to find that supervisors would choose "good wages" as the factor they thought employees would find the most motivating.

REVIEW OF LITERATURE

Understanding human behavior will not only determine the why's of past behavior but also help predict, change, and control future behavior in order to improve the work performance of employees. Pinder (1998) defined work motivation as "a set of energetic forces that originates both within as well as beyond an individual's being, to initiate work-related behavior, and to determine its form, direction, intensity, and duration" (11).

Early motivational models such as those created by Taylor, Maslow and Herzberg laid the foundation for motivation research. Taylor suggested that employees had basic needs that could be met through financial compensation but did not examine the social and psychological needs that people seek to satisfy through work. Maslow's hierarchy set up a useful way to categorize how people try to fulfill different needs through work; however, the needs of an individual may change over time and are certainly not the same for all people. Herzberg identified intrinsic and extrinsic factors that motivate people at work, but there is not a great deal of empirical evidence that distinguishes between job satisfaction and dissatisfaction factors and their relative importance.

More recent research in work design such as Hackman and Oldham's Job Characteristics Model (JCM) and its related Job Diagnostic Survey (JDS) identifies important connections between three primary domains: core job dimensions (CJDs); critical psychological states (CPSs); and affective outcomes (AOs) (Hackmn & Oldham, 1975). According to the JCM, core job dimensions can create critical psychological states that are necessary for individuals to be motivated and to produce positive affective outcomes. In a study of seasonal hotel workers in the United Kingdom, Lee-Ross used a multi-method approach to confirm the reliability and validity of the Job Diagnostic Survey. The JDS serves as one means of identifying ways in which tasks and job responsibilities may be configured to achieve more positive work outcomes and improve employee morale.

Motivation is rooted in values and values are an essential component of an organization's culture. To improve productivity within an organization, an individual's values need to be understood and acknowledged by the organization (Michaelson, 2005). Values stem from needs and provide a foundation for identifying goals (Locke & Henne, 1986). Goals are the medium through which values direct employees in their actions. People make choices that comply with their values (Verplanken & Holland, 2002). Elizur and Sagie (1999) recommended that a holistic view of employee values would be most productive because it incorporates both work and nonwork values. Personality can also be a significant predictor of motivation (Schmitt, Cortina, Ingerick, & Wiechmann, 2003) and is strongly related to work values (Furnham, Petrides, Tsaousis, Pappas, & Garrod, 2005). Tett and Burnett (2003) contended that employees look for and are content with tasks, job characteristics, and people that enable them to express their personality traits.

How well an individual fits into an organization, job, or culture, or how well a person's needs and values match with the culture of the organization is known as person-context fit. Cable and DeRue (2002) found that person-organization fit was related to organization focused outcomes such as turnover decisions, organizational identification, and citizenship behaviors while needs-supplies fit was related to job and career-focused outcomes such as occupational commitment, career satisfaction, and job satisfaction.

Steers and Sanchez-Runde (2002) declared that national culture is embedded in values and provides primary sources of motivation. These sources of motivation affect both work motivation levels and goals. Extending values onto people from other cultures that vary on the dimensions of collectivism versus individualism and power distance may unfavorably affect interpersonal communication, overall performance, and employee motivation (Early, 2002). Bouckenooghe, Buelens, Fontaine, and Vanderheyen (2005) found that in both female and male employees, value conflict may be a significant predictor of stress. Further, stress may result when there is a lack of congruence between organizational values and individual values. Thus, in order to understand perspectives of motivation, one must account for gender and cultural influences.

Isaac, Wilson, and Pitt (2004) conducted an exploratory study to determine the level of awareness about instrumental, terminal and work values between employees and supervisors. Results demonstrated that even though both work and instrumental values seem more relevant to achieving organizational goals, supervisors were only aware of employees' terminal values. Employees were only aware of supervisors work values (Isaac et al.). Thus, supervisors and employees do not seem to fully understand fully each others values.

In 1946, Hersey and Blanchard (1969) administered a motivation survey created by The Labor Relations Institute (LRI) of New York and published in *Foreman Facts*. Employees were told to rank the items in terms of what they wanted from their jobs. Supervisors were told to rank the motivating factors from the employee's perspective. Supervisors thought that "good wages" were most important; but employees chose "full appreciation of work done" as the most important motivating factor (*See Table 1*).

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Kovach administered this survey three times between 1980 and 1995 (*Table 1*). In 1980, industrial workers selected "interesting work" as the most important motivating factor. In a final study (Kovach, 1995), employees still ranked "interesting work" as the most important motivating factor while "sympathetic understanding with personal problems" was the least important motivating factor. Supervisors' results did not change across the three studies. Supervisors consistently thought employees would rank "good wages" as the most important motivating factor and "feeling of being in on things" as the least motivating factor (Kovach, 1980, 1987, 1995).

Kovach's findings are supported by previously-cited motivational theories. As long as basic needs (Maslow) are met, employees may be motivated by higher needs such as "full appreciation of work done," "feeling of being in on things," and "interesting work" (Kovach, 1995). Kovach's results suggested that supervisors think that incentives directed to satisfy physiological and safety motives (Maslow) are most important to their employees. According to Taylor, employees are motivated by the reward of money. Kovach's supervisors agreed with this; they selected "good wages" as the most important motivating factor. Intrinsic motivators identified by Herzberg are reflected in Kovach's results of "full appreciation of work done," "feeling of being in on things," and "interesting work", selected by employees as the most important motivating factors (Kovach).

In Kovach's studies, men chose "interesting work" as the most important motivating factor while women ranked it second. Women chose "full appreciation for work" as the most important motivating factor while men ranked it as the second most important motivating factor. Kovach suggested that role conflict may result in women desiring more appreciation of their work (Kovach, 1995). Kovach also split organization level into three categories. The greatest difference in the results among these groups was seen in the lower organizational-level group. This group ranked "good wages" and "job security" as their most important motivating factors while the middle and high organization-level ranked "full appreciation of work done" as their most important motivating factor.

Simons (1995) conducted a survey using Kovach's ranking of motivating factors with hospitality employees and their supervisors. Hotel employees ranked "good wages" highest among the factors. "Job security" and "opportunities for advancement and development" were ranked second and third, respectively. Based on these findings, hotel workers differed from the industrial workers that Kovach studied in their ranking order of motivating factors. Consequently different industries are likely to exhibit different outcomes for ranking motivation factors.

The working conditions and characteristics of the hospitality industry, especially the food service sector, inherently contribute to high turnover rates (Ghiselli et al., 2001). Wages in the food service industry are lower than many other industries (Bureau of Labor Statistics, 2006). In customer-contact settings such as the food service industry, high turnover rates negatively affect sales growth and increase the expense of selection and recruitment (Batt, 2002). Under such conditions, motivating employees should be a high priority for food service managers.

The Bureau of Labor Statistics (2006) estimated that employment in food preparation and service-related occupations totaled 856,400 employees and accounted for 50,090 jobs in 2005. The total estimated earnings of all food service managers and supervisors equaled about 1.83 billion dollars. Entry-level food production workers and serving workers earned an estimated 17.1 billion dollars and held 806,310 jobs in 2005. It is expected that the number of service occupations will increase faster than other occupations and will add the most jobs from 2004 to 2014 (Hecker, 2005). What motivates employees in the expanding food service industry should be of concern.

The food service industry experiences an annual turnover rate of about 67 percent (Ghiselli et al., 2001). However, the longer an employee has been with the company, the less likely he/she is to leave. Sixty percent of workers in eating and drinking places are under the age of thirty, and 28% of those individuals leave the industry within fives years (Woods, Raphael, & Kavanaugh, 1994). Food service, like the service industry in general, offers low wages. Because of the high turnover rate and low wages in the food service industry, supervisors need to be aware of factors that motivate their employees.

Hospital food service is one sector of the hospitality industry. Bellou and Thanopoulos (2006) suggested that improving an employee's sense of belonging to the organization (hospital) would improve the employee's self-esteem and ultimately improve his/her contribution to the organization. Little research exists about the environment and employee characteristics of hospital food service. Kovach's survey could be used to study hospital food service employees and thus learn more about the difference between how hourly hospital food service employees versus their supervisors rank factors that motivate hourly hospital food service employees.

METHOD

The population for this study was all hospital hourly food service employees and hospital food service supervisors over the age of 18 in the United States. The sample was comprised of 229 hospital hourly food service employees (*n*=168) and their supervisors (*n*=61) in Southeast Texas. An hourly employee was defined as an individual who earned an hourly wage, was managed by a supervisor, and was literate in either English or Spanish. A supervisor was defined as an individual who earned an hourly wage or salary, was responsible for supervising at least two employees, and was literate in English or Spanish. All sample subjects worked in a hospital that served at least sixty meals a day to patients or customers.

Hospitals were selected from the listings in two regional telephone directories in Southeast Texas. Hospital food service or human resources directors were invited to participate in the study if that hospital food service department served at least sixty meals a day to patients or customers. Once permission was granted, a date for survey administration was set. On the day of the survey administration, the researcher read instructions in English and in Spanish and English and Spanish consent forms were collected. Each participant completed the survey anonymously. The survey took approximately ten minutes to complete. Survey administration was conducted an equal number of times in the morning and late afternoon to accommodate employees who worked the morning and evening shifts.

The instrument was a one-page, two-part survey designed by the researchers that included demographic questions and the list of motivating factors used by Kovach (1995). Four survey versions were used: English literate employees/supervisors, Spanish literate employees/supervisors. Survey versions were identical with the exception of instructions (employees vs. supervisors) and the printed language (English or Spanish).

Part A of the survey requested age, gender; ethnicity; and job position. Part B listed Kovach's ten motivating factors in the following sequence: "good working conditions"; "feeling in on things"; "tactful disciplining"; "full appreciation for work done"; "management loyalty to workers"; "good wages"; "promotion and growth with company"; "sympathetic understanding of personal problems"; "job security"; and "interesting work." There was a space to the left of each factor to rank the factors in order of importance (one to ten).

Initially the English survey was translated into Spanish by the researchers. To ensure the content of the Spanish survey was identical to the English survey, the Spanish surveys were reviewed by three native Spanish speakers and three non-native Spanish speakers. The reviewers were asked to translate the Spanish survey so that it was equivalent to the English survey. All six responses were reviewed by the researchers and modifications were made based on a consensus of reviewers' feedback. Where there were discrepancies, the researchers resolved those discrepancies with the native Spanish speakers' suggestions.

Statistical analysis was performed using SPSS Version 14.0. Frequencies were calculated for the demographic information and for ranking factors. A non-parametric, Kruskal-Wallis test was conducted to determine if there was a difference in rankings for each motivating factor between supervisors and employees. To determine if there was an overall difference in how supervisors and employees ranked factors of motivation, the original data were standardized (converted to z-scores) before a multivariate analysis of variance (MANOVA) was conducted using Wilks' Lambda (*a* = 0.05).

RESULTS

The total sample consisted of 229 individuals: sixty-one (26.6%) supervisors and 168 (73.4%) employees. Of the total sample, 149 (66.8%) were females, seventy-four (32.3%) were males. For supervisors, thirty-eight (62.3%) were females, twenty-two (36.1%) were males. For employees, 111 (66.1%) were females, fifty-two (30.9%) were males. The mean age of participants was 41.6 years with mean ages of 44.9 (SD = 0.9) and 40.4 (SD = 1.1) years for supervisors and employees, respectively.

The ethnic distribution of the total sample was 101 (44%) African American, forty-eight (21%) Caucasian, forty-three (19%) Hispanic, fourteen (6%) Asian/Pacific Islander, and twenty-three (10%) Other. In the subgroups, the ethnic distribution of supervisors was twenty-nine (48%) Caucasian, nineteen (31%) African American, six (10%) Hispanic, two (3%) Asian/Pacific Islander, and five (8%) Other. For hourly employees, ethnic distribution

was eighty-seven (52%) African American, forty-two (25%) Hispanic, twenty-two (13%) Caucasian, ten (6%) Asian/Pacific Islander, and seven (4%) Other.

Two hundred fourteen (93.4 %) individuals completed an English survey and fifteen (6.6 %) individuals completed a Spanish survey. All sixty-one (100 %) supervisors completed English surveys, while fifteen (8.9 %) employees completed Spanish surveys.

Table 1 compares the highest frequency in ranking order of motivating factors by supervisors and employees across all studies discussed in this paper. In this study, there were ties among the highest frequency rankings of motivating factors. Thus, ranks five and seven were not selected as the highest frequency for any of the motivating factors for supervisors and ranks four, five, and seven were not selected as the highest frequency for any of the motivating factors for employees.

Table 1
Supervisors' and Employees' Ranking Order of Motivating Factors

| Motivating Factors | Foreman Facts 1946 | | Kovach | | | | | | Mercurio et al. 2006 | |
| | | | 1980 | | 1987 | | 1995 | | | |
	S	E	S	E	S	E	S	E	S	E
Good working conditions	4	9	4	7	4	7	4	7	4	2
Feeling of being in on things	10	2	10	3	10	3	10	3	10	8
Tactful discipline	7	10	6	10	9	9	9	9	9	8
Full appreciation of work done	8	1	8	2	8	2	8	2	1	3
Personal loyalty to employees	6	8	7	8	7	8	7	8	6	6
Good wages	1	5	1	5	1	5	1	5	1	1
Promotion and growth in the organization	3	7	3	6	3	6	3	6	3	2 / 6
Sympathetic help with personal problems	9	3	9	9	6	10	6	10	10	9
Job security	2	4	2	4	2	4	2	4	2	2
Interesting work	5	6	5	1	5	1	5	1	8	10

Note. S = supervisor; E = employee. 2/6 signifies that employees equally ranked "promotion and growth in the organization" as the second and sixth most important motivating factor. Adapted from "Employee Motivation: Addressing a Crucial Factor in Your Organization's Performance," by K. A. Kovach, 1995, *Employment Relations Today, 22(*2)*,* 98. Copyright 1995 by John Wiley & Sons, Inc.

The Kruskal-Wallis test, the non-parametric equivalent of a one-way analysis of variance, determined the difference between how supervisors and employees ranked each motivating factor. Chi-square values determined the difference in ranking order of each motivating factor between supervisors and employees. "Full appreciation of work done" was the only motivating factor to exhibit a statistically significant difference in ranking order between supervisors and employees ($\chi^2 = 12.75$, $p = .01$).

To determine if there was an overall significant difference between how supervisors and employees ranked motivating factors, the original data were standardized and a multivariate analysis of variance (MANOVA) using Wilks' Lambda was conducted, resulting in a statistically significant difference ($\lambda = 0.902$, $F = 2.366$, $p = 0.011$) in how supervisors and employees responded. In other words, there was an overall difference between how supervisors and employees ranked motivating factors. While significant, the difference was minimal. When the effect size of the difference was calculated, it was extremely low ($\eta^2 = 0.098$).

A final Kruskal-Wallis test determined if there was a significant difference between how English literate and Spanish literate participants ranked motivating factors. "Promotion and growth" was the only motivating factor found to exhibit a statistically significant difference in ranking order ($\chi^2 = 6.548$, $p = .01$).

DISCUSSION

Kovach did not statistically analyze the results of his studies beyond calculating a frequency distribution. In other words, he did not empirically test for differences. This study did. Results confirmed a statistically significant difference in rankings between supervisors and employees for one of the ten motivating factors, "full appreciation of work done". In addition, a multivariate analysis of variance resulted in an overall significant difference between how supervisors and employees ranked all motivating factors.

Another unique trait of this study was that this study included individuals who were literate in Spanish. A new version of the survey was created for Spanish literate supervisors and Spanish literate employees. This was an important element to this study since the workforce has become more diverse. The development of a Spanish survey served to better accommodate diversity.

In this study supervisors' and employees' highest frequency ranking among motivating factors indicated that hospital food service supervisors agree with hourly employees that financial compensation is critical. Both chose "good wages" as the most important motivating factor for employees. The selection of "good wages" as the most important motivating factor and "interesting work" as the least important motivating factor suggests that Maslow's lower level needs are most important to this population. Further research using a diagnostic tool such as Hackman and Oldham's (1975) Job Diagnostic Survey might investigate the nature of core job dimensions to identify which elements serve as intrinsic motivators and which might be redesigned to improve motivation and further challenge workers (Lee-Ross, 1998).

In this study hourly hospital food service employees ranked "good wages," "good working conditions," "full appreciation of work done," and "promotion and growth in the organization" as the top three most important motivating factors. In other words, hourly hospital food service employees found these three motivating factors to comply with their values (Verplanken & Holland, 2002). Such choices would indicate financial compensation and working condition values as identified by Furnham et al. (2005) to be of greatest relevance.

Although this study found an overall difference in how hospital food service supervisors and employees ranked employee motivation factors, in contrast to Kovach's results, hospital food service employees and supervisors both ranked "good wages" as most important. This implies a possible difference in employee-supervisor perceptions based on job environment. Interestingly, hospital food service supervisors seem more aligned with their employees about what motivates employees than do industrial personnel.

Across all previous studies as well as this one, supervisors consistently ranked "good working conditions" as the fourth most important motivating factor. In Kovach's studies, employees ranked it as one of the least important motivating factors, but hospital food service employees ranked it as the second most important motivating factor. A food service environment can be chaotic and stressful. Employee responses in this study may reflect the effect of such an environment on morale. Hospital supervisors should take note of this discrepancy in perception.

Supervisors have consistently underestimated the importance of "full appreciation of work done", ranking it as the eighth most important motivating factor. That changed in this study. Hospital food service supervisors seem to understand that employees like to be appreciated for the work they do. Although "interesting work" was ranked as the most important motivating factor for industrial employees, it was least important for hospital food service employees. A food service employee's job is often routine. Managers are therefore challenged to enhance or modify jobs to further motivate their employees.

Supervisors are not always aware of the values or opinions of their employees (Isaac et al., 2004). In this study, there was a significant difference in how supervisors and employees ranked motivating factors. Because the effect size of the difference was low, results may indicate that supervisors are more sensitive to employee needs than in the past. The majority of employees in food services are female and the majority of participants in this study were female (versus Kovach's findings). Gender representation could have affected this study's results. Hospital food service supervisors may consider motivation techniques more relevant to a female audience, such as free daycare services for employees' children or the implementation of flexible work shifts.

This study's results reflect opinions of younger hourly workers. The ten-year mean age difference between Kovach's employees and this study's employees implies that hospital food service supervisors might consider motivation techniques that appeal to younger workers. For example, younger employees may be more interested in long-term, career-based factors such as advancement in the organization.

There are several areas that may be considered for future research regarding this study, including: other language version beyond English and Spanish; larger sample; including other motivating factors; matching data

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between supervisors and their direct reports; and exploring outcomes with regard to job satisfaction, turnover, performance, and productivity.

This study did not report the opinions of hospital food service supervisors and employees who were not literate in English or Spanish. In order to include all opinions and compile a representative sample, additional versions of the survey need to be developed. Other interview techniques could be used to survey illiterate participants. This study also excluded the opinions of those who chose not to participate and those who work only on the weekend. Those individuals may have had a completely different opinion about motivating factors.

There were ties in rankings of motivating factors between supervisors and employees. To avoid ties, it will be necessary to obtain a larger sample includes weekend shift employees and other language versions of the survey. In the future, this survey could be administered in other food service domains such as commercial restaurants. Also, differences based on demographic variables could be further explored with respect to their influence on ranking of motivating factors. It would be interesting to see if there is a difference in rankings based on gender, age, or ethnicity. Understanding the effect of demographic diversity on motivation could further aid supervisors in selecting the appropriate motivation techniques for their personnel.

In conclusion, this study found a significant difference in how hourly hospital food service employees and their supervisors rank factors that motivate hourly food service employees. Because the effect size of the difference was low, results may indicate that hospital food service supervisors are more sensitive to employee needs than in other industries. Hourly hospital food service employees ranked "good wages," "good working conditions," "full appreciation of work done," and "promotion and growth in the organization" among the top three most important motivating factors. Given the size of the workforce in hospitality, such empirical evidence may ultimately serve to improve employee retention, satisfaction, and productivity.

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"WORD OF MOUSE" FROM STRANGERS: CONSUMERS' SENSE MAKING OF ONLINE TRAVELER REVIEWS[9]

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ABSTRACT

This study investigated how consumers make sense of online traveler reviews and how the outcome of such information processing influences consumers' subsequent purchase intent. Our results show that consumers' evaluation of non-diagnostic (e.g., a mixture of negative and positive) online traveler reviews is strongly biased toward their pre-decisional disposition. Oblivious to such bias in evaluation, consumers' judgmental confidence is boosted by the extra information supplied by the traveler reviews and such biased evaluations are subsequently incorporated into consumers' purchase decisions.

Key Words: Word of mouth; traveler reviews; pre-decisional disposition; distortion of information

INTRODUCTION

Advances in technology are revolutionizing the way consumers choose and book hotels (O'Connor, 2003). Research shows that today's consumers prefer booking hotels online over traditional, offline options and it is estimated that in 2005, one in five hotel bookings was made online (www.hotel-online.com, 2005). Associated with the lodging industry's migration to the electronic marketplace is the phenomenon of "word of mouse"- the prevalence of online traveler reviews. Many major online travel intermediaries (e.g., Travelocity.com and Expedia.com) routinely provide online traveler reviews as part of the available information associated with hotel listings.

The emerging phenomenon of "word of mouse" brings with itself several questions. For example, how do consumers form the perception of the source credibility when the sources of traveler reviews are essentially anonymous? How do consumers evaluate non-diagnostic traveler reviews and incorporate such evaluation in their purchase decisions? This study addresses these and related issues by investigating consumers' sense making process of online traveler reviews.

THEORETICAL BACKGROUND

Source credibility

A distinct difference between the "word of mouse" and the traditional "word of mouth" lies in the fact that the "word of mouse" is from strangers only connected in the virtual environment while the traditional "word of mouth" usually refers to the comments from an acquaintance. Such a distinction makes the notion of *source credibility* very relevant to the objective of this study.

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[9] The order of the authorship is arbitrary. All authors contributed equally to the study. The authors thank Dr. Meg Meloy for insightful comments on the earlier versions of this manuscript.

The persuasion model of elaboration likelihood (ELM; Petty & Cacioppo, 1986) and heuristic-systematic model (HSM; Chaiken, Liberman, & Eagly, 1989) offer an explanation of the mechanism underlying such source credibility effects: source credibility serves as a heuristic cue for the consumers' information processing, informing an individual of how much weight to give the information (e.g., Hovland & Weiss, 1951; Kiesler & Mathog, 1968; Petty, Cacioppo, & Goldman, 1981). Following this line of theorizing, we propose that the salience of the cues for source credibility may affect the persuasive power of the online traveler reviewss. Unlike the traditional "word of mouth", the source of the online traveler reviewss is not readily identifiable, even when it is, the credibility of such a source can only be judged through cues (For example, personally identifying details such as name, location of residence, dates of hotel stay and the date reviews was posted). While in many studies source credibility is manipulated (ie, expert source or trustworthiness source), we posit that the source credibility of "word of mouse" can only be inferred based on the cues present in the information context. Hence, we propose:

H1: Exposed to non-diagnostic traveler reviews, consumers' perceived salience of the cues in the information context is positively related to the perceived source credibility.

Pre-decisional Information Distortion
Of particular relevance to the study of online traveler reviews is the notion of *pre-decisional disposition* (Russo, Meloy & Medvec, 1998)*. Pre-decisional disposition refers to the tentative belief or preference a person holds for a purchase before an actual decision is made. Consumer research suggests that consumers usually engage in initial information search to arrive at a consideration set. Online traveler reviews only become relevant to consumers when they have already somewhat formed a pre-decisional disposition after the initial information search. As hotel products are experiential in nature and booking decisions often have to be made with certain level of uncertainty, consumers are likely to turn to online traveler reviews to validate the accuracy of their initial belief about the hotel products. However, the very presence of a pre-decisional disposition may bias consumers' evaluation of subsequent new information toward the direction of pre-decisional disposition. In other words, the tentative belief can lead to the evaluation of subsequent information as too supportive of the preliminary belief (Bond, Carlson, Meloy, Russo & Tanner, 2007). Such biased evaluation of new information is generally referred to as *pre-decisional information distortion* (Russo, Meloy & Medvec, 1998).

Researchers offer the perspective that pre-decisional information distortion is due to its underlying cognitive process. For example, Pyszczynski and Greenberg (1987)'s attribution-theoretic biased hypothesis-testing model posits that individuals engage in a process of active hypothesis-testing when processing subsequent information. People engaged in hypothesis-testing process are likely to search for confirmation information especially when the new information is perceived as ambiguous or non-diagnostic (Hoch & Ha, 1986; Boulding, Kalra & Staelin, 1997). As a result, messages featuring hypothesis-consistent information result in more systematic and elaborate process while messages featuring hypothesis-inconsistent information only get the asymmetrical quantity of processing (Jain & Maheswaran, 2000). As a result, the evaluation of new information is susceptible to "confirmation bias" ---false positive than false negative errors (Snyder & Swann, 1978; Klayman & Ha, 1985). Hence, we propose:

H2a: Exposed to non-diagnostic traveler reviews, consumers with an established pre-decisional disposition are likely to form an evaluation of traveler reviews biased toward the direction of their pre-decisional disposition.

It is also possible that there are consumers who are yet to acquire sufficient information to form a hypothesis before access to online traveler reviews. Consequently, the incoming new information serves to form (rather than test) a hypothesis. In this situation, especially when the new information is non-diagnostic, consumers are susceptible to *negativity bias*, the tendency to overweigh negatively valenced messages (Willemsen & Keren, 2004). Negativity bias is the notion that extreme and negative information is given more weight in evaluations of combination of outcomes (Lynch, 1979). It is believed that negative information produces more cognitive activity than positive information (see Peeters & Czapinski [1990] for a reviews). In face of non-diagnostic messages from other travelers, a consumer may give more weight to negative messages and less weight to positive comments, such disproportional allocation of weight for negative comments is likely to produce a biased hypothesis, namely, a bias towards negative information. The hypothesis is summarized as follows:

H2b: Exposed to non-diagnostic traveler reviews containing both positive and negative messages, consumers with no established pre-decisional disposition are likely to form a negatively valenced evaluation of traveler reviews due to greater weighing of the negative information.

Although pre-decisional information distortion is likely to be robust in the information processing of online traveler reviews and thus account for a large proportion of the effect of traveler reviews on consumers' purchase decisions, we do predict perceived source credibility and perceived favorability of traveler reviews have "residual" effects on consumers' purchase intent. The hypothesis is summarized as follows:

H3: Perceived source credibility and perceived favorability of traveler reviews positively influence consumers' purchase intent after controlling for pre-decisional disposition.

Judgmental Confidence
The underlying assumption in HSM is that people are motivated to hold valid and accurate perceptions that are congruent with relevant facts (Chaiken, Liberman & Eagly, 1989). Because of this functional assumption, the HSM assumes that the primary processing goal is to assess the validity of externally obtained information. An individual strives to achieve a threshold of judgmental confidence of the belief he/she is holding (Chaiken, Liberman & Eagly, 1989). As such, two aspects of consumers' purchase decision were examined in this study: purchase intent (ie, valence of the judgment) and judgmental confidence (ie, strength of the judgment).

When the information acquired is not sufficient to make a judgment (e.g., a consumer with no established pre-decisional disposition), a consumer is likely to engage in further information search until a judgmental confidence threshold is achieved (Chaiken, Liberman & Eagly, 1989). The negative gap between actual confidence and the desired confidence level is believed to be the underlying motivator of processing effort (Maheswarn & Chaiken, 1991). We expect the effect of non-diagnostic traveler reviewss on consumers' judgmental confidence to be a function of their pre-decisional disposition. With extra information provided in the traveler reviewss, consumers with no established pre-decisional disposition may have their post-decisional judgmental confidence boosted. This prediction is in line with the empirical evidence that dramatic increases in confidence were associated with access to additional information even though judgment accuracy remained unchanged (Dremen, 1982; Oskamp, 1965). Conversely, we expect non-diagnostic traveler reviewss to waver the judgmental confidence of the consumers with an established pre-decisional disposition. Consumer literature suggests that inconsistent information requires a higher desired confidence level due to its inconsistency with the consumer's prior cognitive structure (e.g., pre-decisional disposition). Consequently, inconsistent information is likely to lower actual confidence in these consumers (Jain & Maheswarn, 2000). Such effect may be especially salient for consumers with a favorable pre-decisional disposition when negative information makes them have a "second thought" about their predecsional disposition. The hypothesis is summarized as follows:

H4: Exposed to non-diagnostic traveler reviews, consumers with no established pre-decisional disposition will show greater increase in their post-decisional judgmental confidence than the consumers with established pre-decisional disposition.

METHOD
Participants and Design
Two hundred and seventy four undergraduate students voluntarily participated in the study for partial course credit. Participants were randomly assigned to the conditions of a 2 (cues: presence vs. absence) x 2 (order of reviews messages: positively valenced message first vs. negatively valenced message first). The latter variation was introduced to control for possible order effects.

Stimulus Materials
Two sets of stimulus materials were created. The first set of stimulus material introduced a cover story in which participants were asked to imagine making a hotel booking decision for their upcoming trip during Spring Break. The material also contained a four-paragraph factual description of the hotel attributes such as location, room amenities, check-in and check-out hours, proximity to recreational district and pricing. This set of stimulus was intended for two purposes: 1) To simulate in a lab environment an initial information search process a consumer is likely to take in real life; 2) To induce a full spectrum of predicisional disposition.

The second set of stimulus material contained a set of four bogus online traveler reviews. To induce the perception of non-diagnosticity, a combination of four online traveler reviews messages were created with two positively valenced messages and two negatively valenced messages describing two selected hotel attributes (e.g., service experience and cleanliness of the hotel room). Pilot study suggests that the magnitude of the valence of each piece of the reviews was roughly equivocal. The positive and negative traveler reviews were alternated and counterbalanced to control for any possible order effect.

To induce varying levels of perceived salience of source cues, presence/absence of source cues was manipulated by revealing/hiding personal identifying information of the traveler who ostensibly posted the online reviews. Such personal identifying information included the traveler's name, location of residence, dates of the hotel stay and the date when the reviews was posted. Participants were randomly assigned to either the presence or absence condition.

Measures
Independent variables
Pre-decisional disposition. Pre-decisional disposition was measured on a 9-point scale on a single-item measure "Based on all the information you've seen so far, are you leaning toward or away from booking this hotel?" (1=leaning away from booking, 5=not leaning either way, and 9=leaning toward booking) (Russo, Meloy & Medvec, 1998).

Salience of the cues. Salience of the cues was measured on a 9-point scale with the item "To what extent the personally identifying information about the person who posted the reviews was provided in the online traveler reviews?" (1=completely anonymous, 9=clearly identified).

Dependent variables
Purchase intent. Purchase intent was measured by asking participants to indicate whether they would book the hotel based on all the information provided (1=definitely not book the hotel, 9=definitely book the hotel).
Judgmental confidence. Judgmental confidence was measured by asking participants to report their level of confidence in their decisions on a scale ranging from 1 (not at all) to 9 (very much) (Petty, Brinol & Tormala, 2002). The pre-decisional confidence measure was taken after participants were exposed to factual description of the hotel attributes and the post-decisional confidence was taken after they read the stimuli material that contained online traveler reviews.

Perceived source credibility. Perceived source credibility was measured via three items. The scale includes items such as "To what extent do you consider the traveler reviews you just read as trustworthy/honest accounts of what happened during their stay in Hotel X/reflect the reality of Hotel X?" (1=not at all, 9=very much so). The scale was adapted from Hovland and Weiss (1951). The Crobach's Alpha for the scale was .85.
Perceived favorability of the traveler reviews. Participants were asked to rate to what extent they perceive the traveler reviews favors the hotel of interest (1=very much against Hotel X, 9=very much in favor of Hotel X).

Control variables
Self-reported expertise. Expertise was measured through two items "How much do you know about the online hotel bookings compared to most people/compared to your friends and acquaintances?" on a 9-point scale. The correlation between the two measures was .71 (p<0.001). The two items were combined to form an expertise index.

<div align="center">**RESULTS**</div>

Manipulation checks
The manipulation of presence or absence of cues to induce varying level of perceived salience of cues was successful. Respondents in the presence condition perceived the cues more salient than those in the absence condition ($\overline{X}_{presence} = 6.96$ vs. $\overline{X}_{absence} = 2.23$, t=-21.42, df=272, p<0.01).

Manipulation of the non-diagnosticity of the online traveler reviews was also judged to be successful. In response to the question "based on your personal judgment, the traveler reviews you just read are very much against Hotel X / very much in favor of Hotel X" on a 9-point scale, the mean score for this measure was 4.58, near the midpoint of the scale. In addition, respondents in the presence of source cues condition exhibited similar level of

perceived non-diagnosticity as those in the absence condition ($\overline{X}_{presence} = 4.55$ vs. $\overline{X}_{absence} = 4.62$, t=0.51, df=272, p>0.61). Therefore, the non-diagnosticity of the online traveler reviews was manipulated as intended.

Perceived source credibility of the traveler reviews

Regression analysis was performed to investigate the relationship between perceived salience of source cues and perceived source credibility. As predicted, when exposed to non-diagnostic information, consumers' perceived source credibility of the online traveler reviews was positively related to the perceived salience of source cues present in the information context ($\beta = 0.25$, t=4.33, p<0.001). Hypothesis 1 was supported.

Perceived favorability of the traveler reviews

To facilitate data analyses, tertiary split was applied to pre-decisional disposition measure, thus creating three levels of pre-decisional disposition, namely "leaning toward booking the hotel", "neither leaning toward nor leaning against booking the hotel", and "leaning against booking the hotel".

On the basis of a one-way ANOVA with the pre-decisional disposition as the independent variable and perceived favorability as independent variable ($F(2, 270) =3.93$, p<0.05), simple comparisons were performed by a two-tailed least significant difference test. As predicted, respondents with an established pre-decisional disposition of "leaning toward booking the hotel" rated the traveler reviews more favorable than the respondents with no established pre-decisional disposition ($\overline{X}_{toward} = 4.81$ vs. $\overline{X}_{undecided} = 4.40$, p<0.01), showing evidence of confirmation bias in the evaluation of traveler reviews by respondents with an established pre-decisional disposition.

Comparison between the "leaning toward" and "leaning against" group showed that the direction of the difference in perceived favorability between the two groups was as predicted but the magnitude of the difference failed to achieve conventional statistical significance ($\overline{X}_{toward} = 4.81$ vs. $\overline{X}_{against} = 4.56$, p>0.16). Although not tested in this study, the insignificant difference between the two groups with established pre-decisional disposition may be due to a possible interplay between the confirmation bias and negativity bias during the evaluation process such that the confirmation bias in the "leaning toward" group is attenuated, thus diminishing the significant difference in the favorability perception between the two groups. Taken together, the results showed evidence that exposed to non-diagnostic traveler reviews, consumers with established pre-decisional disposition are likely to form an evaluation of traveler reviews biased toward the direction of their pre-decisional disposition. Hypothesis 2a was partially supported.

To test for Hypothesis 2b that predicts that exposed to non-diagnostic traveler reviews, consumers with no established pre-decisional disposition are likely to form a negatively valenced evaluation of traveler reviews, two sets of comparison are needed. For the first comparison, the perceived favorability of traveler reviews by "undecided" group has to be significantly lower than the "leaning toward" group. For the second comparison, the perceived favorability of traveler reviews by "undecided" group has to show no significance difference from the "leaning against" group, as the latter group is believed to engage in hypothesis-testing process to "prove" the non-diagnostic traveler reviews is overall negative. These are the exact patterns observed in our data: "Undecided" group showed lower favorability ratings than the "leaning toward" group ($\overline{X}_{undecided} = 4.40$ vs. $\overline{X}_{toward} = 4.81$, p<0.01). In addition, there is no significant difference between the "undecided" group and "leaning against" group ($\overline{X}_{undecided} = 4.40$ vs. $\overline{X}_{against} = 4.56$, p>0.35). The results supported the prediction stated in Hypothesis 2b.

Judgmental confidence

On the basis of a one-way ANOVA with the pre-decisional disposition as the independent variable and the difference score between pre-decisional judgmental confidence and post-decisional judgmental confidence as the dependent variable (F(2, 270) = 11.12, p<0.001), simple comparisons were performed by a two-tailed least significant difference test. As predicted, respondents with no established pre-decisional disposition showed greater increase of post-decisional judgmental confidence than the respondents with an established pre-decisional disposition of "leaning toward booking the hotel" ($\Delta\overline{X}_{undecided} = 0.87$ vs. $\Delta\overline{X}_{toward} = -0.31$, p<0.001). Compared with the "leaning against" group, the direction of the increase in post-decisional judgmental confidence in the "undecided" group was as predicted but the difference in increase failed to achieve conventional statistical significance ($\Delta\overline{X}_{undecided} = 0.87$ vs. $\Delta\overline{X}_{against} = 0.44$, p>0.15). Interestingly, the results of the two-tailed least significant difference test also showed that the increase in post-decisional judgmental confidence was greater for the

"leaning against" group than that for the "leaning toward" group ($\Delta \overline{X}_{against} = 0.44$ vs. $\Delta \overline{X}_{toward} = -0.31$, p<0.001). Hypothesis 4 was partially supported --- when exposed to non-diagnostic traveler reviews, the post-decisional judgmental confidence of respondents with no established pre-decisional disposition (e.g., undecided) showed greater increase than the respondents with an established pre-decisional disposition (e.g., leaning toward or against booking the hotel). Such a pattern is visualized in Figure 1.

Figure 1: Judgmental Confidence Changes
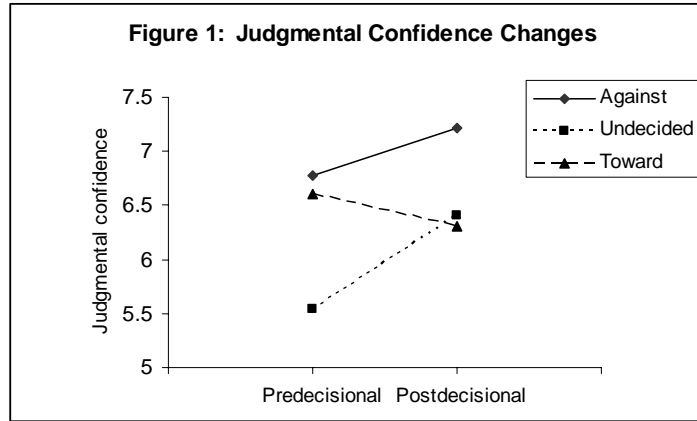
Purchase Intent

The effects of perceived source credibility and perceived favorability of the online traveler reviews on purchase intent were examined in a hierarchical multiple regression analysis. The control variable, self-reported expertise was entered at Step 1. At Step 2, pre-decisional disposition was entered. Perceived source credibility and perceived favorability of online traveler reviews were entered at the final step. Thus, self-reported expertise and pre-decisional disposition were controlled for in examining the effects of traveler reviews on purchase intent. A significant increment in R^2 would indicate that perceived source credibility and perceived favorability contributed to purchase intent once the effects of expertise and pre-decisional disposition were accounted for. The results of the regression analysis are presented in Table 1.

Table 1
Regression Results

	Purchase Intent		
	Step1	Step2	Step3
Expertise	0.04	0.03	-0.01
Pre-decisional disposition		0.44*	0.41*
Perceived favorability			0.59*
Perceived source credibility			-0.07
R^2	0.01	0.26	0.40
ΔR^2	-	0.21	0.14
F for ΔR^2	-	45.94*	43.65*

Note. * stands for p<0.01.

The regression analysis revealed that the perceived favorability of the online traveler reviews was positively related to purchase intent ($\beta = 0.59$, t=7.57, p<0.001). However, such positive relationship with purchase intent was not observed for perceived source credibility ($\beta = -0.07$, t=-1.15, p>0.25). Thus, Hypothesis 3 was partially supported.

DISCUSSION

Our results suggest that facing non-diagnostic traveler reviews, perceived salience of cues for the source of the reviews messages was positively related to the perceived source credibility. However, no significant effect of source credibility on purchase intent was observed. We attribute the observed insignificant relationship to the subtle manipulation of source cues, which failed to induce a stronger perception of source credibility. It could be that salience of the cues is only one factor among many others that influence the perception of source credibility. For

example, consumers may infer source credibility perception based on cues embedded in the content of the traveler reviews itself. Examples of such heuristic cues include source expertise ("Experts" statements can be trusted"), and consensus information ("Consensus implies correctness") (Chaiken, Liberman & Eagly, 1989).

Our results also suggest that in making sense of non-diagnostic traveler reviews, consumers with an established pre-decisional disposition engage in hypothesis-testing process and the process results in a confirmation bias toward the direction of their pre-decisional disposition, suggesting that consumers with a favorable pre-decisional disposition tend to evaluate the traveler reviews more positively than the consumers with an unfavorable disposition. Interestingly, consumers with an unfavorable pre-decisional disposition show greater post-decisional confidence than consumers with favorable pre-decisional disposition, which suggests that consumers are more confident about their decision of "not booking" than their decision of "booking" after being exposed to non-diagnostic traveler reviews.

MANAGERIAL IMPLICATIONS

The effects of traveler reviews on consumers' perception of a hotel product and on their judgmental confidence also provide interesting managerial implications. For consumers who hold original positive belief about the hotel, after reading non-diagnostic traveler reviews, even though they will still stick to their original disposition in making purchase decisions, their judgmental confidence decreases. For consumers who have a tentative belief of not booking, traveler reviews only serves to reinforce such decisions, and their judgmental confidence associated with this decision is boosted by extra information supplied by the traveler reviews. The implications for the lodging industry are that bad "word-of-mouse" has a double-whammy effect on already discouraged consumers and weakens the judgmental confidence of the consumers who plan to purchase. Similarly, for consumers who haven't made up their mind, facing non-diagnostic traveler reviews, they will "filter" through the reviews and assign more weight to negative information. With the extra information supplied by traveler reviews, which is perceived as overall negative, the undecided consumers may reach their threshold of judgmental confidence --- confidence of not booking.

In summary, our results suggest that traveler reviews can be a powerful form of "word of mouth", especially so when it is negative. Given the easy access to such information, the impact of traveler reviews on consumer purchase decisions can not be ignored.

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GUILTY PLEASURE OR PLEASANT GUILT? AFFECTIVE EXPERIENCE OF IMPULSE BUYING

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ABSTRACT
        Most hospitality products and services are experiential in nature. Although it is generally believed that experiential purchases are likely driven by hedonic motivations, the affect dimension of the service experience is not well understood. This study explores consumers' affective experience under a particular purchase situation --- impulse buying. Our results demonstrate the hedonic value associated with experiential purchases. Consumers are also found to experience a state of cognitive and affective ambivalence when engaging in impulse buying. The paper concludes with a discussion of the study's managerial implications for the hospitality industry.

Key Words: Experiential purchases; impulse buying; affective ambivalence; cognitive ambivalence.

INTRODUCTION
        Many hospitality products and services are experiential in nature. Research in psychology suggests that experience purchases such as a spa treatment or a restaurant meal make people happier than material purchases (Van Boven & Gilovicth, 2003). Although it is generally believed that experiential purchases are likely driven by hedonic motivations, the affect dimension of the service experience is not well understood. In this study, we focus on impulse buying, a consumption experience with complex affective implications. As the success of any hospitality firm lies in its ability to offer pleasurable service experiences, this line of research is of theoretical and practical significance.

        We first review the theoretical bases for conceptualizing and operationalizing the constructs studied in this research.   We then present an experimental study to test our predictions. We conclude with a discussion of the results, their implications, and suggestions for future research.

THEORETICAL BACKGROUND
Hedonic value of impulse buying
        Consumer research suggests that there are certain psychological benefits associated with buying in general and impulse buying in particular (Langer, 1983; Beatty & Farrell, 1998; Tice, Bratslavsky & Baumeister, 2001). For example, empirical evidence suggests that emotionally distressed people are likely to yield to impulse buying to seek immediate gratification (Tice, Bratslavsky and Baumeister, 2001). Impulse buying is also found to be associated with positive affect rather than negative affect (Beatty & Farrell, 1998).

        The notion of *indeterminacy* offers a plausible explanation of the mechanisms underlying such psychological benefits of impulse buying. A consumption experience is believed to be indeterminate if how such experience unfolds is not determined in advance (Vosgerau, Wertenbroch, & Carmon, 2006). In a study comparing the experiences of watching a live or a taped sports match, Vosgerau, Wertenbroch and Carmon (2006) showed that indeterminate consumption experiences (e.g., watch an interesting sports match live) were associated with greater excitement/fun than equivalent determinate experiences (e.g., watch a taped broadcast of the same watch). This finding is in line with research suggesting that the ability to respond to opportunities in the environment requires action readiness that entails high level of arousal and hence, greater intensity of affective experience (Frijda, Kuipers & ter Schure, 1989).

        In keeping with this view, impulse buying can be seen as a largely indeterminate consumption experience as such buying is essentially an act on impulse. Consequently, a consumption episode unfolds itself as and when a consumer responds to the *ad hoc* stimuli in the consumption environment rather than to a pre-determined shopping

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list. Compared to planned purchases, impulse buying possesses a property of indeterminacy and hence inherent hedonic values due to higher level of arousal and greater fun/pleasure it generates. Such "built in" indeterminacy of impulse buying implies that subjective experience of positive affect such as pleasure and fun is almost an involuntary and automatic response. Therefore, we postulate that so far as a consumer's long-term goals are not severely jeopardized, impulse buying is a hedonically charged consumption experience and greater pleasure is experienced through such highly indeterminate buying. The hypothesis is summarized as below:

H1: Greater buying impulsiveness is associated with greater pleasure experienced from such buying.

Impulse buying as a cognitive state of tension
    The psychological benefits acquired from impulse buying are not without costs. Such psychological costs are reflected in the cognitive tension consumers typically experience when engaging in impulse buying. Lewin's (1951) field theory posits that a state of tension will emerge whenever a psychological need arises. Although impulse buying does not involve deliberate planning, it does imply some awakening of a need or desire (Bagozzi & Dholakia, 1999). Accordingly, a state of tension is evoked when positive and negative forces pointing toward or away from a psychological need (Lewin, 1951). In the context of impulse buying, such a cognitive state of tension is likely to be caused by two opposing forces: desire for self-indulgence and desire for self-control.

    The cognitive tension between desire for self-indulgence and desire for self-control is rooted in the way how two basic human thought processes are believed to encourage/discourage impulsive behavior (Freud, 1911; Hilgard, 1962). While primary mental processes encourage spontaneous and impulsive behavior, secondary thought processes pull in the opposite direction and gear toward a more rational and socialized approach. According to Shefrin and Thaler (1988), there are two selves of a decision maker: the "doer" and the "planner". While the doer is more impulsive and prone to temptations, the planner is more forward-looking and budgeting for future purchases (Cheema & Soman, 2006). The doer represents a primary mental process that is susceptible to fall prey to desire for self-indulgence. However, a conflict between immediate gratification and long-term consequences of consumption gives rise to the need for self-control (Cheema & Soman, 2006). As a result, desire for self-control manifests itself as a threshold that has to be overcome by incurring a "psychological cost" to break preset rules (Shefrin & Thaler, 1988). Thompson, Zanna and Griffin (1995) label such cognitive tension between conflicting desires as *cognitive ambivalence.*

Impulse buying as an affective state of ambivalence
    According to Damasio (2000), situations that evoke cognitive conflict tend to elicit specific affective reactions, such as guilt. Indeed, in the impulse buying research, Rook (1985) finds that impulse buying gives rise to a conflict between self-indulgence and reality principles and such conflict evokes conflicting affective responses from the consumer. While a consumer experiences positive affect (such as pleasure) spontaneously when buying on impulse, impulse buying is linked to guilt feelings (Rook, 1987).

    Increasing evidence in social psychology and consumer behavior research suggests that people can simultaneously experience conflicting emotions and very often such mixed emotions can peacefully coexist (Larsen, McGraw & Cacioppo, 2001; Williams & Aaker, 2002). Recent theorizing on affect argues that emotional valence is bivariate rather than bi-polar. Thus, not only can one simultaneously experience conflicting emotions, such joint experiences may be natural and frequently occurring (Cacioppo, Gardner, & Berntson, 1997; Larsen, McGraw & Cacioppo, 2001). Thompson, Zanna and Griffin (1995) label such simultaneous experience of conflicting emotions as *affective ambivalence* (or torn feelings).

    Subjective ambivalence is a psychological state of conflict associated with a particular task (Priester & Petty, 1996). Conflict theory (Brown & Farber, 1951; Miller, 1944) defines ambivalence as a cognitive or affective state that: 1) has contradictory implications; 2) such contradictory implications carry subjectively equal significance or strength, and 3) occur in situations where end states are equally desirable. Affect theorists also make a distinction between "natural" primary emotions (e.g., pleasure or fear) and "acquired" secondary emotions (e.g., jealousy or guilt) (Damasio, 2000). Based on this classification, primary emotions are universal and are in all likelihood the result of the fine tunings of evolution, while secondary emotions are acquired by learning in a social and cultural context and their emotional significance is situation specific. In keeping with this view, impulse buying, through the pathway of indeterminacy, is likely to almost always result in certain level of pleasure (primary emotion). However, the guilt feeling is "acquired" and represents a conflict between self-indulgence and self-control. Guilt feeling

concerns of self-recrimination about responsibility for personal actions (Wilson, Drozdek, & Turkovic, 2006). Among the primary factors of guilt are lack of justification for actions, violation of personal standards, hindsight bias or responsibility, and emotional distress (Kubany, Haynes, Abueg, Manke, Brennan & Stahura, 1996). In the impulse buying context, the identified guilt factors are likely to be present and consequently consumers engaging in impulse buying are prone to the feeling of guilt because impulse buying is based on impulse (lack of justification for actions), is overt behavior of yielding to temptation (violation of personal standards) and negative post-purchase reappraisal (ie, "I shouldn't have bought this").

Empirical studies in impulse buying research provide evidence for such mixed experience of positive and negative affect. For example, Rook's 1987 study shows that consumers experience positive affective spontaneously on confrontation with a product, however, the cognition conflicts associated with impulse behaviors are also likely to produce a negatively valence affective state. Taken together, we suggest that the cognitive conflict (cognitive ambivalence) gives rise to the simultaneous experience of positive and negative affect (affective ambivalence). The hypothesis is summarized as follows:

H2: The level of cognitive ambivalence experienced by an impulse buyer is positively related to the level of felt affective ambivalence.

Cognitive evaluation and dominant reactions of affective ambivalence

Evidence in social psychology suggests while consumers experience cognitive and affective ambivalence when engaging in impulse buying, they do try to maintain a sense of personal accountability and somehow justify the decision of yielding to temptations (see Kunda, 1990, for a comprehensive review). Simply put, individuals are searching for certain rationality in their seemingly irrational behavior (Cheema & Soman, 2006). The need for cognitive consistency is believed to be the motive behind such behavior. Research on cognitive dissonance (Festinger, 1957) posits that the experience of cognitive conflict creates uncomfortable tensions, which in turn prompts cognitive reappraisal of the underlying elements in order to reduce such discomfort. In addition, such cognitive reappraisal processes are often associated with affective consequences. Emotion theorists have argued that such cognitive evaluation process precedes the actual experience of emotion (Smith & Ellsworth, 1985). Such cognitively based appraisal processes give rise to socially "acquired" secondary and high-order emotions such as guilt or jealousy (Stout, Homer & Liu, 1990; Damasio, 2000).

In the context of impulse buying, such cognitive evaluations are defined as consumers' judgments about the appropriateness of making an impulsive purchase in a particular buying situation (Rook & Fisher, 1995). While the cognitive tension/ambivalence gives rise to a mixed affective experience, based on the outcome of cognitive evaluation, such overall affective ambivalence is likely to manifest itself in a slightly valenced affective state. Between the conflicting affects, the affect stronger in magnitude is usually referred to as the *dominant reaction* while the affect weaker in magnitude is referred to as the *conflicting reaction* (Priester & Petty, 1996).

Cacioppo and Berntson's (1994) evaluative space model (ESM) offers explanation of the underlying processes that give rise to the simultaneous experience of positive and negative affect. The activation of positive and negative affect can either take a form of co-activation or co-inhibition. For example, co-inhibition occurs when changes in one affect system are associated with opposite changes in the other affect system (Cacioppo & Berntson, 1994). Based on the mechanism described by ESM, we posit that co-inhibition is likely to be the activation mechanism underlying the simultaneous experience of pleasure and guilt associated with impulse buying. Depending on the outcome (favorable or unfavorable) of cognitive evaluation, the affective ambivalence is likely to be experienced with either pleasure or guilt as a dominant reaction. Increase in one affective reaction may result in a decrease in the opposing affective reaction. Simply put, the outcome of cognitive evaluation may lead to two subtly but qualitatively different manifestations of affective ambivalence associated with impulse buying: guilty pleasure or pleasant guilt. The hypothesis is summarized as follows:

H3: Dominant reactions of the affective ambivalence (guilty pleasure or pleasant guilt) are related to the outcome of cognitive evaluation such that a favorable outcome is likely to elicit a dominant reaction of pleasure while an unfavorable outcome is likely to elicit a dominant reaction of guilt feeling.

METHOD

Stimuli materials

The objective of this study is to examine the affective ambivalence associated with the impulse buying consumption experience. Two commonly used scenarios in previous impulse buying research were adapted in this study (e.g., Rook & Fisher, 1995; Luo, 2005; Dholakia, Gopinath, Bagozzi & Nataraajan, 2006). The scenario described either a cheesecake impulse buying situation (Dholakia et al., 2006) or a sweater impulse buying situation (Rook & Fisher, 1995; Luo, 2005).

Respondents and Procedure

Respondents were randomly intercepted at a three-day art festival in a college town in the Northeastern region of the United States. The art festival is an annual event that draws thousands of visitors from all over the country to the college town. 49% of the respondents were female. A typical respondent of our sample was 36 years old, with an earned college degree and a household annual income of $100,000. The results of ANOVA analyses revealed no demographic biases against our results. Therefore, these variables were dropped from further statistical analyses and discussion.

Respondents were randomly presented with either a cheesecake or sweater scenario. To control for potential gender effects, within each scenario, half of the questionnaires identified the protagonist's gender either as a male or female (ie, Mary or Bob).

Measures

Buying impulsiveness. Buying impulsiveness was captured via a single-item measure adapted from Rook and Fisher's 1995 study. After reading the scenario, respondents were instructed to select one of the five purchase decision alternatives the protagonist would make. These choice alternatives were intended to represent varying levels of buying impulsiveness. For example, in the cheesecake scenario, these alternatives were: (1) Get the healthy and low-calorie salad for lunch; not even think about the cheesecake; (2) Get the healthy and low-calorie salad for lunch; want the cheesecake but not get it; (3) Decide not to get the salad but get the cheesecake instead; (4) Get both the salad and the cheesecake; (5) Get both the salad and the cheesecake plus a chicken sandwich to complete the meal.

Desire for self-indulgence. Desire for self-indulgence was measured by a 2-item scale adapted from Dholakia et al.'s 2006 study. To provide an index of desire for temptations, respondents were asked to project themselves into the purchasing situation described in the scenario and report their agreement with two items on a seven-point Likert scale (1=strongly disagree, 7=strongly agree): (1) "I would feel a strong urge to get the cheesecake (sweater) if I were Mary (Bob)," and (2) "If I were Mary (Bob), I would want to get the cheesecake (sweater)". The Cronbach's alpha for this index was 0.88.

Desire for self-control. Desire for self-control was measured by a 2-item scale adapted from Dholakia et al.'s 2006 study. Self-control for temptations were measured with two items on a seven-point Likert scale (1=strongly disagree, 7=strongly agree): (1) "I would like to control myself if I were Mary (Bob)," and (2) "I would try to resist my urge to get the cheesecake (sweater) if I were Mary (Bob)".

Cognitive ambivalence. To calculate cognitive ambivalence, we first examined whether the magnitude and intensity conditions suggested by Thompson, Zanna and Griffin (1995) were fulfilled. The average ratings for desire of self-indulgence and desire for self-control were 4.49 and 5.09 respectively (on a 7-point scale), suggesting that the two conflicting components were similar in magnitude and were of moderate intensity. As such, cognitive ambivalence scores were calculated using the formula $(P + N)/2 - |P-N|$.

Affective reactions. Felt pleasure was measured using an item "On reading the scenario, to what extent were your thoughts initially about the pleasure that would be derived from eating the cheesecake (wearing the sweater)" (1=not at all, 7=to a great extent). Similarly, felt guilt was assessed via an item "on reading the scenario, to what extent were your thoughts initially about the guilt you would feel if you got the cheesecake (sweater)" (1=not all, 7=to a great extent).

Affective ambivalence. Similar to the calculation of cognitive ambivalence, the magnitude and intensity conditions of the two opposing affects were first examined. The pleasure and guilt ratings were 4.14 and 4.10 respectively,

suggesting the two conflicting affective reactions were similar in magnitude and of moderate intensity. Accordingly, the affective ambivalence scores were derived using the formula (P + N)/2 - |P-N|.

Cognitive evaluation. Derived from Rook and Fisher's 1995 study, a four-item seven-point scale was used to measure respondents' assessment about appropriateness of buying something on impulse. After respondents had made their choices, they were told that the protagonist chose the most impulsive alternative (option 5) and they were asked to evaluate this behavior based on the scales anchored by "rational (1)/crazy(7)", "agreeable(1)/disagreeable", "acceptable(1)/unacceptable(7)", and "weak(1)/strong(7)".

Impulse buying tendency. Impulse buying is often conceptualized in the consumer literature as a trait-based individual difference (e.g. Beatty & Farrell, 1998; Kacen & Lee, 2002). To control for the trait-based variation in the results, impulse buying tendency was measured using the seven-item scale adapted from Beatty and Farrell (1998) and Karcen and Lee (2002). The Cronbach alpha for this scale was 0.88. An index of impulse buying tendency was obtained and served as a control variable in all the data analyses.

RESULTS

Each dependent measure was submitted to an ANOVA using the type of the scenario as a between-subjects factor. The ANOVA results were not significant. Therefore, the data derived from the two scenario conditions were pooled in the subsequent data analyses.

Hedonic value of impulse buying

To test the hedonic value hypothesis that predicts greater buying impulsiveness is associated with greater pleasure experienced, hierarchical multiple regression analyses were performed. Pleasure rating was regressed on impulse buying tendency and buying impulsiveness measure in a hierarchical fashion. At Step 1, the control variable impulse buying tendency was entered. At Step 2, buying impulsiveness measure was added to the model.

A significant increment in R^2 would indicate that the reported buying impulsiveness in the particular purchase situation contributed to the felt pleasure after the trait-based variation was accounted for. This was exactly the pattern emerged from the regression analysis. A significant increment in R^2 ($\Delta R^2 = 0.10$, $F(2, 275) = 33.11$, $p<0.01$) was observed in the results. Regression analyses revealed that higher level of buying impulsiveness was significantly related to higher level of felt pleasure. As predicted, the direction of the association was positive and the magnitude of the association between the reported buying impulsiveness and felt pleasure was moderately strong $(\beta = 0.54, t(1,275) = 5.90, p < 0.01)$. Taken together, Hypothesis 1 was supported.

Affective ambivalence

To test the hypothesis that cognitive ambivalence experienced by an impulse buyer is positively related to the felt affective ambivalence, hierarchical multiple regression analyses were performed. At Step 1, the control variable impulse buying tendency was entered. At Step 2, cognitive ambivalence measure was added to the model.

A significant increment in R^2 would indicate that cognitive ambivalence contributed to the felt affective ambivalence after the trait-based variation was accounted for. This was exactly the pattern emerged from the regression analysis. A significant increment in R^2 ($\Delta R^2 = 0.16$, $F(2, 265) = 26.36$, $p<0.01$) was observed in the results. Regression analyses revealed that higher level of affective ambivalence was significantly related to higher level of cognitive ambivalence. As predicted, the direction of the association was positive and the magnitude of the association between cognitive ambivalence and affective ambivalence was moderately strong $(\beta = 0.41, t(1,265) = 7.20, p < 0.01)$. Therefore, Hypothesis 2 was supported.

Dominant reactions

It was hypothesized that the outcome of cognitive evaluation would determine the dominant reactions of the affective ambivalence experienced by the impulse buyer such that a favorable outcome of cognitive evaluation is likely to induce a dominant reaction of pleasure while an unfavorable outcome is likely to induce a dominant reaction of guilt.

Median split was applied on respondents' cognitive evaluations of the impulse purchase to divide the sample into favorable ($n = 130$) and unfavorable ($n = 139$) subgroups. Such a split was based on theoretical

considerations that by nature, cognitive evaluations tend to be dichotomous (Rook & Fisher, 1995). In the context of impulse buying, cognitive evaluations operate as a summary yes or no to the particular impulsive purchase behavior, leaving almost no middle ground (Rook & Fisher, 1995).

Following the procedure used in Larsen, McGraw and Cacioppo's 2001 study, ratings from pleasure and guilt were each submitted to a one-way ANOVA (cognitive evaluation: favorable vs. unfavorable). As predicted, the analyses revealed that, respondents felt a stronger sense of pleasure when the outcome of cognitive evaluation was favorable than unfavorable ($\overline{X}_{favorable} = 4.53$ vs. $\overline{X}_{unfavorable} = 3.85$, $F(1, 267)=7.89$, p<0.01). Conversely, respondents felt a stronger sense of guilt when the outcome of cognitive evaluation was unfavorable than favorable ($\overline{X}_{unfavorable} = 4.71$ vs. $\overline{X}_{favorable} = 3.26$, $F(1, 267)=38.18$, p<0.01). As predicted, the activation of affective ambivalence followed a co-inhibition pattern: When the outcome of cognitive evaluation was favorable, respondents experienced an affective ambivalence of guilty pleasure ---pleasure being the dominant reaction ($\overline{X}_{pleasure} = 4.53$) and guilt being the conflicting reaction ($\overline{X}_{guilt} = 3.26$). In contrast, when the outcome of cognitive evaluation was unfavorable, respondents experienced a subtle different form of affective ambivalence --- which we refer to as pleasant guilt, an ambivalent state with guilt as the dominant reaction ($\overline{X}_{guilt} = 4.71$) and pleasure as the conflicting reaction ($\overline{X}_{pleasure} = 3.85$). Taken together, Hypothesis 3 was supported. Such a co-inhibition pattern is visualized in Figure 1.

Figure 1: Dominant Reaction as a Function of Cognitive Evaluation
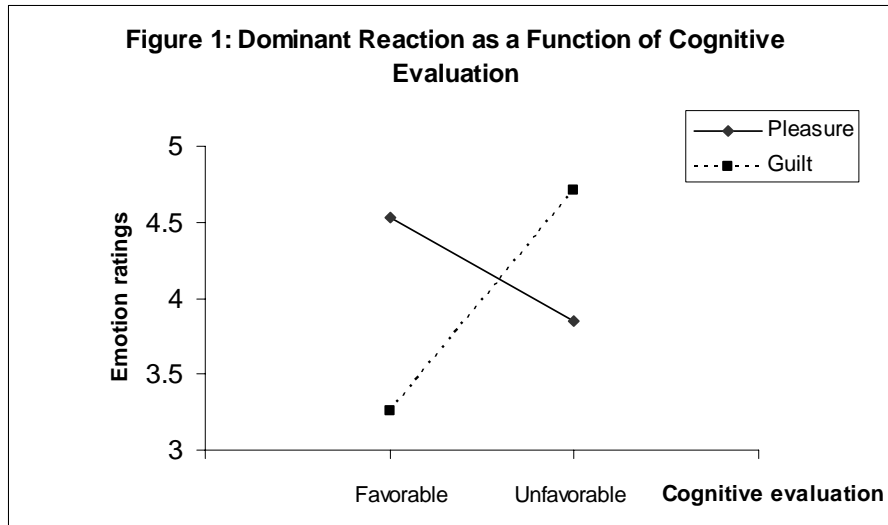
DISCUSSION

This study represents one of the first investigations on the simultaneous affective responses associated with a consumption experience. The hedonic value of experiential purchases was empirically tested. Perhaps, the most interesting finding of our study is that impulse buying is a rich consumption experience with complex affective consequences. While impulse buying is primitively hedonic due to its property of indeterminacy, such a behavior is subject to secondary thought processes during which higher-order and more complex affective reactions are engendered. In essence, impulse buying represents a state of cognitive tension --- a conflict between a desire for self-indulgence and a desire for self-control. Torn by this cognitive conflict, consumers engaging in impulse buying often experience mixed emotions of feeling both good and bad at the same time. We fondly label these two subtly but qualitatively different affective states as "guilty pleasure" and "pleasant guilt". The two patterns of affective ambivalence emerged from our results are consistent with the activation mechanism of *co-inhibition*, one of the conflicting emotion co-activation types identified by Cacioppo and Berntson (1994).

The results of our study have several interesting implications for the hospitality industry. First, our findings provide directions on how to enhance the hedonic appeal of service offerings. Since indeterminacy of the consumption experience is linked to greater hedonic value, incorporating some unexpected elements or little "surprises" in the service delivery can enhance guest perceptions, and thereby influence future patronage decisions.

For example, just having a variety of amenities for turn-down services will help build a sense of anticipation on part of hotel guests. The little guess "what am I getting for tonight?" will add some elements of indeterminacy to the service delivery and consequently make the hotel stay more pleasurable and memorable due to the inherent hedonic value associated with indeterminacy of the service experience.

The results of this study also provide some insight into some common practices in the hospitality business. For example, many foodservice establishments find it difficult to justify seasonal food promotions in financial terms, in particular if such promotions fail to generate immediate traffic to their F&B outlets. Our results suggest that, although it is important to maintain consistency of menu items, a vibrant "Today's Special" program or seasonal food promotions can add some elements of indeterminacy to an otherwise "no-surprise" experience. In so doing, such promotional activities incorporate hedonic value to the consumption experience and hence such activities may pay off in a long run by reducing "product fatigue" often experienced by repeat guests.

Our results also suggest that, although impulse buying is a spontaneous act, consumers do go through a cognitive evaluation process, subconsciously at minimum, to make normative judgments of their own impulsive behaviors. More importantly, the outcome of such an appraisal determines the tone of an overall affective ambivalence associated with impulse buying. These findings have important implications for hospitality marketers. As ambivalence is an uneasy state of mind, marketers can tactfully offer cues in the service environment to facilitate consumers' conflict-laden cognitive processes. This is not to say that impulse buying should be encouraged, but marketers can help guide consumers to make sense of their own behavior. Take a commonly occurring episode in a restaurant for example, a customer may be attempted to try a new menu item but afraid of feeling regret later. A waitperson can simply reassure the customer by saying "It is a popular choice lately" (If it is true). Such a comment provides a heuristic cue of "consensus implies correctness" (Chaiken, Liberman & Eagly, 1989) and may gear the customer's cognitive evaluation toward a favorable rather than unfavorable outcome. With this little adventure in choice, the customer may have an elevated service experience and walk way with an affective state of guilty pleasure rather than pleasant guilt ---- After all, the success of any hospitality firm lies in its ability to offer customers pleasurable service experiences. Managing customers' affective experiences is definitely an important step in achieving such a goal.

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DISTRIBUTING EDUCATIONAL CONTENT VIA THE INTERNET: AN EXPLORATORY STUDY OF THE PRACTICE IN PROFESSIONAL ASSOCIATIONS

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ABSTRACT

Creating and distributing educational content has been an important function for professional associations for some time. As web-based authoring and distributive tools have improved and become widely available, it would seem reasonable that professional associations would begin to offer more education content through the Internet. In addition to archived educational content, web-based meetings such as teleconferences and webinars have been identified as a viable alternative to face-to-face meetings. The purpose of the current research is to understand the extent that professional association are using the Internet to distribute educational content to their members and to identify what delivery methods are being employed.

Key Words: Associations, M.I.C.E., distributive technology, online education, webinars, teleconferences.

INTRODUCTION

Continuing professional education is an important businesses strategy for employers and professionals. To remain competitive, businesses expect employees to keep abreast of trends and developments within their professional domains. Professional associations have for some time filled this need by conducting training and educational seminars for the benefit of its membership. Generally, associations have accommodated the market for professional development through meetings, seminars, conferences and certification programs. As the need for the professional development of employees continues to grow, businesses have found the costs of conducting their own training in central locations or the cost of sending large numbers of employees to conferences to be equally prohibitive. With a demand for more corporate efficiency, high costs associated with sending employees to conferences, such as costs of transportation, housing, meals, and time away from the office have had a negative effect on conference attendance. Professionals associations, where membership education is often a major focus, are facing pressure to continually increase attendance at their meetings and conferences. The purpose of the current research is to understand the extent that professional associations are using the Internet to provide educational content to their members and to identify what delivery methods are being employed.

Literature Review

A professional association, by definition, is a formal organization that represents the interest of its members who participate in a common occupation or profession. Examples include the American Association of Higher Education, American Association of Neurological Surgeons, and the American Hotel and Lodging Association. Associations regularly hold meetings and conferences where members gather to network, attend educational sessions, and other social activities.

Roles of Associations

Associations provide their members with various advantages and benefits. Being a member to a professional association provides an efficient avenue to be informed about the latest news and trends regarding a specific area of business or industry. Advanced telecommunication tools, currently employed by many associations, provide opportunities that make it possible for the association's administrators to collect, organize, and distribute news to its membership base through electronic mediums in a timely and efficient manner. Electronic newsletters and daily emails are good examples of the use of currently available tools.

One of the primary roles of associations is to provide educational content to their affinity group. Many associations readily accept the role of providing continuous education and training to their members as a direct

mandate of their mission. To do so, associations organize educational sessions, materials, courses, hands-on study opportunities and so forth.

Educational Roles of Associations

As a strategy to differentiate itself from competing professional associations, membership education has become a major focus for many associations, particularly those that are formed to support a specific business model or industry segment. These associations place a major prominence in producing opportunities that provide education and training for their membership base.

The educational content produced or supported by associations can be delivered to its membership base in a variety of ways. The most traditional delivery method is through educational sessions held during the associations' conventions or meetings. Additionally, national and international associations are often divided into chapters, which provide many complementary educational activities within their respective regions. These educational sessions provide members with the opportunity to attend sessions and panels that are interesting to them. Moreover, some of this educational content and participation may be a requirement to obtain or retain members' professional qualification/certification (e.g. Certified Public Accountant, CPA). Apart from these sessions, members may also be provided with supplemental educational content such as textbooks, journals or CD/DVDs that are delivered throughout the year. An emerging tool for the delivery of educational content is through the use of webinars and teleconferences, which allow members to access educational content without leaving their workplace and at their convenience.

As mentioned above, education and training have become an important focus of associations and the methods of delivering these education and training opportunities have seen tremendous change with the development and wide spread availability of web-based technologies. The applications of computer-based, web-enabled technologies are eliminating the need for people to come together in a single/central location to participate in a meeting or a conference. Instead, associations, as well as many other parties, are using these latest technologies to facilitate their meetings, conferences, and educational training sessions.

Computer-based Training

Computer-based training (CBT) is any course of instruction whose primary means of delivery is a computer. A CBT course may be delivered via a software product installed on a single computer, through a corporate or educational intranet, or over the Internet as Web-based training. CBT can be used to teach almost any conceivable subject. Often CBT is used interchangeably with Web-based training. Although they are not exactly the same thing, they both refer to the concept of delivering education and training from remote sites. As the definition of CBT explains clearly, CBT is a distributed educational training tool and allow users to access the training content from remote locations, generally at any time convenient for the learner. CBT has been receiving steady attention from businesses in all industries and it predicted to be in the core of the design and delivery of workplace learning in the 21st Century (Driscoll, 2002). Training magazine's Annual Industry Report states that 13 percent of all training is delivered by computer; and similarly, International Data Corp (IDC), predicted that the online training market would reach $11.6 billion in 2003 (Driscoll, 2002).

The development and use of CBT assists in delivering content by providing learners with brief tutorials, computer-managed integration of textbooks, video, lab books and other media, stand-alone applications using the computer to teach concepts, principles, relationships, or procedures. Advanced applications of CBT sharpen learner skills and knowledge through simulation games designed to move from controlled situations to those that emulate a real-world environment.

The Role of Webinars in Distributing Educational Content

Webinar is short for Web-based seminar and sometimes referred to as an online workshop. A webinar is similar to a traditional conference room seminar, but enables the participants to view the presentation through their web-browser and listen to the audio through their computer speakers or telephone. It is a web-based distribution of content to participants with the added benefit of interactivity. In contrast to Web-casts, in which data transmission is one-way, thus preventing presenter and audience interaction, webinars provide two-way data transmission enabling presenter and audience to communicate and share information in a peer-to-peer fashion. Webinars may also be asynchronous (not in real time), allowing participants (learners) to access the content whenever it is convenient although the peer-to-peer interaction is not available. In compliance with the purpose, the presenter can offer a range

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of learning activities during a webinar. The content of a webinar may include a serious of readings, written exercises, activities, discussion boards and more (Driscoll, 2002). Webinars are becoming a popular option to hold conferences and meetings in almost every industry, because of the ease and relatively low cost for companies to obtain, develop, and train their work force through webinars (Bauer, 2005). Industry associations can be a viable source for professional development content to be delivered through webinar sessions to their both members and non-members (Bauer, 2005).

Webinars are beneficial in many ways for companies. First, they are cost effective, eliminating the expense of travel and accommodation for attending a meeting or conference for either educational or other purposes (Bauer, 2005). Companies are having difficulties in covering expenses of their employees traveling to distant destinations to be involved in training sessions; therefore, by enabling attendees to reach the content of a seminar from their office with a click of a mouse, webinars avoid these escalating travel costs. Second, webinars eliminate the loss of productive time that occurs while the participant is traveling to the location where the seminar is being held. Third, the use of webinars allows for the archiving of content, making it accessible whenever it is needed in the future. Finally, webinars have the potential to reach a larger audience as opposed to seminars that offered face-to-face in traditional conference rooms.

The Role of Teleconferencing in Distributing Educational Content
Increased globalization in business is making face-to-face communication an exception rather than the rule that was once the only way of holding meetings and conferences (Foroughi, Perkins & Jessup, 2005). Increased awareness of the personal impact of time and costs spent traveling to participate in conferences are compelling companies to take advantage of teleconferencing as a way of eliminating or reducing these intrinsic and extrinsic costs. Today, with the integration of teleconferencing applications conference delegates can participate from disparate locations.

A teleconference is a virtual meeting among two or more participants involving technology that is more sophisticated than a simple two-way phone connection. In its simplest form, a teleconference can be an audio conference with one or both ends of the conference sharing a speakerphone. With more equipment and expense a teleconference can become a videoconference, in which the participants can see still or motion video images of each other. Because of the high bandwidth necessary for the transmission of video and the demand for larger, and multiple display screens, a videoconference requires special telecommunication arrangements and a special room at each end. As equipment and high-bandwidth cabling become more commonplace, it is possible in the foreseeable future that videoconferences will be available on personal computers or in a mobile device setting.

Teleconferences eliminates the need for traveling to remote locations to attend an educational session, meeting, or a conference; it reduces various costs of traveling such as accommodation and transportation; it saves time for the attendees, allowing them to participate in the conference or meeting from their office or their home. For all these reasons, teleconferencing is predicted to become a mainstream business application.

One of the main functions of associations is to provide learning opportunities for its members through education and training sessions held throughout the year. They may hold these education and training activities at their annual, semi-annual meetings and conferences, or perform these more often through the year. Thus, they require that their members come together in a place to present the educational content. However, as is illustrated so far this kind of method of delivering education and training is costly and time consuming for all parties, which in turn may lead associations to utilize the new technologies presented above such as webinars and teleconferences. These technologies when used by the associations to deliver content in a real time transmission also hasten/speed the process of getting the content delivered and help members to stay up-to-date on current issues within an industry. Another major advantage of these technologies is allowing members to access the content just in time, which support members in preparing for certification exams that are required in may fields. Today, many associations have access to provide its membership with a variety of educational opportunities through the application and integration of these new communication tools that are cost effective to both the association and its members.

METHODOLOGY

The current study addressed the use of the distribution strategies of educational content by professional associations via the deployment of technology that does not require participants to be face-face. A convenience sample of 130 professional associations was identified from the attendees of the Professional Convention Management Association's (PCMA) conference held in January 2006.

The website of each of association used in this analysis was visited to identify if any educational content was marketed to their membership and if the association was distributing the content via the distributed technologies explored above. Characteristics such as membership size, type of association, and industry, were used to identify factors that were found to be significant in the level of use of Internet based technologies used by professional associations. The data were analyzed for descriptive statistics and any correlation with the use of these technologies to the associations' demographic characteristics is described.

FINDINGS

The websites of 130 associations were evaluated and it was determined that 83.1% (108) associations provided educational content to their members. It was further determined that the development and distribution of educational content was important to the membership of 75% of those that provided educational content. When reviewing the mission statements of the associations on their webpage only 64.8% (70) of the associations actually included education as a part of their mission statement.

In terms of the types of educational content, the survey found that 34 associations offered certifications programs, 53 offered continuing education programs, 37 offered professional development programs, 10 offered other forms of content (not specified in the survey), and on 26 association websites not enough information was found to determine if educational content was provided (Figure 1).

Figure 1
What type of educational content do associations provide?
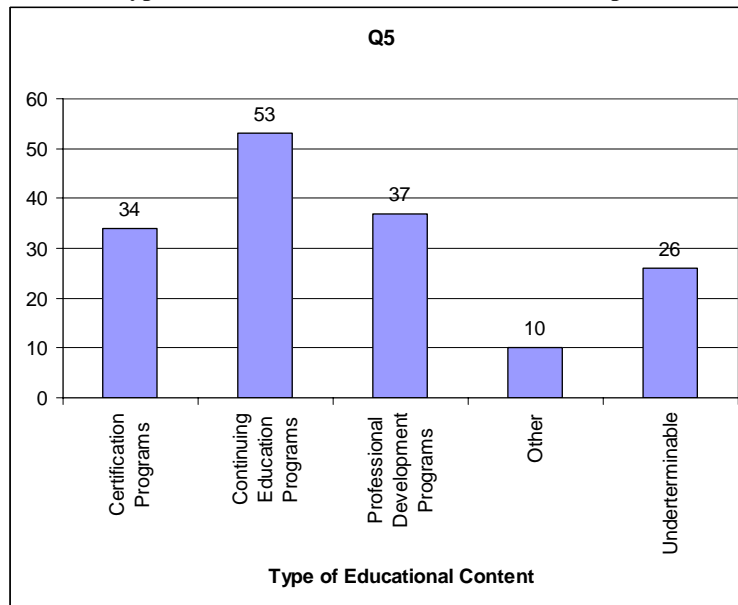
The survey indicated that Conferences and Seminars were the preferred methods of delivering educational content (Figure 2) with 86 and 72 associations (respectively) using these methods. DVD and Videos were the least used methods, while only 15 associations used Webinars and 13 associations used teleconferences.

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Figure 2
How does the association deliver its educational content?
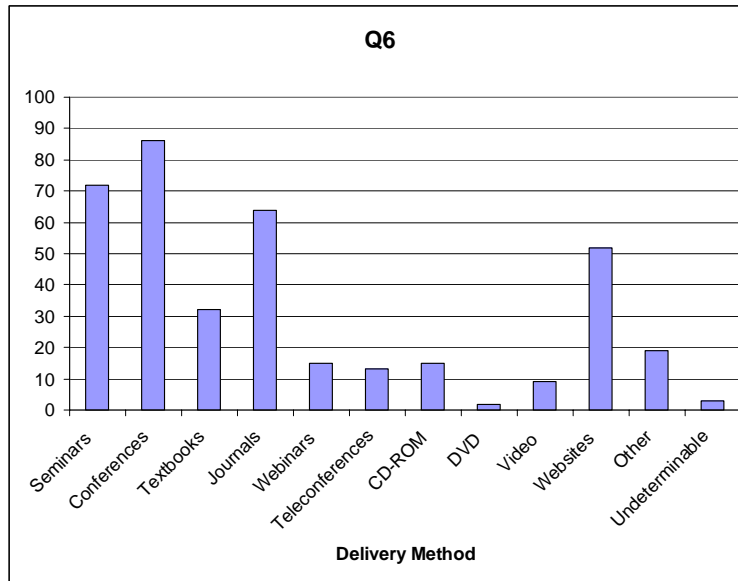
CONCLUSION

Despite the evidence of the successful application of webinars and teleconferences in the business arena, these findings in this research indicate that few professional associations are using this technology for the distribution of educational content to their members. Instead, the findings indicate that they are opting for more traditional methods of distribution such as conferences and seminars.

More than half of the associations that provide educational content include this function as a part of their mission, and 64 out of 130 associations actually produce journals specific to their industry. While all of the associations reviewed had hosted websites, it was found that only 52 distributed content via those websites. This, coupled with the low use of webinars and teleconferences, indicate that these professional associations appear somewhat hesitant to embrace newer technology in the distribution of their educational content.

LIMITATIONS TO THE STUDY

The findings of the current study should be viewed with caution as the methodology employed collected data from the professional associations' website as a non-member only. It is reasonable to speculate that the association's membership may have additional insight or access to more details regarding the educational offerings. Future studies should attempt to collect additional data by contacting the association's education content department to identify specific reasons and factors for their limited use of these viable distributive technologies for their educational materials.

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CULINARY EDUCATION: PAST, PRESENT PRACTICE AND FUTURE DIRECTION

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ABSTRACT

This article will review literature on the development of traditional European culinary education since the introduction of apprenticeships to determine how traditional training methods have shaped the current training environment. It will discuss the Australian *National Industry Skills Report* (2006) and recent training innovations and reforms, including the increased call for flexible modes of delivery and portability of qualifications, to determine their impact on the future direction of vocational education in Australia. In doing so, it will identify areas for future research that will aid the development of teaching and learning strategies for culinary vocational education in an increasingly internationalized education environment.

Key Words: Culinary education, training innovation, teaching and learning strategies.

INTRODUCTION

What is the future for culinary vocational education? Has there been a breakdown of traditional vocational training? Is the traditional approach to culinary education, a style of rote learning (Biggs, 1999) in the workplace where an apprentice will repetitively work the same skills until perfected or deemed competent, still an appropriate method of training? Do the techniques and learning methods of this approach still have a place in the training kitchen of a modern vocational college? In order to answer these questions this article will review literature on the development of traditional European culinary education since the introduction of indenture and apprenticeship to determine how developments in culinary education have shaped the present training environment. It will focus primarily on recent developments in training reform within vocational education and the culinary industry, in Australia and internationally, for the purpose of identifying areas for future research that will aid the further development of teaching and learning strategies in culinary education.

PAST

Formal culinary industry training began in the Middle-Ages with the introduction of apprenticeships. An apprentice was indentured to a master for a period of years to gain skill and knowledge in a specific discipline. The indenture process was initially conducted in a family (nuclear or extended) relationship with trade related knowledge, considered a valuable commodity, passed down through generations to maintain a source of security and income for the family unit (Symons, 2004; Smith and Keating, 1997). As people became more mobile and knowledge spread to other areas over time, craft guilds were established to protect and secure the interests of the tradesmen, known as journeymen, within their memberships. These guilds increasingly took on the role of regulating regional apprenticeship systems and eventually their national systems (Smith and Keating, 1997), providing early versions of training reform.

At the end of the 18th century the industrial revolution dramatically changed how people were skilled or trained (Ray, 2001; Smith and Keating, 1997), not just for the culinary industry but across all industries. Workplace reform, brought on by the industrial revolution, saw an end to the traditional artisan guild route for indenture or apprenticeship (Smith and Keating, 1997). With modernization and industrialization greater responsibilities fell to the governments of the day to provide structures within societies (Hofstede, 1991) to aid growing populations. They provided education and ultimately took control, from the guilds, over all areas of training and working conditions (Ray, 2001; Smith and Keating, 1997). This lead to a strengthening of the contractual arrangements between master and apprentice and saw further regulation of the training provided, wages paid and working conditions (Smith and Keating, 1997; Ray, 2001).

Changes were also occurring in commercial kitchens as a result of the industrial revolution. By 1849, Chef Alexis Soyer had created his 'Magic Stove', which brought the chef out of the kitchen and into the

restaurant to cook at the table (Clementlorford, 2005; Bloy, n.d.). By demonstrating their culinary skills in full view of the dinning public, chefs further enhanced their professional image. Other inventions created by Soyer at this time increased efficiency and product consistency in the kitchens of the great houses of the time (Clementlorford, 2005). Chef Auguste Escoffier, known as the father of modern cuisine, brought order to commercial kitchens by introducing a hierarchal labour system (Dodgshun and Peters, 2004; Gillespie, 1994; Montage, 1986; Pauli, 1989; Symons, 2004). This lead to the opportunity for structured professional development through on the job training, as apprentices worked their way through the *'partie system'* to rise to the much sought after executive status of *'Chef de Cuisine'* (Dodgshun and Peters, 2004; Gillespie, 1994; Pauli, 1989). Escoffier's partie, or brigade style, approach to structuring the working and training environment within a commercial kitchen exists to this day (Dodgshun and Peters, 2004, Gillespie, 1994; Pauli, 1989). As Gillespie (1994) points out, this system "was and remains a means of managing the division of labour in hotel and restaurant kitchens [by requiring] developmental stages of skills to be mastered … for promotion … [along with] tighter financial and human resource control" (p. 20).

Together with technological and labour advancements, advancements in food microbiology have created what Griffith (2006) describes as "the Golden Age of food microbiology" (p. 7). This Golden Age began with the commercial heat processing work of the early food microbiologists Nicolas Appert and Louis Pasteur (Griffith, 2006; Pickersgill, 2004) and continues with the work of those who contribute to today's more scientific approach to food safety, which should be of major relevance to any one handling food (Dodgshun and Peters, 2004; Gillespie, 1994; Pauli, 1989). The food processing and shelf life improvement work of pioneers such as Appert and Pasteur, which had its origins in the dairy industry (Griffith, 2006), has developed into the scientific control of food borne illnesses through stringent food safety management techniques. The ongoing success of these food safety programs requires competent staff and regular retraining to take into account any new developments in the food safety control process.

Breakthroughs in food microbiology programs are reflected in today's government and culinary industry training reforms (Griffith, 2006). One of these reforms includes the introduction of the scientific approach to food safety known as Hazard Analysis Critical Control Point or HACCP (Dodgshun and Peters, 1999; Griffith, 2006; Food Group, 2000). This program, which is gaining wider recognition, is based on greater control of microbiological concerns at the production level (Food Group, 2000, p. 78). The combined effect of improving training, skills, equipment and a greater understanding of the products being handled and eventually consumed has lead to a greater recognition of the professionalism of chefs and cooks working in the culinary industry today (Gillespie, 1994; Symons, 2004).

PRESENT PRACTICES

The culinary practices under discussion spread across the globe as migration from the old world and colonisation of the new occurred. For example, in 1788, New South Wales (NSW) as a British colony, ascribed to British Law covering masters and apprentices. These laws remained in place until 1894 and the introduction of the *NSW Apprentices Act 1894* (Ray, 2001). After further review and legislative changes, the *NSW Apprentices Act 1894* was replaced with the *NSW Apprentices Act 1901* when Australia became a Federation. Many features of the 1901 legislation such as institutional training, review of training, structured wage increases and conditions of employment (Smith and Keating, 1997; Ray, 2001) provided a more structured framework for apprentices.

Ongoing reform in response to workplace needs saw the reduction, in 1918, of the length of apprenticeships from seven years to five years. The reduction was a response to skills shortages and the demand for qualified tradesmen, coupled with the Australian Federal and State Governments increasing interest in industrial relations after the First World War (Ray, 2001; Hamilton and Higman, 2003). The length of an apprenticeship was further reduced in the 1960s to four years, where it remains today (Ray, 2001). The reduction in years of apprenticeship service over time addressed the important issue of low take up rates due to the reluctance of prospective trainees to commit to lengthy service periods for low wages (Ray, 2001). Tradespeople, who were sufficiently skilled to be called professionals after four years of training no longer had to spend a further two or three years of service for low wages, making apprenticeships a more attractive option.

In 1963 the *Carl D. Perkins Vocational Education Act* was introduced in the United States of America (USA) (VanLandingham, 1995a). This Act helped pioneer competency based training (CBT) within curriculum design and assessment in vocational education. CBT calls for the assessment of industry wide accepted skills (competencies) to gauge student skill level as opposed to assessing a student's individual achievements measured against those of other students in their cohort (VanLandingham, 1995a; Smith and Keating, 2003). The change to CBT in the USA positively influenced the status of chefs; graduates entering the workforce were better trained, more suited to the working environment of their chosen discipline and hence considered more professional (VanLandingham, 1995a; 1995b).

The *Kangan Report* in 1975 (Ray, 2001; Pickersgill, 2004; Smith and Keating, 2003) found that, in Australia, vocational and technical colleges had been perceived as "the poor relation to universities and colleges of higher education" (Ray, 2001, pp. 26-27; Pickersgill, 2004, p. 36; Smith and Keating, 2003, pp. 10, 12). This lead to greater funding and support from the Commonwealth of Australia for vocational education programs and the establishment of the technical and further education (TAFE) industry sector, which introduced further regulation of skills training and qualifications (Smith et al, 2003, Pickersgill, 2004). This culminated in stronger financial support for TAFE students and targeted the introduction of training programs for disadvantaged students; such as new migrants and the long-term unemployed.

Following the lead of the USA, the United Kingdom introduced a version of CBT 'the National Vocational Qualifications (NVQ'S)' during the 1980's (Canning and Cloonan, 2002) and Australia, while having adopted CBT in some areas, fully implemented competency based training reforms in the TAFE sector in 1993 with the establishment of the Australian National Training Authority (ANTA) (Ray, 2001; Smith and Keating, 2003). The establishment of ANTA was a response to discussions between industry and the education sectors, with a view that if technical and other forms of vocational education and training are to be successful, they needed to be based on practical developments in current workplaces (Pickersgill, 2004). Therefore, CBT training principles have been an important element to the continuing development of curriculum design, innovation and assessment practices (Smith and Keating, 2003; VanLandingham, 1995b).

In 1993, the same year that CBT was taken up throughout Australia, the Australian Quality Framework (AQF) was endorsed by the Federal Government to ensure all states complied with nationally standardized training requirements. This standardization provided for greater recognition and portability of qualifications (Pickersgill, 2004). ANTA served as the regulatory body for vocational education and training until 2005 when the most recent reforms to education in Australia saw it absorbed by the Department of Education, Science and Training (DEST), which is now the national regulatory body for vocational education (VOCED).

FUTURE DIRECTIONS

The Department of Education, Science and Training, in its *National Industry Skills Report* (2006), showed that take-up rates in more traditional apprenticeships, such as cooking were in decline (pp. 6-7). This decline occurred, in part, from the availability of better-paid employment opportunities in the new technology industries emerging and the resultant 'poor image' of traditional trade employment and training opportunities. This, coupled with the hospitality (culinary) industry experiencing economic growth, has resulted in the current skill shortages across trades including the hospitality trades (Department of Education, Science and Training, 2006). To counter skill shortages DEST (2006) has proposed strategies for industries likely to suffer shortages in skilled workers and trainers (p. 8). These strategies include an increase to flexible modes of delivery, a greater emphasis on curriculum design and extra resources for the re-training of existing teachers and trainers in new teaching practices and technologies (DEST, 2006).

The USA is also implementing flexible training modes; one proposed strategy is by utilising live multimedia (VanLandingham, 1995b). This is where, training, is delivered by a chef lecturer presenting an applied skills lesson *via* a video link-up in real time in the training kitchen of one college, while his or her students are applying and practicing these skills in another. This process is conducted with a less skilled practitioner or chef's assistant onsite with the students to offer advice (VanLandingham, 1995b) and serves two purposes: it reduces the effect of staff and skill shortages and acts as a teacher trainer tool, improving the

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level of ability and understanding of the less skilled trainer (VanLandingham, 1995b). Where students need to travel great distances to urban training centres "The impact of new technology on skills needs, work practices and organizational structures is evident" (DEST, 2006, p. 5). The recent developments in flexible learning modes using E-learning and multimedia could provide a solution for overcoming these distances, by working in conjunction with other forms of new technology such as digital teaching platforms like WebCT and Blackboard.

The ongoing challenge for chef lecturers is to ensure that the full range of skills taught in classroom settings can be transferred to a variety of workplace environments. Though as Chappell, Gonczi and Hager (2000) argue, developers of CBT programs should not overemphasize the technical side of CBT, as this can lead to a lack of 'general social, intellectual and emotional abilities' (p.192). They are concerned that if the curriculum is too overloaded with technical task skills the student may not acquire important communication and decision-making skills (Chappell et al., 2000). Therefore, they push for a broader interpretation of CBT to be employed by program designers, to develop a more holistically educated student and, ultimately, a more skilled worker (Chappell et al., 2000). The *National Industry Skills Report* (2006) has reinforced this view, stressing that training organizations need to focus curriculum development on high level technical skills such as communication, innovation and problem solving (p. 11) in addition to the teaching of the required national competencies embedded within endorsed training packages and programs.

The *National Industry Skills Report* (2006) also highlighted the need for Australia to increase access to internationally skilled workers by providing greater portability of their overseas-earned qualifications. As a result, the Australian Government is committed to curriculum development that includes "better arrangements for recognition of overseas qualifications and skills" (DEST, 2006, p. 8). It is also committed to aligning Australian skills training and qualifications with the requirements of overseas educational programs to enable both domestic and international students trained in Australia to transfer those qualifications to overseas educational institutions and workplaces. In line with these commitments, there has been a move towards government and private education providers implementing "international benchmarking of skills development and monitor[ing] the skills changes brought about by new technology" (DEST, 2006, p. 11). This process will provide better education and career pathways for local and internationally skilled or unskilled workers, and will enable educators to continue to develop training programs and curriculum to suit all needs and requirements.

Curriculum design for all educators is, and should be, an ongoing process (Biggs, 1999; McBeath, 1990), because as Considine, Hall, Marceau and Toner (2004) point out, there are always demands from industry for a constant rise in skills levels in VOCED-skilled occupations, especially trades (p.85). Along with enhancing curriculum, DEST (2006) has made provisions for extra resources for re-training of existing teachers and trainers (P. 8). The required use of technologies is highlighted in the *National Industry Skills Report (2006)*, which states training organizations are to "ensure teachers and trainers are kept up to date with new technology and work processes that are underpinned by technology" (p.12) and provide core information and technology skills across all occupations and trades (DEST, 2006). By providing structures for professional development within vocational training organizations these providers will fulfil industry's ever increasing training demands for well-trained professionals (Considine et al., 2004).

One suggested professional development strategy, which has received support through the *National Industry Skills Report* (2006), is mentoring. This would help to develop the skills of new or less competent teachers and trainers (p.16) and encourage a culture of life long learning, while leading to the establishment of a learning community among faculty and staff. Surrounded by peers with similar issues, or peers who have dealt with similar issues, lecturers and trainers can employ each other on a subtle level to encourage ongoing professional debate and development. Boud, Cressey and Docherty (2006) argue, both faculty and curriculum development should also allow for reflective processes to be embedded in the overall development process. They consider a group approach to professional development in an environment that schedules time for reflection 'invaluable in pointing out limitations and activities that the other/s [have] overlooked or [were] blind to' (Boud et al., 2006, p. 20). This form of group 'mentoring', promotes the establishment of more

enriching learning environments for students and lecturers alike, while leading to stronger faculty and curriculum development.

CONCLUSIONS

What is the future for culinary vocational education? As highlighted throughout, the culinary and VOCED industries have a shared history of development and reform. To move forward both need to rely on tools such as the *National Industry Skills Report* (2006) to guide the way to increase the skill levels of workers. By doing this they will ensure the quality of the products and services they provide is maintained at the optimum level. With this in mind, the implementation of these tools and the ongoing process of reviewing and re-endorsing training packages and units of competence will continue to maintain and further promote communication between industry, education providers and workers.

Have the reforms undertaken in the past lead to a breakdown of traditional culinary vocational training? Based on the literature referred to in this review, the answer is no. The continuing evolution of training programs and the refinement of individual lecturer ability has, to the contrary, built upon traditional culinary vocational training. Further developments and innovations to VOCED curriculum will see culinary lecturers obtaining greater skills for the delivery of their subjects. This ongoing curriculum development can only enhance the experience for the student and lecturer, leading to more productive teaching environments for the delivery of training and skills. Strategies to promote the re-training of staff and the establishment of learning communities of teachers of VOCED and culinary skills, will assist any transition of traditions, techniques and/or methods of training that require revaluation to remain current for industry and it's ever-changing needs.

The future direction of VOCED is focused on the development and implementation of innovative teaching techniques that include reflective practices, new technologies to provide greater and more equitable access to VOCED training, a consistent rise in the skill level of its students and practitioners and an increased portability of qualifications nationally and internationally. These innovations and continued research and development to continue Griffith's *Golden Age* of food microbiology will provide a great deal of work and debate for present and future teachers, trainers, theorists and curriculum developers that should lead to a greater understanding of what is required of the student in the workplace and how they can improve on current practices in the provision of culinary products and services.

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SYSTEMS APPROACH TO A THEORY OF CONSUMER SWITCHING BEHAVIOR

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ABSTRACT

This article proposes the general systems theory as an alternative theoretical framework for examining consumer-switching behavior. In this paper, it is suggested that, even though various models examining this phenomenon have been proposed, they have viewed consumer switching process as very uni-linear or simply a cause-effect type of relationship or movement. These perspectives remain restrictive and do not emphasize that all the components within the switching process are interrelated. To further examine this consumer behavior, this article offers a comprehensive definition of the term "*consumer-switching*" and suggests future research areas based on the systems theory.

Keywords: General Systems Theory, Consumer-switching, Migration, Systems control, Systems adjustment

INTRODUCTION

Man is a mobile creature, capable of inquiring, susceptible to suggestions, and endowed with imagination and initiative. This explains why, having conceived the notion that his wants might be satisfied elsewhere, he might decide not merely on going there but also on the means by which his project can be achieved (Beaujeau-Garnier, 1966).

Since their emergence on the surface of earth, human beings have constantly moved from place to place and over long and short distances, all in search of improvement of their individual and group circumstances as well as environmental conditions (Lewis, 1982). Interestingly, human movement is not limited to geographical location and relocation, but is also extended to several other human daily activities. One aspect of constant movement of human beings is potrayed in consumer behavior, particularly, consumer switching of service providers. Like Beaujeu-Garnier (1966) stipulates, for one reason or another, consumers move from one service provider to another in search of better circumstances and improvement of the self as well as the conditions of others.

In the extant hospitality marketing literature, consumer switching, particularly brand switching, is one of the most researched topics (e.g. Lin & Matilla, 2006). According to Blattberg, Briesch and Fox (1995), several factors have been suggested as motivators of consumer switching and they include: perceived quality such as better features by other providers, greater reliability, and other favorable brand associations as well as lower prices. Other cited motivations for consumer switching are: quality and satisfaction (McDougall & Levesque, 2000), value and price (Bansal & Taylor, 1999a) and the perceived switching costs (Ping, 1993). Hennig-Tharau, Gwinner and Gremler (2002) suggest commitment as a motivation to switch while Bansal and Taylor (1999a, 2002) predicted that variety seeking motivates this consumer movement.

Service switching has a significant influence on hospitality firms for several purposes, all, which have implications on a firm's sustainability and profitability. For example, Reichheld and Teal (2001) suggest that loyal customers tend to purchase more over time, likely to be a source of referral, purchase products at the full margins rather than discounts and therefore create operating efficiencies. Losing established customers therefore takes away highly profitable customers (Keveney, 1995) because acquiring new customers is costly in terms of setting up new accounts, credit search and advertising (Reichheld & Teal, 2001). Also, loyal customers are less likely to search information about similar products (Dick & Basu, 1994), hence a lower probability of defection. Over the past decade, research reveals that consumer switching behavior can have adverse effects on a hospitality firm's profitability and viability (Bowen & Shoemaker, 1998; Ganesh, Arnold, & Reynolds, 2000). Statistics reveal that US companies lose up to 30% customers a year and that this kind of movement reduces performances and profitability (Rechheld & Teal, 2001). Trends like these need a better understanding. An understanding like the one

to be presented is deemed necessary because consumers constantly seek to improve their conditions even further. Besides, the number of substitutes and alternative service providers increase day after day.

Accordingly, this paper seeks to develop further comprehension of the consumer-switching phenomenon particularly within the hospitality sector for several reasons; relevant to both practitioner and academic research perspectives. In the wake of unprecedented competition in the hospitalty industry, companies are employing all possible means of acquiring and retaining customers. The most common practice used in that of guest loyalty programs. Despite all the good intentions of the retention programs and efforts, problems of consumer "loss" still exist (Ganesh et al., 2000; Dowling & Uncles, 1997), thus, consumers keep moving, with a realization that even satisfied consumers still switch the service provider. Another reason that arouses interest for this research is the limited theoretical models available to examine this phenomenon. Despite the widespread empirical work on consumer loyalty, (e.g. Clark & Maher, 2007), besides the works of Keaveney (1995), Bansal and Taylor (1999a) and Bansal, Taylor and St. James (2005), there still exists a dearth of theoretical models in the extant literature that specifically focus on consumer switching. At this point it is therefore clear that further ".... theoretical grounding for the study of the phenomenon is required if the objective of systematic investigation is to be." Bansal and Taylor (1999a), because, as Goldscheider (1971) states:

> "…without adequate theories, it is not clear what guidelines would be involved to determine the types of migration *(consumer switching)*, social and economic data to be collected or how such information would contribute to the cumulative undertaking of migration *(consumer switching)* process.

Goldscheider (1971) emphasizes the need for theories. One interpretation of this work is that for a phenomenon to be understood, there is a need for a variety of theories that provide frameworks of examination and explanation. Goldscheider's (1971) suggestion is not out of place. In his book, "*The Structure of Scientific Revolutions,*" Kuhn (1970) suggests that "a scientific community cannot practice its trade without some set of received beliefs." Kuhn argues that scientific research and thought are defined by "paradigms", or conceptual world-views, that consist of formal theories, classic experiments, and trusted methods. According to Kuhn, scientists typically agree to work within an existing paradigm. In their day-to-day work they seek to extend the scope of the paradigm by refining derived theories, explaining puzzling data, and establishing more precise measures of standards and phenomena (Kuhn terms this "normal science").

In a bid to understand consumer switching concept even further, this paper has three objectives and seeks to build on the previous works of Keaveney (1995), Bansal and Taylor (1999a) and Bansal et al. (2005), to develop an alternative framework of consumer switching. The objectives are:
1. Propose a theoretical framework for examining consumer switching of service providers by utilizing and building on constructs and concepts from a multidisciplinary perspective.
2. Extend the General Systems Theory/Model (GST) to explore the relationship between systems approach/systems thinking and human behavior (consumer switching).
3. Provide future research avenues to both practitioners and academics.

BACKGROUND

Depending on the focus of study, consumer switching can be perceived both, as an independent as well as a dependent variable influencing and being influenced by several factors within the system. Due to this dual property, consumer switching can be a major cause of changes to a firm in several ways. Foremost, a firm's number of customers can reduce, and drastically so due to consumers switching to other service providers (referred to as *"out-switching"*) or may increase due to *"in-switching"* (gaining customers from other firms). In fact, according to Reichheld and Teal (2001), consumer switching is recognized as one of the most important factors in firms' viability and customer retention.

Previous studies in consumer research have indicated that switching is selective (see Keaveney, 1995; Bansal et al., 2005). Thus, consumer switching is influenced by variables such as age, sex or socio-economic attributes. The implication is that, consumer switching can significantly influence, if not determine the demographic and socio-economic composition of a firm's customers. Furthermore, consumer switching can be a source of a firm's re-evaluation of its strengths and weaknesses. In addition, consumer switching can be an agent of initiation of new skills, ideas, and values, within a firm. For these reasons, switching should be viewed as a dual process: a response to various changes and equally, a catalyst to change for those firms that gain or lose consumers.

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Theories of consumer switching are still developing, but one thing clear is that traditional causal thinking will not be adequate in explaining consumer switching. The assumptions that underlie most models such as independent and antecedent factors or sets of causal factors remain simplistic for comprehending the phenomenon of consumer switching. Like von Bertalanffy (1955) states:

> "We may state as characteristic of modern science that this scheme of isolable units acting in a one-way causality has proved to be insufficient. Hence the appearance in all fields of notions like wholeness, holistic, organismic gestalt…etc which all signify that in the last resort, we must think in terms of systems of elements in mutual interaction."

Given the need for a more dynamic and non-linear model to understanding consumer switching, this article will explore the applicability of the GST to service and examine consumer switching. In doing so, the article will contribute to the service literature in a number of ways. In addition to the existent/proposed models (see Keveaney, 1995; Bansal & Taylor, 1999a; Bansal, et al., 2005), the GST proposes an alternative framework that provides a unified understanding of consumers' switching behavior. At present, the marketing literature has limited numbers of models that examine consumer switching of service provider. Also, 0ther than just examine why consumers switch service providers the GST model provides a more holistic perspective that examines this consumer behavior as a function of a system, influenced by and influencing the system in which it takes place.

EXISTENT FRAMEWORKS OF CONSUMER SWITCHING

Four models shall be examined briefly in this section: Keaveney (1995), Morgan and Dev (1994), Bansal and Taylor (1999a) and Bansal et al. (2005). Keaveney's (1995) model was exploratory. In the concluding remarks, this author hoped that the study and its findings should stimulate interest and provide a direction for more work in the area of consumer switching. As a result of 45 interviews, Keaveney (1995) developed the first model that predicted consumer-switching behavior in the service industry. This model identified the possible causal factors and proposed the interacting factors among them, this research suggested that the antecedents of consumer switching include price, convenience, service failure and response to service failure, ethical issues and service switching costs.

Morgan and Dev (1994) also suggested a model for retail service switching. These authors specifically examined the lodging sector. Their focus was on three broad factors summarized as: *Context, Control and Consumer*, all with several variables. In the analysis of their findings, these authors found that under *Context*, destination variable played the greatest role in consumer switching of service providers. Under *Control* these authors found that special deal was most important and finally, when they found that under the category of *Consumer*, family was a major influence when switching service providers.

Bansal and Taylor (1999a) took a different dimension in examining the models of consumer switching. These authors, unlike Keaveney (1995) who carried out an exploratory study, aimed at developing a theoretically grounded model of consumer switching of services. This model *"Service Provider Switching Model"* (SPSM) used constructs suggested in the prior marketing research, and applied the Theory of Planned Behavior (TPB) of Azjen (1991) as the integrating ground for the constructs proposed to influence switching. These authors also aimed at extending the attitude models to explore the relationship between general attitudes (service quality) and consumer behavior (switching). These authors found several factors that affect consumers' decision making significantly when faced with the decision of whether or not to switch service providers. They found that service quality and satisfaction play a great role in switching but attitude was the most influential determinant of switching. Switching costs was also found to be important.

In a bid to further understand consumer switching behavior, Bansal et al. (2005) presented a model to unify the process of consumer switching. In this study, the authors chose to liken consumer switching to human migration. Utilizing migration theories from the discipline of human geography, these authors not only defined and clarified the similarity among several terms in migration and switching, they also utilized the Push-Pull-Mooring (PPM) to identify moderating relationships among the drivers of service provider switching. The model was further used to suggest new predictors of switching. Further, this model segmented migrants/switchers into refugees (consumers forced to switch), nomads (consumers that keep moving from one service provider to another), return migrants and people with multi-residence or referred to as polygamous buyers. The model also examined the cultural implications of both switched from and switched to service providers.

But all these models can be considered having viewed consumer switching process as very uni-linear or simply a cause-effect type of relationship or movement. We propose that this perspective is very restrictive and does not emphasize that all the components within the switching process are interrelated. A change in the nature of one component can have an effect on all others (Ackoff, 1981). Thus, such a relationship can only be better understood if consumer switching is perceived as a holistic system. The General Systems Theory is therefore deemed appropriate to examine consumer-switching behavior. The following sections shall examine the GST followed by its proposed application to the study of consumer switching.

GENERAL SYSTEMS THEORY AND CONSUMER SWITCHING

For this study, we adopt a broad conception of the term "system" which implies *a complex of interacting components together with the relationships among them that permit the identification of a boundary-maintaining entity or process.* This definition is based on Russell Ackoff's (1981) suggestion that a system is a set of two or more interrelated elements with the following properties: 1) Each element has an effect on the functioning of the whole; 2) Each element is affected by at least one other element in the system; and 3) All possible subgroups of elements also have the first two properties (Ackoff, 1981). Lazlo (1999) emphasizes that: "by substituting the concept of '*element*' for that of '*component*,' it is possible to arrive at a definition that pertains to systems of any kind, whether formal (e.g., mathematics, language), existential (e.g., 'real-world'), or affective (e.g., aesthetic, emotional, and imaginative). In each case, a whole made up of interdependent components in interaction is identified as the system.

One implication is that systems do not operate in vacuums but special environments. Thus, for any system, like consumer switching, the environment is a set of all objects whose attribute affects the system and also those objects whose attributes are changed by the behavior in the system" (Hall and Fagen, 1965, p.20) and therefore systems and its environment constitute the universe the universe phenomenon which is of interest in any given context (Mabogunje, 1970).

Figure 1 indicates the basic elements in the consumer switching system as well as the environment in which the switching system operates. This figure provides a holistic view of the switching system and its environment so that, just like perspectives allow architects to visualize the internal and external environment of a building and see the relationship of the finished product as an integral whole, so does the systems approach allow marketers to view consumer behavior as a subsystem or a part of a whole. Consumer switching is definitely complex and the systems approach allows it to be examined as a part of a larger system and recognize the complex consequences that arise.

A great advantage of applying the systems approach to developing an understanding of consumer switching is that, it allows us to ask and develop answers to several questions concerning why consumers switch from one service provider to another, thus, it becomes possible to develop the "why", "how" and even "when" of consumer switching can be developed. Questions such as: "why does consumer switch service providers?" What changes does the consumer undergo in the process of switching?" and "What effects does this switching phenomenon have on both service providers (switched from and switched to)?" Further, questions as "what are the switching and admittance or acceptance costs/fees?" These and other questions provide the definition of the problems that need a consumer switching theory that examines the process in relation to the greater environment in which it is occurring.

BASIC ELEMENTS OF THE SWITCHING SYSTEM
(i) Switching Barriers
The basic elements in the switching system are identified in figure 1. This figure identifies the the potential switcher/consumer (see box labeled~ (i) the consumer that is being influenced to switch from the present service provider to another by the stimuli from the environment. These stimuli range from: word of mouth, "expensive" service that does not match the consumer expectations, competitor activities such as price deals and discounts as mentioned previously, one advantage of using the systems framework, is that attention is focused on both the switcher and the sub-systems that are part of the process of consumer switching system.

Figure 1:
Systems Illustration for a Theory of Consumer Switching

External Environment
(Market & Economic)

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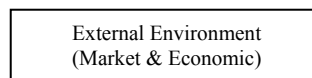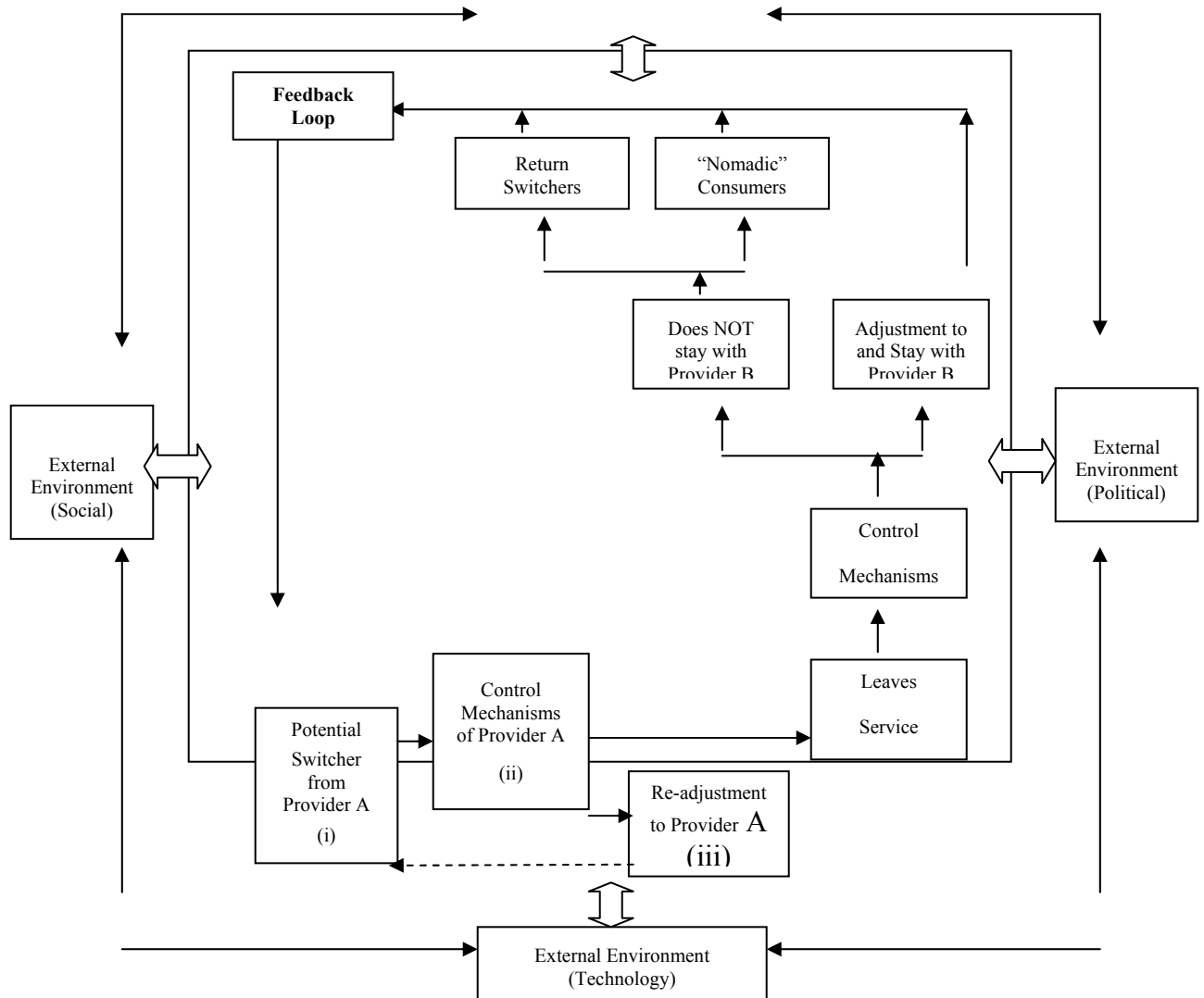
(Adapted and Developed from: Ackoff, 1981; Mabogunje, 1970).

Two areas of interest in consumer switching to examine are the control and adjustment subsystems. When a consumer eventually decides to leave Service Provider A for B, they have several control mechanisms to overcome or go through. These mechanisms, we shall refer to as the switching costs. Common examples of switching costs would be contracts that bind the service provider and consumer. High switching costs are a deterrent to consumer switching. On the other hand, low switching costs allow consumers to switch service providers easily. Many service providers have good terms of contract renewal of in terms of rebates, discounts even flexibility. Consumers therefore have to get over these other offers, which in real sense are a form of cost to a consumer wishing to switch Service Providers. If consumers find the switching costs too high, the consumers will readjust and return to Service Provider A (see arrow between (i) and (iii)). If the switching costs are low enough, or it the consumer can overcome these control mechanisms, they move on to another service provider: in this study referred to as Service Provider B. Several areas of research interest stem from this portion of consumer switching process. For example, it would be interesting to examine the kinds of switching control mechanisms or switching costs that are available in the hospitality industry, particularly the hotel and lodging sector. One question that might need examination is related to the "frequent guest points." Can these rewards act as switching costs? What about the restaurant industry? What strategies can be employed by the restaurant sector to retain customers who otherwise would move to the next restaurant? We suggest that research in the future also examines the perception of service and service satisfaction by consumers who attempted to leave one service provider but do not overcome the control mechanisms/switching costs and had to return "home."

The systems theory stipulates that every system has a control mechanism and that systems can be controlled at different degrees of sophistication. Hence, there exit barriers (in this papers referred to as switching costs) as well entry barriers (herein referred to as admittance costs to a new service provider) A consumer that leaves Service Provider A for B has to overcome, in addition to admittance costs, the adjustment Service Provider B. This control system maintains at least one system variable within some specified range (Mabogunje, 1970), or if the variable goes outside the range, the system moves to bring the variable back into the range and this control is internal to the system. Just like a thermostat, control mechanisms check the flow into and out of the system. These control mechanisms are what have been referred to as switching costs and can be found both at the *switched from* and *switched to* service providers. Take for example the contractual relationship between a service provider and a consumer. This agreement sets roles and expectations of each party in the contract and is a barrier to consumer movement or switching away from the current service provider. The receiving service provider might have switching costs or barriers that deter consumer movement such as credit checks, procedures and structure for setting up new accounts, depending on the severity, these barriers deter or accelerate consumer switching.

When consumers finally move out and find a new service provider, the switching definition stipulates that they will settle permanently or at least relatively permanently. These switchers become a source of information, both to the "*switched from*" and "*switched to*" service providers. Through the feedback loop, switchers return information to their previous "homes." This information can either be positive or negative and it has consequences and implications for both the consumers and the firm. Positive information or feedback is likely to stir a wave of out-switchers (massive switching). Negative feedback has the opposite effect. The information or feedback can also have an effect at the firm level. Whether its positive or negative information will stir the firm to reassess its strengths and weaknesses, swinging into action to either retain the consumers or attract the switchers.

(ii) Control Mechanisms and Consumer Switching
The switchers have to go through the adjustment mechanisms at the new service providers. One of the adjustments the switchers have to go through is the culture of the new service provider. Several researchers (e.g., Hofstede, 1997) have examined cultures in organizations. This concept receives attention because both group and individual behavior are highly influenced by culture of a firm. Margulies and Raia (1978) present that beliefs and behaviors are acquired, maintained, eliminated, or avoided. Even though important, culture can be difficult to measure and define, thus, it's a day to day characteristic only seen and felt by the "insiders" and determined by components of the organization such as structure, people, process and environment. If we define culture as:

> "an ideology that provides an important theme for behavior, and that the more belief and values are shared about how things should be done, the "stronger" the culture and the more it exerts on individual and group behavior." (Harrison, 1972) or

Then culture becomes a property of individuals as well as groups; arising historically through the sharing of practices and the inter-subjective negotiation of meaning. Thus, anyone that has not been a part of this sharing process, there is always a need for adjustment to the majority culture. Consumer switching is no exception. Consumers that switch service providers must lean the culture of the new firm or risk being rejected or just dropping out. Obviously, the switchers differ in their cultural characteristics. These differences affect the way the switchers relate to the existing consumers. It is also suggested that future research agenda examine consumer switching from a cultural perspective.

THE RELATIONSHIP BETWEEN SYSTEMS AND THE EXTERNAL ENVIRONMENT
If consumer switching is examined through the general systems theory, one implication is that there exist more or less permeable boundaries that allow for the exchange and interaction with the external environment from which the whole process obtains energy/matter or information. Thus, the consumer is influenced by the environment and at the same time exerts an influence on it. Of interest is the macroenvironment (external environment) particularly the inter-relationship between the market environment, technological political and social environments and how they exert influence on the consumer decision to switch service providers.Even though not discussed in this paper, there is definitely a complex interaction between the consumer, the firm and the external environment. Thinking about consumer switching from a general systems theory clarifies this observation even further.

CONCLUSIONS AND DISCUSSIONS

Generally, this paper tries to define "consumer-switching' and show how consumer-switching phenomenon in the hospitality industry can gain in breadth by being examined through the framework of the GST. In an industry so volatile, it is paramount that managers understand why consumers would select to abandon one service provider for another. A more holistic and multifaceted approach like that one provided by the systems approach is deemed a useful addition to the existent models. Thus, systems approach allows us to think in terms of relational terms rather than in terms of things and to see switching in terms of relationships between entities. This is potentially more enriching than aggregating these entities leading to a more process-oriented and contextual view of consumer switching. In reality, the paper establishes a line of research in hospitality that is worth of pursuance.

This paper comes to a close by stating that, the proposed systems approach is no panacea. The systems approach can only provide an alternative perspective to examining this consumer behavior and not able to solve all we'd wish to know about this phenomenon. Even though systems theory offers a rich framework for understanding a number of phenomena, several concerns have been raised about its potential and ability to contribute meaningfully to the advancement of social science knowledge. One area of critical discussion focuses on the ability of systems theory is related to its generality (Whitchurch & Constantine, 1993). Proponents of systems theory argue that this generality is strength. That it provides a set of concepts that is logical for seeing the world and phenomena as interrelated, hence creating the concept of integration. Just like the use of any other models/theories, it therefore remains a task of the researchers to examine where it best fits.

Examining consumer switching from a systems perspective emphasizes the interrelatedness of the whole process. Where consumers are not only influenced into action, but their action also does influence the environment in which they exist and act. A systems approach enables the generation of hypotheses related to the macroenvironment and microenvironments within which the consumer exists. This kind of assessment gives special attention to the dynamic nature of consumer switching and allows the process to be examined over and over again. Thus, it allows for the process of consumer switching to be perceived as a continuous one and occurring all the time. Consumers are in constant move; away from one service provider to another and at times returning to the same.

OTHER PROPOSED FUTURE RESEARCH

It is not easy to examine the application of a widely used theory like the GST in a conceptual paper like this one, where space is limited, but it is hoped that the presentation can be a source of motivation and organization of future research. From the framework, several areas of research relevant to hospitality research have been identified. It is suggested that research examines the effect of the feedback loop and information exchange in the switching system. Besides "word of mouth" on consumer behavior, other exciting areas of research identified include the effect what we refer to as ""*return consumers*." Even more interesting would be research on what we refer to as "*nomadic-consumers*," a group of consumers that keep moving from one service provider to another.

Social responsibility has been a focus of interest in the consumer research literature. Social responsibility has been defined by Farmer & Hogue (1985) as "how companies manage the business processes to produce an overall positive impact on society." Unfortunately, the focus of this action has mainly centered on corporations. It will be interesting for future research to examine the effect of social responsibility on consumer switching behavior too.

Focusing on culture reveals that, it's possible for a company to experience a "culture disruption" as a result of accepting one or a group of consumers that have switched from other service providers. Switchers have different cultures and expectations. Future research should examine the disruption effects likely to result from a company either accepting or rejecting switchers. Specifically, further research interest should include how switching affects other consumers at both firms and strategies service providers take to resolve these conflicts (Bansal et al., 2005). Consumers have to receive a stimulus in order to decide to switch hospitality service providers, it can theoretically be conceived that there are those consumers that respond promptly and the slow ones (the leaders and followers). Consequently, it would be interesting to examine if in fact there exists a threshold below which a stimulus can not be expected to act on the consumer or an upper limit beyond whose effect can not be felt (Mabogunje, 1970).

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DETERMINANTS OF THE USE OF CASH FINANCING IN HOSPITALITY ACQUISITIONS

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ABSTRACT

There is difference in the use of cash financing between hospitality and non-hospitality firms in acquisition. This study examines what might motivate this high level of cash financing in hospitality acquisitions. Hospitality acquirers are more likely to use cash for acquisitions when the hospitality acquirer has low growth opportunities, a high debt ratio, and large firm size. Free cash flow is not a significant determinant of cash financing in either segment of the hospitality industry.

Key words: acquisition, cash financing

INTRODUCTION

The purpose of this study is to examine factors that motivate the use of cash financing in acquisitions in the hospitality industry. During the twenty year period from 1980 to 2000, cash was the dominant method of payment for acquisitions in the hospitality industry (see Table 1). Cash payments were used in seventy-five percent of hospitality acquisitions while stock financing was used in only fourteen percent of acquisitions (the remaining twenty percent of acquisitions were financed with a mix of cash and stock). Thus it is important to understand why cash financing in hospitality industry is preferred.

LITERATURE REVIEW

Free Cash Flow and Cash Financing

Free cash flow has been postulated as having an influence on the use of cash financing in acquisitions (Jensen, 1988). Large amounts of free cash flow may lead firms to finance acquisitions with cash. Marin (1996) presented a uni-variate analysis and found a significant positive linear relationship between cash financing and the free cash flow of acquiring firms, but he did not control for the specific characteristics of individual firms such as growth opportunities, debt ratio and size.

Another reason that managers may prefer to finance acquisitions with cash is that they have previously accumulated cash to give the firm financial slack and the ability to escape future capital market constraints (Eisinger, 2005).

The Relationship between Cash Payment Offers and Debt

One explanation of the payment type utilized in financing acquisitions is the pecking order theory which suggests that investments are financed using internal funds first, new issues of debt second, and new issues of equity last in order to use the cheapest financing source possible (Brealey & Myers, 2001). Applying the pecking order theory to acquisition payment type offers, one would expect to see cash offers (even if financed by debt) significantly exceed stock offers.

There are other arguments for a preference of using debt financing (to provide cash financing) rather than equity financing to finance hospitality acquisitions. Managers may prefer to issue debt to raise cash rather than issue new equity under conditions of asymmetric information where managers have better knowledge about the firm's future value than outside investors. Managers may also avoid issuing both undervalued shares as well as overvalued shares being afraid that any issue of shares will signal overvaluation (Myers, 1984; Lee, 1997). Dalbor and Upneja (2004) provided evidence that managers, in general, prefer debt to equity in the lodging industry. It has been suggested that high levels of debt have the benefit of reducing the agency problems associated with excess free cash flow (Hart & Moore 1995; Stulz, 1990; Novaes 2003). For these reasons, the acquiring firm's managers may prefer to use cash (whether financed by debt or not) in acquisition financing instead of issuing new equity.

Table 1.
Number of Acquisition Deals in Hospitality Industry

Year	Total	All cash	All stock
1980	1	0	0
1981	4	2	1
1982	8	6	1
1983	22	18	3
1984	11	7	0
1985	9	7	2
1986	4	1	0
1987	7	6	1
1988	6	5	0
1989	9	5	2
1990	6	4	1
1991	9	6	1
1992	12	9	3
1993	20	12	5
1994	25	16	6
1995	31	20	9
1996	42	29	8
1997	48	38	6
1998	39	35	2
1999	33	28	3
2000	17	13	2
2001	7	6	1
2002	19	16	0
2003	9	8	1
2004	8	8	0
total	406	305	58

Cash Financing and Growth Opportunities

For firms with a significant number of positive NPV projects, cash holdings tend to increase as the number of strong growth opportunities grows (Opler, Pinkowitz, Stulz & Williamson 1999). If firms with many positive NPV investment opportunities confront a cash shortage, they may have to forgo some of those positive NPV projects. Hence, there is a strong incentive for hospitality firms with strong growth opportunities to hold significant cash balances to provide the flexibility to pursue positive NPV investments even in the face of capital market-rationing.

This may have the effect of such firms using stock financing in acquisitions to conserve cash for their growth opportunities (Martin 1996).

Cash Financing and Firm Size

Another issue that may impact hospitality firm acquisition decision making in the context of the payment type offer is the firm's size and the implications that size has for access to financial capital. Larger firms with lower relative cash levels and easier access to the financial markets may be more inclined than smaller firms to use stock acquisition offers as opposed to cash offers (Opler, Pinkowitz, Stulz & Williamson 1999). This would suggest an inverse relationship between firm size and the use of a cash payment in an acquisition.

Hypotheses
H $_1$: There is a significant positive relationship between the acquirer's use of cash financing in an acquisition and the acquirer's free cash flow.

Acquiring firms with more free cash flow may be more likely to use cash financing for an acquisition due to the ready availability of cash.

H$_2$: There is a significant negative relationship between the acquirer's use of cash financing in an acquisition and the acquirer's debt ratio.
        This may result from high debt levels restricting the acquiring firm's ability to raise cash for cash financing of an acquisition.

H$_3$: There is a significant negative relationship between the acquirer's use of cash financing in an acquisition and the acquirer's growth opportunities.
        When acquiring firms have poor investment opportunities, the free cash flow of the acquiring firm may be used for acquisitions to enhance managerial power instead of paying out free cash flow as a dividend. Firms with a high level of growth opportunities may conserve cash to be able to take advantage of those opportunities and hence use stock financing in an acquisition.

H$_4$: There is a significant negative relationship between the acquirer's use of cash financing in an acquisition and the acquirer's size.
        Large firms tend to have relatively easier access to capital markets than small firms. Thus, larger firms may be more likely to issue stock to finance an acquisition than smaller firms.

DATA & METHODOLOGY

Acquiring Firms
        The sample of acquiring firms was drawn from the Securities Data Corporation (SDC) International Merger and Acquisition Database (SDC-IMAD) for the period 1980-2004. To be included in the study sample, the observations had to satisfy the following conditions: 1) both the acquiring firm and the target were classified as belonging to one of the following SIC codes: 5812 (restaurant) or 7011(hotel) 2) the transaction was successfully completed, and 3) the payment type was all cash or all stock. All cash and all stock deals paid 100% of stock or cash to the target respectively. Also, since firm related variables for this study are drawn from the Compustat Industrial Annual Files, the acquirer had to be listed in the Compustat data base.

        Although the SDC database provides 1,522 hospitality acquisition observations for the period of 1980-2004, only 363 observations (all cash or all stock payment) were used for analysis due to the lack of corresponding data in the Compustat Industrial Annual Files (Table 1). The final sample includes 336 acquisition observations (with all cash financing representing 279 observations and all stock financing representing 57 observations

METHODOLOGY
        The sample of hospitality acquiring firms was divided into two groups by the payment type (cash or stock). Since the dependent variable is the payment type which is a categorical dummy variable and the independent variables are metric accounting variables of the firm's characteristics, binary logistic regression was used (Hair, Anderson, Tathan & Black, 1998).

        The first independent variable, free cash flow, is calculated by dividing cash and short-term investments by total sales (Lang, Stulz & Walkling, 1991). Free cash flow calculations are made over the fiscal year prior to the takeover announcement date[10].

        The second independent variable, growth opportunities[11], is defined as capital expenditures-to-total sales and capital expenditures-to-total assets since growth opportunities for the hospitality industry involve acquisition of fixed assets, expansion and renovation (Dalbor & Upneja, 2004).

        Firm size (log of the book value of total assets) and the debt ratio (total debt divided by the book value of total assets) are used as additional independent variables.

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[10] We also used other free cash flow measurements (operating income before depreciation minus interest expense, taxes, preferred dividend and common dividends by total assets, cash and short-term investments dividend by total assets). The results were similar.

RESULTS

Table 2 presents the binary logistic regression results for the full sample. In all three regressions, the dependent variable is 1 if the payment method of the acquisition is cash and 0 if the payment method is stock.

First, free cash flow does not appear to be a significant determinant of the type of acquisitions payment in the hospitality industry (Table 2). This result is different from previous results in the general finance literature where the samples used in the studies included many different industries (Lang, Stulz & Walkling, 1991; Martin, 1996). This suggests that there may be important differences between the hospitality industry and other industries in terms of how firms view and use free cash flow.

Table2.
Binary Logistic Regression with Full Sample
Dependent Variable: 1 = cash, 0 = stock

	Model 1			Model 2		
number of observation	cash = 207 , stock = 51			cash = 207, stock = 51		
	coefficient	p-value	Z	coefficient	p-value	Z
Constant	-1.34	0.02	-2.42	-0.78	0.24	-1.19
Cash & short-term investment-to-sales	0.18	0.51	0.66	0.03	0.62	0.50
Capital expenditure-to-sales	-1.34	0.16	-1.40			
Capital expenditure-to-assets				* -2.46	0.09	-1.72
Size	*** 1.02	0.00	4.03	*** 0.88	0.00	3.56
Debt ratio	*** 3.06	0.00	3.46	*** 2.77	0.00	3.04
Goodness-of-fit test	chi-sq	p-value		Chi-sq	p-value	
Deviance	198.45	0.42		201.29	0.36	
% correctly classified	78.8			78.5		

*, **, ***: significant at 10%, 5% and 1% level

Second, we found positive significant coefficients for the debt ratio in Model (1) and (2). However, the sign of the coefficient of the debt ratio variable is opposite to the predicted direction. Thus, hospitality acquiring firms with larger debt ratios are more likely to use cash rather than stock payments in their acquisitions.

Third, the coefficient of the capital expenditure to assets ratio is negative and significant in Models 2 (Table 2) at a level 0.09. This result supports hypothesis 3 that hospitality acquiring firms with low growth opportunities are more likely to pay cash for the target acquisition (as shown in model 1, the capital expenditures-to-sales ratio was not significant). As previous literature (Kim & Olsen, 1999; Kwansa, 1994; Harford, forthcoming) has pointed out, it seems that a lack of growth opportunities in the hospitality industry motivates hospitality acquisitions. Our coefficient estimates have the same sign as previously found in the general finance literature indicating that acquiring firms with low (high) growth opportunities tend to pay with cash (stock) (Martin, 1996).

Last, the coefficient on the size term is positive and significant in Model 1 and 2 (Table 2). The sign of the size coefficient is opposite to the predicted direction. Thus, hospitality acquiring firms that are larger are more likely to use cash rather than stock in an acquisition payment. It is possible that managers of larger firms accumulate cash to give the firm financial slack prior to undertaking an acquisition. Managers may then utilize their financial slack to make cash financed acquisitions. As a firm's size becomes larger, the firm has more potential to generate and accumulate cash flow.

Models 1 and 2 (Table 2) have large p-values for the Deviance test. In Deviance test, the higher the p-value, the better the logistic regression model fits the data. A low p-value implies that the predicted probabilities

deviate from the observed probabilities (see Minitab 14.20 version). For two models, the correctly predicted probabilities are around 80 percent.

CONCLUSION

For twenty-five years, cash has been the dominant method of payment in hospitality acquisitions. Our overall results show that hospitality acquirers are more likely to use cash for acquisitions when the hospitality acquirer has low growth opportunities, a high debt ratio, and large firm size. Free cash flow does not appear to be a significant determinant of the payment type for hospitality firms. It is unclear why acquiring firms with high debt ratios tend to use cash as payment for their acquisitions (which is the opposite to the results cited in the general financial literature). This seeming anomaly should represent a fertile area for future research.

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[1] We also used other free cash flow measurements (operating income before depreciation minus interest expense, taxes, preferred dividend and common dividends by total assets, cash and short-term investments dividend by total assets). The results were similar.

[11] We also used the pseudo Q as the growth opportunities. It turned out insignificant. It may be due to inaccurate measurement of replacement value of assets in Tobin's Q.

ARE YOUR HOSPITALITY MANAGEMENT STUDENTS DEVELOPING INDUSTRIAL NEEDED COMPETENCE AT PERFORMING IDENTIFIED EMPLOYABILITY SKILLS?

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ABSTRACT

This descriptive correlational study employs employability skills instrument to assess the self-perceived level of competence at performing identified employability skills needed for careers in the hospitality industry. Out of 123 anticipated participants for this study, 67 (54.47% response rate) were usable. This study shows the current employability skills desired by employers, and the result of the study indicated that the respondents have developed some level of competence to serve as productive employees in the workplace "equally from program and non-program." However, curriculum improvement is needed to improve the students' astuteness regarding the implications of their decisions and human relation skills.

Key Words: Employability skills, Competence, Internship, Work experience, Industrial needed competence, Hospitality management students.

INTRODUCTION

Successful managers have the enthusiasm to respond to the changing needs and challenges of their organization (Woods & King, 2002). Some of these challenges are due to the changes affecting the hospitality industry today. Consequently, the curriculum and the methods used to prepare entry-level managers in this field should also be design to fit the demands of today's industry. According to Nebel and Stearn (1977), hospitality managers should be able to provide effective leadership to employees. Similarly, in the book, titled *10 things employers want you to learn in college: The know-how you need to succeed*, Coplin (2003) indicated that employers like to hire potential leaders who are skilled at stimulating people to take rational initiatives. Leadership skills are some of the employability skills most desired by employers. According to Peddle (2000), employers question the success of higher education programs in developing employability skills of graduates. Employability skills are defined as "transferable core skill groups that represent essential functional and enabling knowledge, skills and attitudes required by the 21st century workplace… necessary for career success at all levels of employment and for all levels of education" (Overtoom, 2000, p. 2).

Are undergraduate hospitality education programs preparing students to be able to practice the employability skills needed by employers effectively? If not, can these programs be improved or changed to meet the demands of the employers? These are important questions that administrators and hospitality educators must answer in the near future.

LITERATURE REVIEW

One of the first studies, if not the first study questioning undergraduate hospitality education programs and curriculum was Lewis' (1982) seminal study. Findings from this study indicated that hospitality education programs need to change to meet the needs of both the industry and students. Since that study, some hospitality educators and administrators were prompted to find out if their programs were preparing society-ready hospitality graduates. Some studies showed that hospitality recruiters preferred to hire business school graduates rather than hospitality program graduates for managerial positions (Goodman & Sprague, 1991; Lefever, 1989). A study by Rowe (1993) regarding hospitality education program planning indicated that hospitality education programs are not meeting the demands of the industry. Lewis' 1993 study of hospitality management programs found that few changes had been made in the decade since his earlier study on the subject. This finding was another clear indication that hospitality education programs need continuing curriculum changes to meet the demands of the industry.

Breiter and Clements (1996) and Pavesic (1991) emphasized the importance of upper-level leadership skills such as human resources skills, conceptual skills, communication skills, analytical skills, problem solving skills and planning skills as the key focus of future hospitality curricula. They contended that these skills are more important than technical skills, which are usually acquired through specific organizational training at various places of employment. Similarly, literatures that encouraged the development of employability skills indicated that leadership skills, critical thinking skills, communication skills, problem solving skills, creative and flexible-thinking, and

human resources management skills are necessary for career success (Gustin, 2001; Kay & Russette, 2000; Moscardo, 1997). Employers are readily urging higher educators to incorporate employability skills into students' learning experiences (Atkins, 1999; Hewitt, 2005). Robinson (2006) identified 67 employability skills that were perceived important by educators, employers and employees in entry-level positions for employment success. These employability skills were employed for this study and displayed in Table 1 and 2.

Since Lewis' (1993) latter study, numerous studies have been conducted to investigate competencies needed by hospitality management graduates to be society-ready (Christou, 2002; Christou & Eaton, 2000; Hsu, 1995). Most of these studies focused on the perceptions of the industry leaders, graduates of the program and hospitality program educators. A review of the literature found no studies describing the level of competence of society-ready HRM students as perceived by the students themselves. Due to fast paced changes in the hospitality industry, with great emphasis on employability skills that interest employers, there is a need to determine the level of competence that graduating senior students in hospitality management programs posses before moving on to workplace. Knowing students' self-perceived level of preparedness in various employability skills would enable hospitality educators to identify competencies to be given priority in their curriculum and program planning. Hence, the objectives of this study were (1)to assess the self-perceived employability skills for careers in the hospitality industry of senior students in the Hotel and Restaurant Management (HRM) program, (2) describe what environment (those associated with higher educational experience or those not associated with higher educational experience) students perceived they developed competence in employability skills needed for careers in the hospitality industry, and (3) describe relationships between HRM student work experience, internship, and self-perceived competence in employability skills needed in the hospitality industry.

METHODOLOGY
The target population for this study was students in the HRM program at a comprehensive Midwest university who were classified as seniors during the Fall 2006 semester ($N = 123$). The sample selection for this study was a convenient sample of the senior students present in the three classes where the questionnaire was directly administered. The instrument used in this study was a questionnaire consisting of two parts. Part I was adapted from the instrument used by Robinson (2006) in a study of the employability skills needed by graduates of the College of Agriculture, Food and Natural Resources (CAFNR) at University of Missouri-Columbia.

Part I included items to solicit information about the perceptions of the senior students regarding their level of competence at performing 67 employability skills. A four-point Likert-type scale with the following response choices was used in this part of the instrument: 0 = no competence, 1= minor competence, 2= moderate competence, 3 = major competence.

Part I of the questionnaire also assessed the environment from which students developed their level of competence. The response choices for this part of the instrument ranged from "Program" to "Non-program." "Program" included experiences such as all coursework in college, laboratory experiences, internships, departmental, college and university sponsored organizations, field trips, and guest speakers. "Non-program" included experiences from work, family, and other occurrences that are not part of the HRM program. The rating scale for this portion of the study was: 1 = almost exclusive from non-program, 2 = mostly from non-program, 3 = equally from the program and non-program, 4 = mostly from program and 5 = almost exclusive from program. Part II of the instrument solicited information about some selected demographic profiles of the participants.

The instruments used for this study have been validated and found reliable. Panel of experts established the face and content validity of the adapted instrument and a pilot study was used to establish the reliability of the instrument (Robinson, 2006). The common measure of reliability is the Cronbach's alpha and the usual criterion is a Cronbach's alpha coefficient of .70 (Harris & Ogbonna, 2001). A Cronbach's alpha coefficient of .70 and above indicates a high degree of internal consistency among the data collected (Harris & Ogbonna; Hsu et al., 2003).

According to Robinson (2006), a Cronbach's alpha of .94 was found from the pilot test of the portion of his instrument used to assess competency in performing the employability skills. Since this research used that portion of Robinson's instrument without any modifications, a repeat assessment of reliability was not necessary.

The section of the questionnaire used to assess the environment from which students developed their level of competence was created for this study. Therefore, the reliability of this portion of the instrument had to be

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determined. A pilot test of the questionnaire was administered to twenty-eight students classified as juniors and seniors from a different university who were not part of the frame for this study. Input from the pilot study indicated that questionnaire was clear and easy to follow. A Cronbach's alpha of .90 was found from the pilot test, indicating that the instrument was reliable with a high degree of internal consistency. Because of these positive results, no modifications were made to the instrument. After the study was completed, this portion of the instrument indicated a Cronbach's alpha of .99.

The questionnaires were directly administered. Selection error, which might occur when a recipient is contacted via two addresses or location was avoided by giving and receiving one questionnaire from each senior students present at the time of data collection (Ary, Jacobs, & Razavieh, 2002). Data were collected from three different classes of senior students. Each class was visited once and only the senior students present at the time of visitation were surveyed. Collected data were processed by means of quantitative research methods. Prior to data analysis, pre-analysis data screening was performed to ensure the accuracy of the data and to deal with missing and incomplete data. Data were analyzed using Statistical Package for Social Sciences (SPSS) version 14.0 for Windows, a product of SPSS, Inc. Frequency was used to screen the data for any irregularities. Pearson product moment and point biserial correlation coefficients were used to describe the relationships between the variables. Descriptive statistics (e.g., mean) were used to analyze the self-perceived competence at performing the employability skills and the environment where the competence was developed. The mean, or arithmetic average, is the "most widely used measure of central tendency, it is the sum of all the values in distribution divided by the number of cases" (Ary et al, p. 128). The standard deviation basically indicates the variability between the values in distribution that provided the mean.

The scoring and interpretation of the students' level of competence at performing 67 employability skills was based on means. Means for this part of the study were interpreted using the following scale: 0.00-0.49 = No competence, 0.50-1.49 = Minor competence, 1.50-2.49 = Moderate competence and 2.50-3.00 = Major competence. Means were also used to identify the environment from which the senior students developed their level of competence. Those means were interpreted using the following scale: 1.00-1.49 = Almost exclusively from sources other than those associated with the HRM program, 1.50-2.49 = Mostly from sources other than those associated with the HRM program, 2.50-3.49 = Equally from the HRM program and from sources other than those associated with the HRM program, 3.50-4.49 = Mostly from the HRM program, and 4.50-5.00 = Almost exclusively from the HRM program. Point biserial correlation coefficients were used to determine the relationships between variables. Interpretations of the correlation coefficients were based on Davis' (1983) conventions for interpreting correlation associations. Those conventions are as follows: .70 or higher = Very strong association, .50-.69 = Substantial association, .30-.49 = Moderate association, .10-.29 = Low association and .01-.09 = Negligible association.

RESULTS

The target population for this study was senior students in the HRM program at a Midwest comprehensive university ($N = 123$). Sixty-seven usable responses were collected, resulting in a usable response rate of 54.47%. Non-participation or non-response error could constitute a threat to external validity in a generalizable study (Miller & Smith, 1983). However, since this study was based on a convenient sample, which is not generalizable, the non-participants (non-respondents) were ignored (Miller & Smith).

The first objective was to describe the students' self-perceived level of competence at performing the employability skills necessary for careers in the hospitality industry. Table 1 presents the mean and the standard deviation of the respondents' self-perceived level of competence at performing 67 employability skills. The mean for each of the skills included in this study was above 2.00 indicating that, on average, the respondents' perceived themselves to have at least a moderate level of competence at performing all the employability skills. Fifty-five of the employability skills had a mean of greater than 2.50 indicating that the respondents' perceived themselves to have major competence in more than 82% of the employability skills.

The most highly rated skills were "ability to work independently" ($M = 2.84$), "giving direction and guidance to others" ($M = 2.75$), "gaining new knowledge from everyday experiences" ($M = 2.75$), "maintaining a positive attitude" ($M = 2.75$), "supervising the work of others" ($M = 2.73$), "coordinating the work of peers" ($M = 2.73$), "establishing good rapport with subordinates" ($M = 2.73$), "relating well with supervisors" ($M = 2.72$), "functioning at an ptimal level of performance" ($M = 2.72$), "delegating work to subordinates" ($M = 2.72$), "working well with fellow employees" ($M = 2.71$), and "setting priorities" ($M = 2.71$).

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The lowest rated skills included: "identifying political implications of the decision to be made" (*M* = 2.18), "integrating strategic considerations in the plans" (*M* = 2.33), "making impromptu presentation" (*M* = 2.34), "monitoring progress toward objectives in risky ventures" (*M* = 2.42), "writing internal business communication" (*M* = 2.42), "identifying potential negative outcomes when considering a risky venture" (*M* = 2.42), "conceptualizing a future for the company" (*M* = 2.43), "identifying essential components of the problem" (*M* = 2.43), "writing external business communication" (*M* = 2.45), "keeping up-to-date on developments in the field" (*M* = 2.46), "making decisions on the basis of thorough analysis of the situation" (*M* = 2.46), and "gaining new knowledge in areas outside the immediate job" (*M* = 2.49).

Table 1
Students' Competence in Performing Employability Skills (n =67)

Rank	Employability skill	*M*	*SD*
1	Ability to work independently	2.84	0.37
2	Giving direction and guidance to others	2.75	0.44
3	Gaining new knowledge from everyday experiences	2.75	0.44
4	Maintaining a positive attitude	2.75	0.50
5	Supervising the work of others	2.73	0.45
6	Coordinating the work of peers	2.73	0.45
7	Establishing good rapport with subordinates	2.73	0.45
8	Relating well with supervisors	2.72	0.55
9	Functioning at an optimal level of performance	2.72	0.45
10	Delegating work to subordinates	2.72	0.49
11	Setting priorities	2.71	0.49
12	Working well with fellow employees	2.71	0.60
13	Meeting deadlines	2.70	0.46
14	Responding to others' comments during a conversation	2.70	0.55
15	Communicating ideas verbally to groups	2.69	0.50
16	Managing and overseeing several tasks at once	2.69	0.47
17	Assigning and delegating responsibility	2.69	0.50
18	Resolving conflicts	2.69	0.53
19	Coordinating the work of subordinates	2.67	0.50
20	Identify problems	2.66	0.54
21	Conveying information one-to-one	2.65	0.54
22	Empathizing with others	2.65	0.54
23	Providing novel solutions to problems	2.64	0.48
24	Knowing ethical implications of decisions	2.64	0.51
25	Delegating work to peers	2.64	0.51
26	Allocating time efficiently	2.64	0.54
27	Responding positively to constructive criticism	2.64	0.54
28	Solving problems	2.63	0.49
29	Keeping up-to-date with external realities related to your company's success	2.61	0.52
30	Identifying sources of conflict among people	2.61	0.55
31	Maintaining a high energy level	2.61	0.55
32	Monitoring progress against the plan	2.61	0.52
33	Understanding the needs of others	2.61	0.55
34	Contributing to group problem solving	2.61	0.60
35	Listening attentively	2.61	0.60
36	Establishing the critical events to be completed	2.60	0.58

37	Providing innovative paths for the company to follow for future development	2.60	0.55
38	Prioritizing problems	2.60	0.58
39	Adapting to situations of change	2.59	0.53
40	Combining relevant information from a number of sources	2.58	0.53
41	Integrating information into more general contexts	2.58	0.58
42	Functioning well in stressful situations	2.58	0.65
43	Recognizing alternative routes in meeting objectives	2.58	0.56
44	Writing reports	2.58	0.61
45	Reconceptualizing your role in response to changing corporate realities	2.57	0.58
46	Revising plans to include new information	2.57	0.61
47	Recognizing the effects of decisions to be made	2.56	0.59
48	Using proper grammar, spelling, and punctuation	2.56	0.59
49	Assessing long-term effect of decisions	2.55	0.50
50	Taking reasonable job-related risks	2.54	0.56
51	Sorting out the relevant data to solve the problem	2.54	0.56
52	Making decisions in a short time period	2.54	0.61
53	Initiating change to enhance productivity	2.53	0.56
54	Making effective business presentations	2.51	0.59
55	Applying information to new or broader contexts	2.51	0.59
56	Gaining new knowledge in areas outside the immediate job	2.49	0.59
57	Making decisions on the basis of thorough analysis of the situation	2.46	0.59
58	Keeping up-to-date on developments in the field	2.46	0.64
59	Writing external business communication	2.45	0.61
60	Identifying essential components of the problem	2.43	0.56
61	Conceptualizing a future for the company	2.43	0.56
62	Identifying potential negative outcomes when considering a risky venture	2.42	0.56
63	Writing internal business communication	2.42	0.58
64	Monitoring progress toward objectives in risky ventures	2.42	0.61
65	Making impromptu presentation	2.34	0.69
66	Integrating strategic considerations in the plans	2.33	0.64
67	Identifying political implications of the decision to be made	2.18	0.76

Note. Scale: 0 = No Competence, 1 = Minor Competence, 2 = Moderate Competence, 3 = Major Competence.

The second objective was to describe the environments from which the students perceived that they developed their competence in employability skills needed for careers in the hospitality industry. Table 2 displays data associated with this objective. In the table, data reported in the category labeled "From program" was calculated by combining the data associated with the response choice "almost exclusively from program" with those data associated with the response choice "mostly from program." Similarly, data reported in the category labeled "From non-program" was calculated by combining data from the response choice "almost exclusively from non-program" with data from the response choice "mostly from non-program." The mean of the environments was used as the basis for describing where competence was developed. The categories for classifying the means were: 1-2.49 = from non-program, 2.50-3.49 = equally from program and non-program, and 3.50-5.00 = from program. The respondents indicated that they developed their level of competence in nearly 90% (60) of the employability skills "equally from program and non-program" environments. "From the program" was cited as the environment where 10.45% (7) of the employability skills were developed and none of the employability skills were within the range of "from non-program" environments.

The employability skills in the "from the program" category included: "writing internal business communication" (M =3.70), "making effective business presentations" (M =3.70), "writing reports" (M = 3.66), "writing external business communication" (M = 3.61), "keeping up-to-date on developments in the field" (M = 3.61), "monitoring progress against the plan" (M = 3.55), and "assessing long-term effect of decisions" (M = 3.52).

The remaining employability skills were classified as being developed "equally from program and non-program" environments.

Table 2
Environment from Which Students' Competence was Developed (n = 67)

Rank	Employability skills	M	SD
1	Writing internal business communication	3.70	0.98
2	Making effective business presentations	3.70	1.11
3	Writing reports	3.66	1.07
4	Writing external business communication	3.61	0.97
5	Keeping up-to-date on developments in the field	3.61	1.09
6	Monitoring progress against the plan	3.55	0.90
7	Assessing long-term effect of decisions	3.52	0.87
8	Integrating strategic considerations in the plans	3.48	0.93
9	Establishing the critical events to be completed	3.48	0.91
10	Contributing to group problem solving	3.47	1.06
11	Sorting out the relevant data to solve the problem	3.46	0.94
12	Revising plans to include new information	3.46	1.00
13	Combining relevant information from a number of sources	3.45	1.05
14	Providing innovative paths for the company to follow for future development	3.45	0.89
15	Making decisions on the basis of thorough analysis of the situation	3.42	0.91
16	Identifying essential components of the problem	3.40	0.74
17	Initiating change to enhance productivity	3.39	0.90
18	Applying information to new or broader contexts	3.39	0.95
19	Integrating information into more general contexts	3.37	0.97
20	Making impromptu presentation	3.35	1.07
21	Meeting deadlines	3.33	1.06
22	Coordinating the work of subordinates	3.33	0.96
23	Communicating ideas verbally to groups	3.32	1.16
24	Solving problems	3.32	0.95
25	Recognizing the effects of decisions to be made	3.32	0.91
26	Monitoring progress toward objectives in risky ventures	3.31	0.99
27	Assigning and delegating responsibility	3.30	1.08
28	Conceptualizing a future for the company	3.30	0.87
29	Managing and overseeing several tasks at once	3.28	1.01
30	Gaining new knowledge in areas outside the immediate job	3.27	1.04
31	Making decisions in a short time period	3.27	1.01
32	Identifying political implications of the decision to be made	3.26	0.97
33	Coordinating the work of peers	3.25	0.93
34	Providing novel solutions to problems	3.25	0.96
35	Using proper grammar, spelling, and punctuation	3.25	1.11
36	Delegating work to subordinates	3.25	1.03
37	Knowing ethical implications of decisions	3.25	1.06
38	Recognizing alternative routes in meeting objectives	3.24	0.84
39	Giving direction and guidance to others	3.24	0.89
40	Delegating work to peers	3.21	0.97
41	Identifying potential negative outcomes when considering a risky venture	3.21	0.98
42	Reconceptualizing your role in response to changing corporate realities	3.21	0.99
43	Allocating time efficiently	3.21	1.14
44	Conveying information one-to-one	3.21	1.11

45	Prioritizing problems	3.20	0.81
46	Supervising the work of others	3.19	1.16
47	Taking reasonable job-related risks	3.18	0.93
48	Identify problems	3.18	0.88
49	Setting priorities	3.18	0.99
50	Keeping up-to-date with external realities related to your company's success	3.18	0.98
51	Adapting to situations of change	3.13	0.97
52	Responding positively to constructive criticism	3.07	1.13
53	Functioning at an optional level of performance	3.04	1.12
54	Ability to work independently	3.04	1.16
55	Listening attentively	3.03	1.17
56	Responding to others' comments during a conversation	3.03	1.17
57	Maintaining a positive attitude	2.99	1.15
58	Functioning well in stressful situations	2.99	1.20
59	Establishing good rapport with subordinates	2.99	1.15
60	Identifying sources of conflict among people	2.97	1.10
61	Relating well with supervisors	2.97	1.07
62	Resolving conflicts	2.96	1.07
63	Working well with fellow employees	2.94	1.23
64	Gaining new knowledge from everyday experiences	2.94	1.15
65	Understanding the needs of others	2.91	1.24
66	Maintaining a high energy level	2.90	1.14
67	Empathizing with others	2.80	1.11

Note. Scale: 1 and 2 = Non-program, 3 = Equally from program and non-program, 4 and 5 = Program. The following limits are used to interpret means: 1.00 – 2.49 = Non-program, 2.50 – 3.49 = Equally from program and non-program, 3.50 – 5.00 = Program.

The third objective was to describe the relationships between HRM student work experience, internship, and self-perceived competence in employability skills needed in the hospitality industry. As displayed in Table 3, the skills moderately associated with the amount of the students' work experience included: "using proper grammar, spelling, and punctuation" (r = .33) and "functioning at an optimal level of performance" (r = .30).

Table 3
Correlation Coefficient between Employability Skills and Work Experience (n = 67)

Employability Skills	r
Using proper grammar, spelling, and punctuation	.33
Functioning at an optimal level of performance	.30

Five employability skills had moderate positive relationship with respondents' hours of internship (see Table 4). The five employability skills were: "making effective business presentations" (r_{pb} = .35), "delegating work to peers" (r_{pb} = .34) "conveying information one-to-one" (r_{pb} =.32), "working well with fellow employees" (r_{pb} =.31), and "establishing good rapport with subordinates" (r_{pb} =.31).

Table 4
Correlation Coefficient between Employability Skills and Internships (n = 67)

Employability Skills	r_{pb}
Making effective business presentations	.35
Delegating work to peers	.34
Conveying information one-to-one	.32
Working well with fellow employees	.31
Establishing good rapport with subordinates	.31

CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

Respondents consider themselves to have a high degree of competence in all of the employability skills. At the very least, it can be concluded that these students have confidence in their abilities related to employability skills. Further research should be conducted to determine what aspects of the program or non-program experiences are contributing most to the development of these skills. It would also be of value for research to be conducted focusing on the employability skills the students considered themselves to have the lowest competence.

The results of this study suggest that these HRM seniors are competent in problem solving skills. The findings also indicated that respondents have a high level of competence with regards to leadership, management, and/or supervisory skills needed for professionals in the hospitality industry. The HRM program at this institution was designed to develop effective managers and supervisors. It may be implied that the program is indeed meeting that purpose. On the other hand, it might also be of value to compare students' self-perceived competence with personality assessments such as the Myers-Briggs Typology Inventory. Such a study might shed light on whether perceptions of competence might be based upon confidence rather than true competence.

This group of seniors believes that components of the HRM program such as classes, internships and student organizations and experiences outside of the HRM help to develop their employability skills. Students' crediting the program for developing their problem solving skills is in agreement with Walo (2001) who stated that such skills can be developed from coursework, work experience and/or internship. Faculty and other people involved in developing the various aspects of the HRM program at the studied institution should be encouraged that their efforts to develop their students' employability skills are having a positive impact. As they strive to continue to improve their program, they should consider ways to address students' knowledge and understanding of the political implications of their decisions as well as their interpersonal and human relation skills.

Students with work experience perceived themselves to have higher competence in using proper grammar, spelling, and punctuation and functioning at an optimal level of performance. Students with internship experience believe they have higher competence in conveying information one-to-one, making effective business presentations, working well with fellow employee, establishing good rapport with subordinates and delegating work to peers. These conclusions are consistent with studies contending that internship experiences help students develop their leadership skills, human resources skills, oral and written communication skills, problem solving skills, interpersonal communication skills, teamwork, decision-making skills, and planning skills (Lebruto & Murray, 1994; Walo, 2001). These conclusions reinforce the value of internships for students who aspire to work in the hospitality industry. Students should be encouraged to gain work experience in the hospitality industry before they graduate. The employability skills developed in students with such experiences are also important academic skills that will help them be successful students.

HRM seniors who participated in this study have acquired relevant competencies to serve as productive employees in the workplace; however, it is not clear what aspects of the HRM program have impacted the development of this competence. Research should be conducted to link the benefits of specific classes, laboratories, programs, internships and student organizational activities that contribute to the development of employability skills and technical skills. While this research provides a foundation for assessing employability of HRM students and where that competence was developed, the findings of this particular study cannot be generalized. So, a replication of this study should be conducted in this and other academic programs using a sample from which the results can be generalized. In addition similar studies should be conducted in HRM programs at other institutions so that comparisons of various programs and differences among those programs can be made.

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THE IMPACT OF ONLINE TRAVEL PRODUCT ATTRIBUTES ON TRAVELER'S POST-PURCHASE BEHAVIORS: MODERATING ROLE OF LOYALTY PROGRAM USE

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ABSTRACT

The purpose of this research was to examine the relationship between online travel product attributes and travelers' post-purchase behavior. A hierarchical regression model was constructed to test the impact of online travel product attributes and the moderating role of loyalty program use. The perceived value of a website was found to be the most important driver of travelers' post-purchase behavior. Specifically, the moderating effect of loyalty program use was founded in overall satisfaction and complaint intention but not in switching intention.

Key Words: online product attributes; loyalty program; satisfaction; complaint intentions; switching intentions.

INTRODUCTION

Online travel shopping is a rapidly growing business sector on the Internet. The study of Ahuja, Gupta, and Raman (2003) indicated that among the frequency of purchase of eight product categories, the most popular category was the purchase of travel products; more than 53% students and 61% non-students purchased travel products from an online website in the past year. The Internet has clearly changed the way people do shopping in their daily life, which empowers the consumer with real-time, comprehensive information. Now consumers are spending more online as they continue to take advantage of tremendous convenience and time-saving benefits of the Internet. A recent Travel Industry Association of America (2004) study found that over half of Americans age 18 or older (56%) claimed they currently used the Internet, either at home, work/school, or both. The huge amount of free, real-time, information empowers customers to easily compare prices and product features across travel suppliers. Under these consumer-driven circumstances, new business opportunities have appeared in the Internet marketplace. Even though we are seeing more consumers shop and spend more of their travel budgets online, the total consumer expenditures for travel has not increased dramatically. In fact, researchers have found that the use of the Internet for marketing purposes has not substantially increased overall consumer spending, but rather prompted a re-distribution of travelers spending (Peterson, Balasubramanian, Bronnenberg, 1997). Given the redistribution of revenues among channels or among members of a channel, competition in the travel industry has become fiercer than it was before (Hagel & Eisenmann, 1994). To remain competitive and defend market share, online travel agencies have made concerted efforts to improve the technical and service aspects of their website and enhance the value of the shopping experience.

A significant portion of the extant research on online shopping behavior has focused on an examination of a websites attributes (Law and Wong, 2003) or features of an online travel agency (Kim, Kim, Han, 2007; Law, Leung, & Wong, 2004; Heung, 2003; Tsai, Huang, Lin, 2005; Law & Hsu, 2006; Ho, 2007), rather than on the travel products being offered. For instance, the perceived quality and value of an online travel site is critical in attracting customers into the website and attributes such as useful content, access, navigation, design, response, security, and ease of use are important enough to make customers revisit. Thus, improving the quality of a website alone may not be enough to keep customers loyal to the online travel agencies, whereas providing an online travel product in which contains reasonable value along with product-related features such as an attractive price, convenience,, and variety could increase customer satisfaction and loyalty (Beldona, Morrison, O'Leary, 2005; Ahuja et al., 2003; Card, Chen, Cole, 2003). In order to develop successful online strategies, travel suppliers should first understand the drivers of online consumer behavior such as defining the particular attributes that can directly or indirectly affect customer purchase and post-purchase behaviors. In fact, even though, researchers have examined

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various factors contributing to the success of an online shopping venue, there still remains work to be done (Bigne, Aldas-Manzano, Kuster, & Vila, 2002; Millán & Esteban, 2004; Wong & Kwong, 2004; Rodríguez, San Martín, & Collado, 2006; Sánchez, Callarisa, Rodríguez, & Moliner, 2006). For instance, Heeller, Okechuku, and Reid (1979) and Wilkie and Pessemier (1972) have recommended a multi-attribute approach in examining consumer preferences such as individual quality or value dimensions and attributes rather than on an overall quality perspective. Other research has found that customers tend to select the alternative that is at the top of a hierarchy of products or service providers based on the perceived importance of the product or service attributes (Mackenzie, 1986). In some cases, consumers form a shopping plan and purchase specific products based on an evaluation of the expected benefits to be derived in respect to the resources spent (e.g., time, energy and money). In addition, the relative importance of attributes varies across consumers as each person brings their own criteria to bear in the evaluation.

As an alternative method to deal with fiercer competition and latent and spurious customers, customer retention and the application of customer loyalty programs continue to remain hot issues for Internet commerce companies (Reichfeld & Schefter, 2000). Hospitality suppliers and channel members such as hotel companies and travel agencies have developed new, or re-positioned current, loyalty programs to encourage repeat purchase and customer loyalty. In most cases travel suppliers have provided some sort of incentive such as points or rebates redeemable for specific travel volume. Previous research suggested that an effective loyalty program can encourage customers to change purchase decisions and increase repeated purchasing (Dowling & Uncles, 1997; Sharp & Sharp, 1997; Bolton, Kannan, & Bramlett, 2000; Uncles, Dowling, & Hammond, 2003; Lewis, 2004). However, loyalty program promotions represent just one short-term strategic technique for increasing customer retention. Loyalty program use in terms of customer characteristics has been empirically investigated in the services marketing literature and shown to have an important influence on the post-purchase behaviors of online shoppers (Dowling & Uncles, 1997; Sharp & Sharp, 1997). Consumers' post-purchase behaviors may vary according to the relative importance of product attributes. Furthermore, research related to technology-based retail and services formats indicates that an individual's loyalty program use toward a specific website is useful in predicting their willingness to purchase in the future (Boulding, Staelin, Kalra, & Zeithaml, 1993; O'Brien & Jones, 1995; Dowling & Uncles, 1997; Sharp and Sharp, 1997; Lewis, 2004). In this sense, the purpose of this study is to evaluate the impact of the importance of online travel product attributes to online traveler's post-purchase behaviors and examine the moderating role of loyalty program use with online travel intermediaries.

LITERATURE REVIEW
Online Travel Product Attributes and Post-purchase Behaviors

Product or service attributes remain as critical drivers of customer behavior and often differ widely in their relative importance. Attribute importance is defined as "a person's assessment of the significance of an attributes for a specific good or service" (Mowen & Minor, 1997). Researchers have found that attribute importance is likely to have a set of associations between itself and other information and is strongly influenced by the amount of attention directed to a specific feature (Mowen & Minor, 1997). Generally, online travel products are categorized as airline tickets, lodging and accommodations, cruise ship berths, car rentals, travel packages, and tickets for events, train, bus, and tours (Card et al., 2004).

Choosing an online travel product is often based on a variety of inputs. The growth of online services has lead to new perspectives that online product or service attributes are more related to online agency features. For instance, since travel products are considered as largely intangible and purchases are based on individual preferences, experience, and others recommendations, they may be difficult to evaluate and travel agencies are challenged in their sale and delivery. However, on the Internet, travel suppliers can provide greater detail on the features of products using a wide array of tools (Zeithaml, 1981). In comparison to traditional travel agencies, online travel vendors can reduce the risk associated with purchasing an unknown product by providing virtual tours, greater detail and variety of product information, web-based services and support, and so on, providing more tangibility to the travel product. In this study, twelve dimensions of online travel product attributes were used. In particular, the product selection attributes such as quality of information, value, brand, location (accessibility), price, company policy, variety, customer service, security, convenience, and frequent loyalty programs are posited to vary with online travel buyer behavior. These attributes were chosen for inclusion based on prior studies. For instance, Starkov and Price (2003) found that saving time, convenience, and low prices were primary reasons for shopping online. Past studies in the area of shopping behavior and services marketing have shown evidence of perceived value as an important determinant of purchase decisions, loyalty intention, and even market share (Grewal, Monroe, & Krishnan, 1998; Zeithaml, 2000). Variety and availability of products/services, were also indicated as a significant

attribute for shopping online (Ahuja et al., 2003). Although loyalty program promotions represent just one short-term strategic technique for increasing customer retention, being or absence of loyalty program has been empirically shown to have an important influence on online shoppers (Dowling & Uncles, 1997; Sharp & Sharp, 1997). Degeratu, Rangaswamy, and Wu (2000) found that brand names become more important online. In terms of standardized travel product, such as flights, accommodation, and car rentals, the case of travel products, the brand name could be a major driver for online purchasing. Others recommendations have also been found to influence online shopping behavior, for instance, recommendation sources range from traditional sources such as other consumers (e.g., Amazon.com) to personalized recommendations provided by recommender systems (West et al., 1999). Furthermore, Ahuja et al. (2003) found the biggest concern of online travelers was privacy and security and followed by the lack of customer service, the inability to reach someone if the consumer has a problem while shopping, post-purchase service problems, and lack of social interaction. Jeong and Lambert (2001) suggested that the perceived quality of information on the website is considered as one of the critical factors on customer's final decision, while Leblanc (1994) found that location and access were integral in transacting with vendors.

Further studies have examined the factors that make e-customers satisfied with their online experience. For instance, Szymanski and Hise (2000) found that convenience, product information, website design, and financial security are the most important factors driving online-specific satisfaction, while Bansal and Voyer (2000) found support that website characteristics, such as ease of use, product selection, information availability, and price were major drivers of overall web satisfaction, while customer service played a significant but lesser role. Furthermore, they found a link between website characteristics and consumer stickiness-or time spent- on a particular website. Consumers' post-purchase behavior may vary according to the relative importance of product attributes such as satisfaction (Millán & Esteban, 2004; Rodríguez et al., 2006), complaint intentions (Singh, & Wiles, 1996; Singh, 1988; Kim, Kim, Im, & Shin, 2003; Voorliees & Brady, 2005), and switching intentions (Keaveney, 1995; Roos, Bo, & Anders, 2004). Customer satisfaction with travel agency services is sometimes determined by elements in the service encounter including empathy, reliability, service environment, efficiency, and offering of recommendations and suggestions (Millán & Esteban, 2004). Furthermore, the finding of Voorliees and Brady (2005) supported the findings of the Kim et al. (2003) and Singh and Wilkes (1996) indicating that perceived service and or the actual actions and attitudes of employees play an important role in determining whether customers complain. Service literature also examined that customer switching intention has been related to perceptions of quality (Keaveney, 1995) and customer loyalty (Roos et al., 2004), suggesting that these variables and relationships may be useful in predicting their willingness to purchase in the future behaviors. The following hypotheses regarding the relationship between online travel product attributes and post-purchase behaviors are proposed.

H_1: Online travel product attributes will positively influence on traveler's post-purchase behaviors.

H_{1-1}: Online travel product attributes will positively influence traveler's overall satisfaction.

H_{1-2}: Online travel product attributes will positively influence traveler's complaint intention.

H_{1-3}: Online travel product attributes will positively influence traveler's switching intention.

Loyalty Program & Traveler Post-Purchase Behaviors

Loyalty program use in customer characteristics has been empirically investigated in the services marketing literature and shown to have an important influence on the post behaviors of online shoppers. Loyalty programs provide customers with loyalty incentives and seek to customers bond to a company by offering an additional incentive on cumulative purchasing. Such programs encourage repeat purchasing and improve customer retention rates. Dowling and Uncles (1997) suggested that the most common objective of loyalty program is to retain existing customers and in so doing: (1) maintain sales levels, margins, and profits (a defensive outcomes to protect the existing customer base), (2) increase the loyalty and potential value of existing customers (an offensive outcome to provide incremental increases in sales, margins, and profits), and (3) induce cross-product buying existing customers (defensive or offensive). One of the advantages of a loyalty program is that they may influence customers' decisions. In other words, when people evaluate a loyalty program, they consider the relative value of awards and the likelihood of achieving a reward (O'Brien & Jones, 1995). Thus, a valuable loyalty program can encourage customers to make decisions that maximize expected utility over an extended time horizon rather than at each purchase occasion (Lewis, 2004). These findings are consistent with previous research that loyalty programs use can affect consumer's current decisions (Boulding, Staelin, Kalra, & Zeithaml, 1993). Zeithaml (2000) concluded that individual differences such as loyalty program use are also likely to play a role in consumer's post-behavior intention. More specifically, they suggested that individual's use of loyalty programs may have a moderating effect to post-purchase behaviors. However, in terms of the effectiveness of loyalty programs that support these patterns of buyer behavior, there are no consistent results. By using a one-period switching model,

Sharp and Sharp (1997) analyzed the ability of a loyalty program to alter normal repeat-purchase rates. Unfortunately, the study's results had the lack of consistency. Their findings supported that it is difficult to change fundamental repeat-purchase pattern of customers. In addition, the finding of Dowling and Uncles (1997) are consistent with the lack of consensus on the value of loyalty programs to increase customer retention. It should be emphasized that studies that question the value of loyalty programs are largely based on research that uses single-period switching models. However, the authors also mentioned that it is possible to alter repeat-purchase patterns at least to a small degree. As a result, the previous research suggested that the value of loyalty program may not lead to fundamental changes of customer behaviors, but the importance of loyalty programs affecting post behaviors can not be ignored (Dowling & Uncles, 1997; Sharp & Sharp, 1997). In this sense, rather than direct effects, we considered the indirect effect of loyalty programs toward customer's post-purchase behaviors. The following hypotheses regarded the moderating effect of loyalty programs between online travel product attributes and traveler's post-purchase behaviors.

H_2: The impact of online travel attributes on traveler's post-purchase behaviors will be moderated by loyalty program use.

H_{2-1}: The impact of online travel attributes on traveler's overall satisfaction will be moderated by loyalty program use.

H_{2-2}: The impact of online travel attributes on traveler's complaint intention will be moderated by loyalty program use.

H_{2-3}: The impact of online travel product on traveler's switching intention will be moderated by loyalty program use.

METHODOLOGY

Survey Questionnaire

The questionnaire contained three sections: (1) history of recent online shopping for travel; (2) twelve attributes of online travel product and (3) demographics. Specifically, first, respondents were asked ten questions related to their shopping for travel online history and preferences. Respondents were asked about the importance on buying travel products online using a preferred travel intermediary to respond to items in second section and five demographic information questions in third section. The importance of online travel product attributes was measured with five point Likert-type scales. These twelve items belonged to assessment of the significance of attributes for online travel product purchases. Twelve Likert-type items ranging from 1-very unimportant to 5-very important were used to measure online travel product attributes importance. In measuring loyalty program use, the respondents were asked "Do frequent flyer/stay/driver/cruise loyalty programs make a difference in your decision process to purchase a travel product?" Post-behaviors include the three questions with one item individually; 1) overall satisfaction, 2) complaining intention, and 3) switching intention. A statement is made and respondents are asked to indicate their level of agreement with it. To access overall satisfaction with online travel product, the following item was given "Overall, I am very satisfied with XYZ." For complaint intention "I will complain to XYZ if I experience problems." For switching intention, "Even if I am offered lower prices, I will not switch from XYZ."

Data Collection and Data Analysis

The respondents for the study were randomly selected from the database of 21,500 U. S. customers (18 years and older) who had purchased at least one travel product online over the past year (April 2004-April 2005). The website was considered typical of an online technology-based, self-service interface. Data for the study was collected using a survey distributed via email to 10,564 online customers of a U.S. based online travel company. The company was primarily engaged in the provision of travel and tourism information and travel plans booking for air, hotel, car, tour, show, event, and sports products. The company's website was used as the primary retail channel of distribution for their travel and tourism product set; therefore the category of travel products was acceptable for study. A convenience sample of online shoppers (e.g., people with online shopping for travel experience) was conducted in April 2005 to aid in the development of the survey. A pre-test was administered to further refine the quality, value, and attitudinal measures derived from the literature review. Thirty-five graduate students majoring in hotel administration at UNLV participated in the pretest. The participants were asked to take the survey online and provide feedback to ensure all instructions and questions were understood as intended. The initial emailing, which took place in April 2005, was followed by 4 reminders sent every 5 days after. A total of 10,564 emails were sent to participants. Respondents who opted out or communicated their preference to be taken off the mailing list were deleted appropriately from the email list of participants. The survey resulted in a 94% delivery rate and a 3 % usable response rate (n = 333 usable questionnaires). Specifically, of the 668 respondent visits to the survey site, 405 were completed while 213 were partially completed- and thus discarded as unusable. Of these 405 returned responses, 72

were deemed unusable, therefore resulting in a usable sample of 333. The low response rate is a limitation of this study and is attributed to many factors including the prevalence of spam, fear of email virus, out-of-office reply's, and the plethora of e-surveys in the marketplace. Non-response bias was checked by comparing the responses of early and late respondents and no significant differences were found. To test hypotheses, hierarchical regression model was tested. Hierarchical regression allows the investigator to enter individual predictors or sets of predictors in a specified order each of the independent variables can be entered cumulatively in some specified hierarchy, at each stage of which and R^2 is determined. The moderating effect was tested by examining the change in R^2 (Hair, Black, Babin, Anderson, & Tatham, 2006). Moderator effects occur when the moderator variable, a second independent variable, changes the form of the relationship between another independent variable and the dependent variable. Since the loyalty program use was non-metric variable, it was coded as a dummy variable in a regression analysis; yes is 0 and no is 1.

RESULTS
Demographic Profiles and Online Shopping Behaviors
The demographic analysis of the survey results indicated that respondents were predominantly females (61.3 %), middle aged at 35-54 years old (53.7 %), married (54.7 %), had household incomes greater than $100,000 year (36.3 %), and were college graduates (36.9 %) or have attended graduate school (24.6 %). Of the 333 returned questionnaires, 100% (n = 333) of the respondents have purchased a travel product online in the past 12 months and 57.4% (n =191) of those respondents purchased between 1 and 5 travel products over that period. When looking at the total amount of travel products purchased over the past 12 months, 74.5% (n = 248) of the respondents reported that they purchased over half of all of their travel online, with 63.4% (n = 211) having purchased over 75% of their total travel online. In respect to the travel products available to purchase online (air, hotel, car, cruise, packages), 64.3% (n = 214) of the respondents purchased airline tickets most often, while 20.7% (n = 69) purchased hotel rooms online most often. Respondents also reported that of all of the online methods they could use to purchase travel (e.g., travel websites), 44.1% (n = 147) prefer to book with an online travel merchant (e.g., Expedia), 26.7% (n = 89) prefer to go directly to a brand website (e.g., Marriott), and 10.5% (n = 35) go to a discount travel website (e.g., Hotwire). 51.1% (n=170) of the respondents rated loyalty program membership as important and 48.0% (n=160) of the respondents indicated that it was not a factor in their decision to choose a travel product online. Furthermore, 70.6% (n = 235) of the respondents indicated that they belong to just 1-5 frequency programs. In terms of the amount of money spent online for travel over the past twelve months, 21.6% (n = 72) of the respondents spent approximately $1,000-$1,999, 19.5% (n = 65) spent $2,000-$2,999, and 14.7% (n = 49) spent $500-$599 over the past 12 months.

Online Travel Product Attributes Factor Analysis
Factor analysis and reliability analysis were conducted to examine the underlying construct of online shopping attribute of travel suppliers. The results of factor analysis, using principal component analysis and Varimax rotation procedure showed that three factors are appropriate with eigenvalue of greater than 1 (see Table 1). The results showed that there are appropriate correlations among the variables. The Bartlett's test of sphericity indicates that sufficient correlations exist among the variables (Approx. chi-square = 1104.752, df = 55, p = .000) and the measure of sampling adequacy value exceeded the recommended cut-off of 0.8 (KMO=.839). The decision on the number of factors was based on several criteria; factors with eigenvalue greater than 1.0, percentages of variance explained, and Scree plot. All criteria indicated a three-factor solution was appropriate with a explained variance 62.213%. Each factor's loadings were greater than 0.5, which were then named "Perceived value," "Product information," and "Site properties." Construct Cronbach's alpha values were greater than 0.60, indicating each construct is statistically meaningful to measure each construct. Frequent membership loyalty program was deleted due to low communality with .381 and anti-image value. Total 11 attributes were analyzed for the factor analysis.

Test of Hypotheses
A hierarchical regression model was developed in order to test (1) the influence of online travel product attributes on traveler's post-behaviors (H_1) and (2) the moderating effect of loyalty program use on the traveler's post-behaviors (H_2). Post-purchase behaviors were divided into three dimensions; overall satisfaction, complaining intention, and switching intention.

Traveler's Overall Satisfaction. First, by using summated score of each factor, standard multiple regression was conducted to allow to determine which attribute predict the traveler's overall satisfaction. The overall regression

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equation (R^2=.114; F=12.808, p<.05) was statistically significant. Only two of the independent variables contributed significantly to the prediction of traveler's overall satisfaction (i.e., Perceived value (β=.292, p=.000) and Site properties (β=.121, p=.050). Perceived value was a stronger predictor of overall satisfaction than was site properties. In step 2, hierarchical regression was employed to determine whether the impact of the online travel product attributes variables on overall satisfaction (post-purchase behaviors) was moderated by loyalty program use. At step 2, the loyalty program use added to the prediction of overall satisfaction by online travel product attributes. When added the loyalty program into the online travel product, R^2 was increased from .114 to .163 (ΔR^2 = .049); thus, 4.9% of the total variance is uniquely accounted for by loyalty program use. The difference test between two steps was statistically significant because F-value (4.274) of ΔR^2= .049 is greater than 2.40 of critical value at the level of .05. Furthermore, the two interaction effect (perceived value*loyalty program use, product information*loyalty program use) were statistically significant at the level of .05. Thus, the significant increment to the variance accounted for by the prediction model affirms that the loyalty program use has a moderating effect to online travel product toward tourists' overall satisfaction.

Complaint Intention. First, standard multiple regression was conducted to allow to determine which attribute predict the traveler's complaining intention. The overall regression equation (R^2 =.199; F=24.418, p<.05) was statistically significant. Only two of the independent variables contributed significantly to the prediction of traveler's complaining intention (i.e., Perceived value (β=.405, p=.000) and Site properties (β=.126, p=.033). Perceived value was a stronger predictor of complaining intention than was Site properties. At step 2, the loyalty program use added to the prediction of complaining intention by online travel product attributes. When loyalty program was added into the online travel product, R^2 was increased from .199 to .226 (.027); thus, 2.7% of the total variance is uniquely accounted for by loyalty program use. The difference test between two models was statistically significant because F-value (2.503) of ΔR^2 = .027 is greater than critical value of 2.503 at the level of .05. Furthermore, the two interaction effect (i.e., perceived value*loyalty program use, product information*loyalty program use). Thus, the significant increment to the variance accounted for by the prediction model affirms that the loyalty program use has a moderating effect to online travel product toward tourists' complaining intentions.

Switching Intention. In first step, standard multiple regression was conducted to allow to determine which attribute predicted the traveler's switching intention. The overall regression equation (R^2 =.039; F=3.945, p<.05) was statistically significant. All three product attribute variables contributed significantly to the prediction of traveler's switching intention (i.e., Perceived value (β=-.148, p=.035), Product information (β=.159, p=.016), and Site properties (β=.136, p=.035). At step 2, loyalty program use was added to the prediction of switching intension by online travel product attributes. R^2 was increased from .039 to .057 (ΔR^2 = .018); thus 1.8% of the total variance is uniquely accounted for by loyalty program use. The difference test between two models was not statistically significant because F-value (1.376) is smaller than critical value of 2.40 at the level of .05. Thus, there is no moderating effect of loyalty program use between online travel product and switching intentions.

CONCLUSION AND IMPLICATIONS
The purpose of this research was to examine the relationships between the online travel product attributes and travelers' post-purchase behaviors through the loyalty program use. Based on the review of the literature and findings from previous studies, twelve online travel product attributes were identified. A hierarchical regression model was constructed to test the impact of online travel product attributes and the moderating role of loyalty program use. The first hypotheses (H$_1$ to H$_{1-3}$) proposed the positive effects of consumer's online travel product attributes on their post-purchase behaviors. All three hypotheses were supported and the findings suggested that the perceived value attribute is the most important attribute on traveler's post-behaviors. As mentioned earlier, several authors insisted that the importance of online travel product affects important behavioral outcomes. This findings also supported that the previous results. Specifically, these results suggested that in an online travel distribution setting, the perceived value of website is vital in leading consumer's post-purchase behaviors. With online shoppers' concern about their privacy and financial security, a site property (e.g. location, brand, quality) is imperative for building consumers' trust and customer intention. In consideration of consumers' relentless pursuit of ways to make life easier, it is imperative that the properties of website (e.g. location, brand, quality) allow consumers to perform transactions with more control, freedom and less hassle.

The second hypotheses (H$_{2-1}$ to H$_{2-3}$) proposed the moderating effect of loyalty program use on their post-purchase behaviors. Satisfaction and complaining intentions were supported by the moderating effect of loyalty program use but not switching intentions. Prior research suggested that positive effect of customer satisfaction on

customer loyalty. However, the positive impact of loyalty program use on customer loyalty is a separate issue. The result of the study suggested that customer satisfaction is influenced by the online travel product attributes as well as loyalty program use at the same time. Furthermore, complaining behaviors is related to customer satisfaction because of the fact that dissatisfied customers may not complain to the service provider, rather they tend to tell a number of people about the bad service they have received. This argument is further strengthened by research showing that customers who complain are also more likely to repurchase, even when their complaint is not handled satisfactorily. Both satisfaction and complaining intentions resulted in the same results. The dominant characteristics of online travel customer's satisfaction and complaining intentions are perceived value and site properties such as site design and financial security (Szymanski and Hise, 2000). The findings also supported that the moderating effect of loyalty programs use is influential factor on the complaining intentions. However, the switching intention had a different result. All three factors such as perceived value, product information, and site properties had a direct effect on post-behaviors. But the moderating effect was not founded in switching intentions. Literature on the effectiveness of loyalty programs noted that the influence of these programs on switching cots creation (Jackson, 1985; Klemerer, 1987; Duffy, 1998). Switching costs need the consumer to have to visit other web-sites or spend more time and effort to find new suppliers, and loss of points accumulated from the previous purchases. Thus, rather than considering switching suppliers, staying with current suppliers may have better benefits. As a result, we found the moderating effect from customer satisfaction and complaining intentions, however, the moderating effect is not too strong to lead continuous customer's post-purchase behaviors. The importance of online loyalty program use is important role on customer's behaviors but their effect in an online travel setting is not huge just as in previous research. Although loyalty program provide the increased levels of repeat purchase, it is just one possible technique for increasing customer intention. In managerial views, our final goal is not repeat purchasing but building true customer loyalty by maximizing customer satisfaction. Customer loyalty program is a good way to increase company profit and therefore understanding the important dimensions is important to online travel intermediaries. In order to build consumer e-loyalty, an online travel intermediary should increase the benefit from online travel product attribute such as perceived value from strong customer service and complete product information. The findings from this study suggest that the quality of a website is important in encouraging consumer behavior towards e-shopping. The website feature dramatically increases the shopping efficiency compared to shopping from a physical travel store.

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APPENDIX

Figure 1
The Conceptual Model
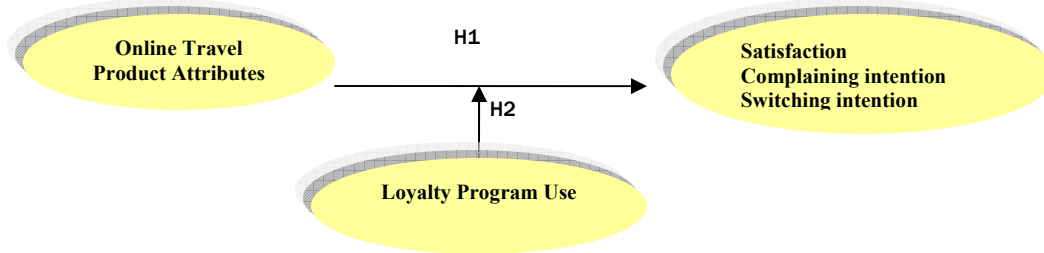
Table 1
Online Travel Product Attributes Factor Analysis

Online Travel Product Attributes	Factor loading	Eigen-value	Variance Explained	Cronbach's Alpha
Perceived Value		2.773	25.209	.820
Value	.854			
Price	.773			
Convenience	.745			
Customer service	.571			
Security	.503			
Product Information		2.327	21.155	.673
Company policy	.746			
Other's recommendation	.740			
Variety	.702			
Site Properties		1.743	15.849	.606
Location	.747			
Brand	.720			
Quality	.612			
Total Variance Explained			62.213%	

Kaiser-Meyer-Olkin Measure of Sampling Adequacy=.839
Bartlett's Test of Sphericity: Approx. Chi-square=1104.752, df=55, p=.000

Table 2
Hierarchical Regression Results

Step in Hierarchical Regression		Step1			Step2		
		B	*Beta*	*p-value*	*B*	*Beta*	*p-value*
Step1	(constant)	2.916		.000	5.130		.000
	Perceived Value (F1)	.528	.292	.000*	.019	.010	.919
	Product Information (F2)	-.077	-.059	.350	.082	.063	.466
	Site Properties (F3)	.191	.121	.050*	.082	.053	.536
Step2	Loyalty Program Use				-3.227	-1.486	.001*
	Interaction*F1				.887	1.847	.000*
	Interaction*F2				-.328	-.528	.043*
	Interaction*F3				.084	.162	.665
(DV: Overall Satisfaction)		R^2=.114 (F=12.808, p=.000)			R^2=.163 (F=8.128, p=.000)		
Step1	(constant)	1.719		.001	4.008		.000
	Perceived Value	.803	.405	.000*	.324	.164	.089
	Product Information	-.088	-.062	.308	.133	.093	.265
	Site Properties	.217	.126	.033*	.009	.005	.948
Step2	Loyalty Program Use				-3.367	-1.403	.001*
	Interaction*F1				.793	1.492	.002*
	Interaction*F2				-.432	-.627	.012*
	Interaction*F3				.302	.522	.136
(DV: Complaint intention)		R^2=.199 (F=24.418, p=.000)			R^2=.226 (F=20.383, p=.000)		
Step1	(constant)	2.378		.003	3.186		.026
	Perceived Value	-.428	-.148	.035*	-.435	-.150	.165
	Product Information	.335	.159	.016*	.208	.099	.286
	Site Properties	.342	.136	.035*	.301	.120	.192
Step2	Loyalty Program Use				-1.217	-.348	.481
	Interaction*F1				-.061	-.079	.884
	Interaction*F2				.300	.299	.282
	Interaction*F3				.038	.046	.908
(DV: Switching intention)		R^2=.039 (F=3.945, p=.009)			R^2=.057 (F=2.480, p=.017)		

*p <.05

EXAMINING THE RELATIONSHIP BETWEEN JEJU ISLAND'S IMAGE AND TOURISTS' POST-VISIT BEHAVIOR

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ABSTRACT

The purposes of this study were to examine the relationship of dimensions of destination image to tourists' satisfaction and post-visit behavior on Jeju Island, Korea. The empirical study was carried out in Jeju Island, Korea during summer in 2003. The Structure Equation Model (SEM) is used to understand and verify the relation of cause and effect. The image of Jeju Island was assessed on four factors: "*Environment*", "*Attractions*", "*Value for money*", and "*Climate*". Three factors "*Environment*", "*Attractions*", and "*Value for money*", have a significant effect on tourists' satisfaction and post-visit behavior. The findings of this study contribute to development of the marketing strategies to satisfy tourists' needs on Jeju Island, Korea.

Key words: Destination image; Dimension of destination image; Satisfaction; Post-visit Behavior; Structure Equation Model

INTRODUCTION

Despite its abstract nature, Image is one of the most important factors when tourists choose a destination (Chon, 1990) and many researchers have demonstrated that image has an influence on tourists' attitudes, behaviors, and motives, and on their selection of a tourism destination. Several studies reveal that destination image is part of an overall impression concerning tourism destination attributes (Baloglu & McCleary, 1999), an affective response to a tourism destination (Bigne, Sanchez & Sanchez, 2001), and an influence on preferences or visitation intentions for a tourism destination (Boo & Busser, 2006; Milman & Pizam, 1995). It is, therefore, reasonable to link image and tourists' behavior (MacKay & Fesenmaier, 1997); the more favorable the image of a tourism destination is, the higher the satisfaction obtained from the experience of tourism (Bigne et al., 2001; Milman & Pizam, 1995). The higher the satisfaction is, the higher the probability that the tourist will have the intention to revisit (Bigne et al., 2001). Owing to the importance of image, various researchers have attempted to measure tourism destination image in order to determine its relationship to satisfaction and behavior (Castro, Armario & Ruiz, 2007). Jeju Island had been one of the most preferred destinations for Korea's domestic tourists (Korea Tourism Organization, 2003) with honeymooners forming the greatest percentage of its visitors. However, Jeju Island lost its position as the most preferred honeymoon destination as well as the most preferred place to visit for other types of tourism (KTO, 2003). Despite an increase in some types of tourism (*Groups, Family & Individual*, etc.), the number of honeymooners has decreased consistently from 1993 to 2002 except the economic recession, 1997 to 1998. (Jeju Tourism Association, 2003; Korea National Statistical Office, 2003). The major reasons for this downward trend include limited attractions and cost factors (Jeju Tourism Association, 2003).

As a result of this realization, Jeju Island must not only diversify its appeal to the convention and family market based tourism, but also seek to improve its image as a destination. Therefore, this study is important and helpful for experts or planners of tourism to improve Jeju Island's tourism industry and to find some solutions in order to overcome this situation.

The objectives of this study are 1) to examine the relationship between Jeju Island's image and tourists' satisfaction, 2) to examine the relationship between the tourists' satisfaction and post-visit behavior, and s) to suggest strategies that Jeju Island should adopt to improve its current marketing strategy.

LITERATURE REVEIW

Destination Image

Several researchers have defined image as a set of beliefs, ideas, and impressions that people have of a place or destination (Kotler, Haider & Rein, 1993). Dichter (1985) remarked that image is an overall impression which is formed as a result of the evaluation of individual attributes. Fridgen (1987) stated that image is a mental representation of an object or place before someone observes or visits, while Baloglu and McCleary (1999) suggested that image is a valuable concept in understanding the process when tourists destination selection.

Dimension of Destination Image

Dimensions, factors, or attributes of destination image have been studied widely various researchers. Echtner and Ritchie (1993) developed the comprehensive, multi-dimensional, multi-component model of the destination image, which consists of Attribute-holistic, Functional-psychological, and Unique-common characteristics. Mackay and Fesenmaier (1997) defined four categories of destination image as Activity, Familiarity, Holiday, and Atmosphere. Kim (1998) suggested that the destination image consists of six dimensions namely: Seasonal and cultural, Clean and peaceful environment, Quality of accommodations and relaxing facilities, Family-oriented amenities and safety, Accessibility and reputation, Entertainment and recreational opportunities. Baloglu and McCleary (1999) suggested that tourists' destination images are formed from three factors, Quality of experience, Attractions, and Value/environment as Perceptual/Cognitive items. Tapachai and Waryszak (2000) defined beneficial image as Functional value, Social value, Emotional value, Epistemic value, and Conditional value. According to recent studies, Lee, Lee, and Lee (2005) categorized image as Attraction, Comfort, Value for money, and Exotic atmosphere. In Chen and Tsai (2006)'s study, destination image consists of Destination brand, Entertainment, Nature and culture, and Sun and sand. Castro et al. (2007) proposed that destination image is made up of Development of the destination, Popularity of the destination, End of the destination, Attractiveness of the destination, and Tourist aspect of the destination.

Thus, this article examines the relationship between Jeju Island's destination and its tourist's perceived image primarily based on fourteen items of Baloglu and McCleary (1999)'s study. However, on its own, the Baloglu and McCleary (1999)'s scale alone was found insufficient so two items based on Milman and Pizam (1995)'s study were added. Dimensions of destination image in Baloglu and McCleary (1999)'s study are more appropriate in Jeju Island than other studies because many previous studies regarding destination image (Hallab & Kim, 2005; Leisen, 2001; Lee et al., 2005) have relied on Baloglu and McCleary (1999)'s study. Baloglu and McCleary (1999) suggested that the dimension of destination image consists of three factors; *Quality of Experience* (Standard Hygiene and Cleanliness, Quality of Infrastructure, Personal Safety, Good Nightlife and Entertainment, Suitable Accommodations, Appealing Local Food (Cuisine), Great Beaches/Water Sports, Interesting and Friendly People), *Attractions* (Interesting Cultural Attractions, Interesting Historical Attractions, Beautiful Scenery/Natural Attractions), and *Value/Environment* (Good Value for Money, Unpolluted/Unspoiled Environment, Good Climate). Milman and Pizam (1995) also proposed three factors; *Product* (Good value for money, Dominated by Disney attractions, Similarity between Florida and other sunny states, Only suitable for families with children, Reasonable attraction prices), *Environment* (Plenty of shopping bargains, Rural area, Small airport, Monotonous scenery, Hot weather year-round Limited number of hotels, Lack of information about the destination, Unsafe), and *Behavior* (Hospitable local residents).

Relationship of Destination Image, Satisfaction, and Post-Visit Behavior

Various researchers have demonstrated the relationship between destination image and preference or intention of visit (Milman & Pizam, 1995). There are several studies in which destination image affects the process of destination selection (Chon, 1990). Baloglu and McCleary (1999) argued that image is an important influence in the destination selection. Tapachai and Waryszak (2000)'s study mentioned that a positive image influences tourists' decision to visit. Various researchers have found the relationship between satisfaction and behavior of individuals (Anderson & Sullivan, 1990). Image has a positive influence on satisfaction (Font, 1997). Several researchers have found out the fact that there is the significant relationship between image and customer satisfaction (Bigne et al., 2001; Castro et al., 2007). Giese and Cote (2000) proposed that it is useful to define satisfaction as a response to an emotional judgment, a specific aspect of a service, and linkage to a specific moment in time. Several researchers proposed the relationship between the destination image and the tourists' future behaviors (Ashworth & Goodall, 1988; Lee et al., 2005; Chen, & Tsai, 2006). According to Fornell (1992), there is a positive relationship between satisfaction and future behavior; while Chen and Tsai (2006) proposed that destination managers need to understand the relationships between destination image, evaluative factors (trip quality, perceived value, and satisfaction), and

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future behavioral intentions. Owing to the importance of these factors, anyone interested in tourism advertising, tourist information offices, public relations, and promotional instruments should consider image as a factor of tourists' satisfaction and future behavior (Bigne et al., 2001).

Kolter, Bowen, and Makens (1996) have found the inter-relationship between image, quality, satisfaction, and post-purchase behavior. Also, several researchers focused on the inter-relationship between quality, satisfaction, and behavioral intentions (Baker & Crompton, 2000; Cronin, Brady & Hult, 2000). Perceived value, quality, and satisfaction are predictors of future behavioral intentions (Petrick, 2004; Tam, 2000). Bloemer and Ruyter (1998) explored the positive relationship between image and future behavior (after-purchase behavior) but also discussed service quality and customer satisfaction as a mediator. Also, Bigne et al. (2001) supported the influence of tourism image on consumer behavior. Chen and Tsai (2006) proposed that destination image is directly and indirectly related to perceived value, that is, "quality-satisfaction-behavioral intentions". For example, in their study findings, Chen and Tsai (2006)' showed that destination image and satisfaction have a direct influence on behavioral intentions. In this study, post-visit behavior is used interchangeably with other terms as: future behavior, post-purchase behavior, behavioral intentions, and future behavioral intentions which are mentioned in previous studies.

Continuous research has provided evidence to show the importance of destination image and post-visit behavior. Therefore, destination image has a direct or indirect effect on post-visit behavior and has satisfaction as a mediator to clarify the relationship between destination and post-visit behavior. Based on the literature review, hypotheses of the study are as follows;

Hypothesis 1. There is a significant relationship between the image of Jeju Island and tourists' satisfaction.
  H1a. There is a significant relationship between "*Environment*" and tourists' satisfaction.
  H1b. There is a significant relationship between "*Attraction*" and tourists' satisfaction.
  H1c. There is a significant relationship between *"Value for money"* and tourists' satisfaction.
  H1d. There is a significant relationship between *"Climate"* and tourists' satisfaction.
Hypothesis 2. There is a significant relationship between customers' satisfaction and post-visit behavior.

Statistical Data on Jeju Island
According to the data of Jeju Tourism Association (2003), the number of total tourists, who visited Jeju Island from 1993 to 2002 increased yearly except the decrease between 1997 and 1998 when Korea had an economic recession. This trend is graphically depicted on figure 1 below.

Figure 1
Trends of Total Tourists Arrival in Jeju Island (1993-2002)
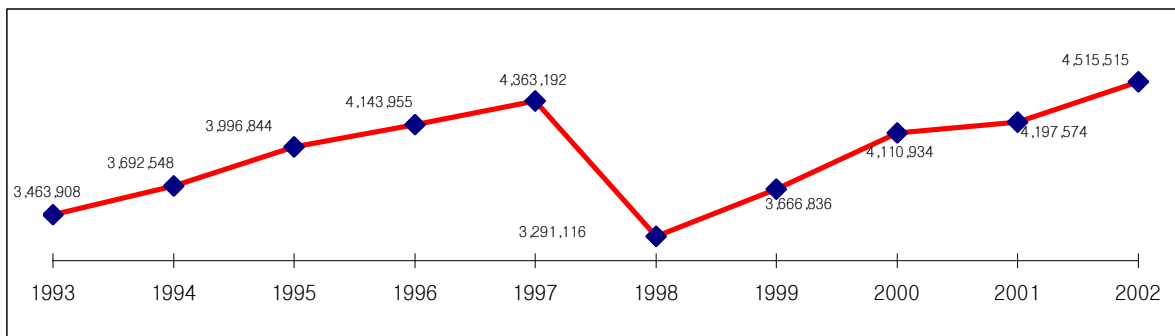
Source: Jeju Tourism Association (2003).

The figures show that the number of domestic tourists has been on the rise since 1998. This rise in local tourism can be attributed to several factors that are not limited to "The 2002 World Cup", and various festivals such as "The Sungsan Sunrise Festival", and "The Hallasan Snow Festival" that has taken place every year since 1998. On the other hand, the number of foreign tourists has gradually dropped due to threats of terrorism and wars in Central Asia from 1993 to 1997. Since 1998, the number of foreign tourists has increased; however, in 2002 this number of foreign tourists decreased again.

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Figure 2 shows the tourists' change by categories: "Group", "Excursion", "Honeymoon", and "Family & Individuals" travel for domestic tourists and "Foreigner" for foreign tourists from 1993 to 2002. Several factors have been predicted to have contributed to the rise in numbers of "Group" travel. These factors include: a steady rise in academic seminars, corporate trainings, and incentive trips. "Excursion" travel has also gradually grown since 1998. "Family & Individual" travel has an impact on the total number of domestic tourists; however, the increase has a minor effect on the tourism industry in Jeju Island. In contrast with other categories, "Honeymoon" travel has dramatically decreased from 1993 to 2002, except 1998. Jeju Island lost its prestige as the most preferred tourism destination toward honeymooners. The implication is that, for Jeju Island to attract tourists, marketing management needs to re-examine its tourism policy and goals.

Figure 2

Tourists by categories (1993-2002)
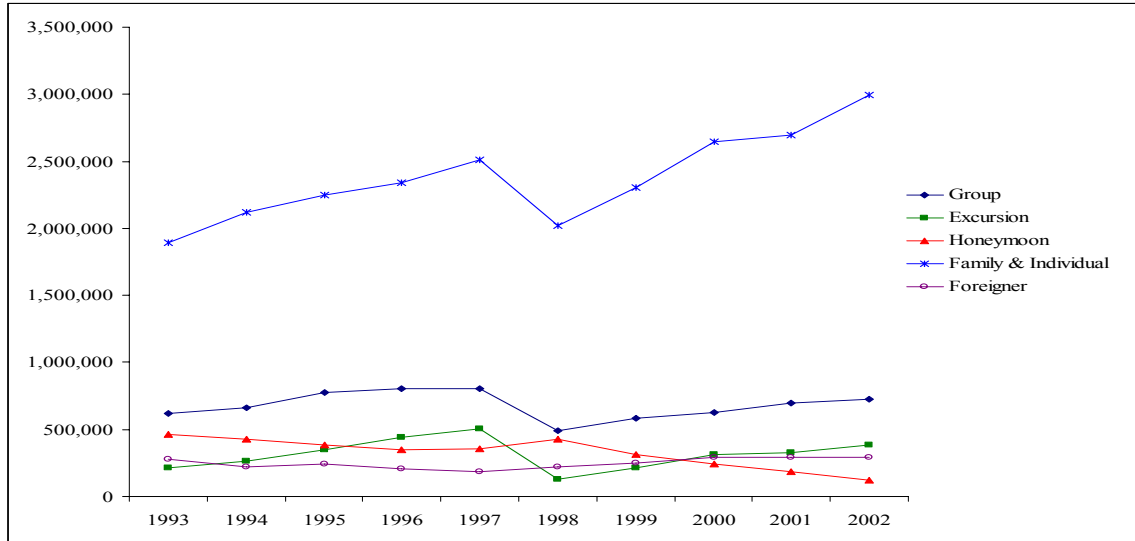
Source: Jeju Tourism Association (2003).

METHODOLOGY

The survey was carried out in two phases. The initial study (pilot study) was a questionnaire administered to thirty (30) tourists. The purpose of the pilot study was to establish the content validity and the reliability of the survey instrument. The empirical study was carried out in Jeju Island, Korea between the dates of July 30th to August 3rd in 2003 at the Jeju international airport and the Jungmun Tourism Complex, Jeju. This is a period of time when Korean domestic tourism is at its peak. Convenient sampling of a nonprobability sample was used in this study. Convenient sampling of a nonprobability sample was used in many previous studies about destination image (Chen & Tsai, 2007; Bigne, et al., 2001; MacKay & Fesenmaier, 1997). Applying the convenient sampling, a total of 339 tourists which are 147 tourists at the Jeju International Airport and 192 tourists at the Jungmun Tourism Complex, Jeju completed the distributed self-administered questionnaires to be the most reliable way to obtain responses (Lee, et al., 2005; Kozak, 2001; Baloglu & McCleary; 1999). The questionnaires consist of sixteen items that measure image adapted from Baloglu and McCleary (1999), and Milman and Pizam (1995) works. Of these 339 response questionnaires, 310 respondents were usable (91.44%). Data were analyzed using SPSS and AMOS. T-test and One-way ANOVA were carried out to establish differences. Through structural equation modeling, the relationship among destination image, satisfaction, and post-visit behavior (intention to revisit and to recommend) was examined.

RESULTS

The demographic profiles of the respondents indicated that the gender of the respondents was almost equally distributed, with 47.7 % male and 52.3% female. The age of the respondents was categorized into 19 and less years old (2.3%), 20 to 29 years old (27.7%), 30 to 39 years old (41.6%), 40 to 49 years old (12.9%), and 50 and over years old (15.5%). A majority of the respondents had a College/University (66.5%) education, followed by graduate school (10.6%).

Image items are based on Baloglu and McCleary (1999), and Milman and Pizam (1995)'s studies. In this study, sixteen items were measured. The tourists perceived Jeju Island as a tourism destination by the rankings described in Table 4. The item named "Beautiful scenery/natural attractions (M=6.5355)" had the highest mean, followed by "Interesting cultural attractions (M=5.8387)", "Hot and warm weather (M=5.7677)", and "Good climate (M=5.3935)". The tourists didn't most satisfy "Reasonable attraction prices (M=4.1701)" and "Good value (money) for traveling (M=3.8452)" compared to the other items.

Factor analysis and Reliability analysis

An exploratory factor analysis was carried out and total variance explained 67.895(68%). The varimax-rotated factor pattern implies the first factor "*Environment*" (7 items, a=0.904), second factor "*Attractions*" (5 items, a=0.685), third factor "*Value for Money*" (2 items, a=0.916), and fourth factor "*Climate*" (2 items, a=0.785). The first factor "*Environment*" consists of 'Great beaches/water sports', 'Suitable accommodations', 'Personal safety/Security', 'Appealing local food(Cuisine)', 'Unpolluted/unspoiled environment', 'Quality of infrastructure', and 'Standard hygiene and cleanliness'. The second factor "*Attractions*" is comprised of 'Interesting historical attractions', 'Good nightlife and entertainment', 'Beautiful scenery/natural attractions', 'Interesting cultural attractions', and 'Interesting and friendly people', the third factor "*Value for Money*" includes 'Good value (money) for traveling', and 'Reasonable attraction prices', and the fourth factor "*Climate*" is made up of 'Good climate', and 'Hot and warm weather'. A reliability test was used to purify the measurement scale for each construct. The Cronbach's coefficient alpha of the four components is above .6, which was acceptable for the study (Nunnally, 1988), ranging from .685 to .904 (see Table 1).

Table 1
Factor analysis and Reliability analysis

Items	Factor Loadings	Eigenvalue	Variance Explained (%)	Cronbach's Alpha
Factor 1: Environment		5.303	28.444	.904
Great beaches/water sports	.855			
Suitable accommodations	.845			
Personal safety/Security	.777			
Appealing local food(Cuisine)	.762			
Unpolluted/unspoiled environment	.756			
Quality of infrastructure	.726			
Standard hygiene and cleanliness	.698			
Factor 2: Attractions		2.484	15.262	.685
Interesting historical attractions	.717			
Good nightlife and entertainment	.702			
Beautiful scenery/natural attractions	.679			
Interesting cultural attractions	.653			
Interesting and friendly people	.545			
Factor 3: Value for money		1.567	13.061	.916
Good value for traveling	.909			
Reasonable attraction prices	.872			
Factor 4: Climate		1.508	11.128	.785
Good climate	.894			
Hot and warm weather	.883			

[a] Total variance explained: 67.895(68%)

Structural Equation Modeling

Structural equation modeling (SEM) has the purpose for simultaneously estimating the relationships between latent variables and indicators, and determining the validity and reliability of the measures (Jorskog & Sorbom, 1989). Before an evaluation of the structural part of the model, a confirmatory factor analysis (CFA) was recommended (Anderson & Gerbing, 1988) and gave further confirmation that the psychometrics of a scale was strong (Noar, 2003). CFA was conducted on the measurement model (see Table 2) to confirm the structure found in exploratory factor analysis. The CFAs showed that the measurement model produced an acceptable fit to the data.

Table 2
Summary of the CFAs Results of Each Factor in the Measurement Model

Component	x^2	df	p	GFI	AGFI	NFI	RMR
Environment	622.217	27	0.000	0.812	0.702	0.786	0.037
Attractions	16.003	9	0.067	0.993	0.984	0.986	0.012
Value for money	279.597	9	0.000	0.885	0.731	0.860	0.031
Climate	213.048	20	0.000	0.927	0.868	0.900	0.026

[a] x^2 =Chi-square; df = degrees of freedom; Goodness-of-Fit Index (GFI); Adjusted Goodness-of-Fit Index (AGFI); Bentler-Bonett Normed Fit Index (NFI); Root Mean square Residual (RMR); Comparative Fit Index (CFI).

As the results of SEM analysis, the model indicates that chi-square is 728.863 with 264 degrees of freedom (p<0.0001). The p-value, greater than 0.05, is statistically significant (Noar, 2003); hence, the model is an acceptable fit. Other indicators are GFI of .925, AGFI of .900, NFI of .922, RMR of .024, and CFI of .948. The results of SEM show that the hypothesized model fits the empirical data well; the Indices of GFI, AGFI, NFI, and CFI were greater than 0.9, while the value of RMR was below 0.05 (Noar, 2003). Figure 3 summarizes the results of the Hypotheses 1 and 2 testing with the parameter estimates on the structural relationship model. Destination image has a positive effect on satisfaction and satisfaction also has a positive effect on post-behavior. These factors "*Environment*" (Estimate=1.052, t-value=6.995, p<0.001), "*Attractions*" (Estimate=0.310, t-value=2.863, p<0.05), "Value for the money" (Estimate=0.122, t-value=2.454, p<0.05), have a significantly positive effect on satisfaction, and satisfaction positively impacts post-behavior (Estimate=0.228, t-value=4.301, p<0.001).

Figure 3
The Estimated Structural Model
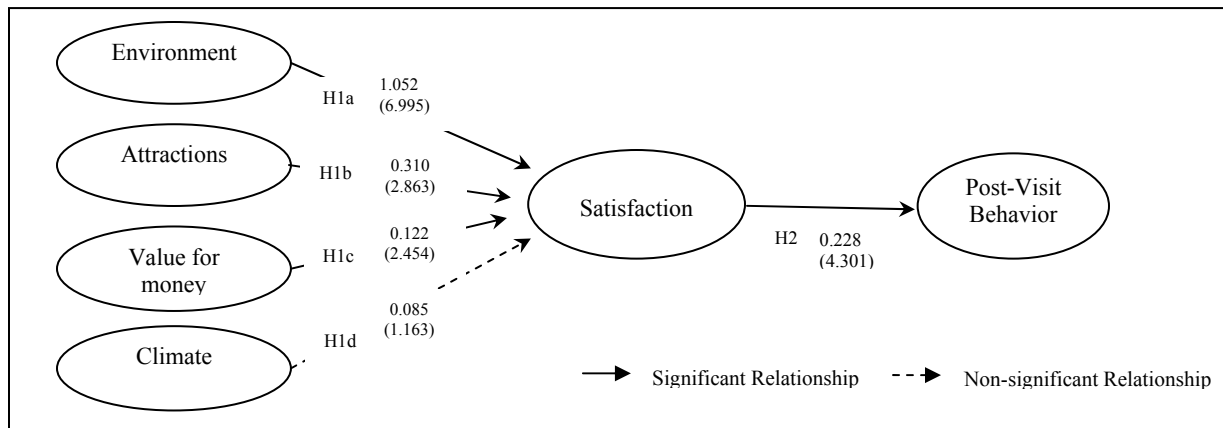
CONCLUSION

Discussion

The image of Jeju Island was assessed by four factors: "*Environment*", "*Attractions*", "*Value for money*", and *"Climate"*. Three factors "*Environment*", "*Attractions*", and *"Value for money"* have a significant effect on satisfaction, and satisfaction also influences post-visit behavior. Several implications emanate from these results. The most obvious one is that overall, the respondents had a positive attitude toward the island as a tourist destination and they intended to recommend Jeju Island to other people.

Overall, this study found that most of the tourists who have visited Jeju Island were satisfied with the image in Jeju Island. The statistical data in Jeju Tourism Association (2003) also showed that the total number and the number of "*Family & Individual*", "*Group*", "*Excursion*", and "*Foreigner*" travelers, has increased slowly except "*Honeymoon*" travelers since 1998. It is because most of travelers except honeymooners are satisfied with Jeju Island. However, Jeju Island doesn't attract honeymooners anymore. The result of this study implies that even if most tourists have a good image on Jeju Island, tourists who have different purposes of travel, want more diversified images at tourism destination. In particular, honeymooners are not satisfied with Jeju Island. They no longer prefer Jeju Island as a tourism destination of honeymoon. Based on the result of this study, Jeju Island should develop diversified strategies to attract tourism based on different reasons. In particular, Jeju Island should focus on honeymooners' needs and interests.

Implications

This study contributed theoretically to previous studies on destination image. According to Baloglu and McCleary (1999), the dimensions of destination image consist of "Quality of Experience", "Attractions", and "Value/Environment". The factor of "Value/Environment" is also made up of 'Good Value for Money', 'Unpolluted/Unspoiled Environment', and 'Good Climate'. It is unreasonable to combine "Value" and "Environment" because the factor "Value" including "Value for Money" is an intangible factor, and because "Environment", composed of 'Unpolluted/Unspoiled Environment' and 'Good Climate' is a tangible factor. Nevertheless, Baloglu and McCleary (1999)'s study showed that the factor "Value/Environment" is composed of 'Value for Money', 'Unpolluted/Unspoiled Environment', and 'Good Climate'. Also, Milman and Pizam (1995)'s study defined the dimension of destination image as "Product", "Behavior", and "Environment". The factor "Environment" is quite broad, and the factor "Environment" is made up of 'Local airport', 'Scenery', and 'Weather', which are not related to each other. The result of this study shows "*Environment*", "*Attractions*", *"Value for money"*, and *"Climate"* as the dimension of destination image; hence, this study would be useful to categorize the dimension of destination image on the tourism field. Practically, the study contributes to the establishment and improvement of Jeju Island's tourism industry. Officials related to tourism, tourist information offices, advising travel agents, and tour operators should consider applying strategies that will improve the image of Jeju Island, and possibly identify a different target market. The findings and recommendations of this study should assist Jeju Island in developing competitive strategies. As mentioned, "*Group*", "*Excursion*", and "*Family & individual*" travelers have gradually increased since 1998 while "*Honeymoon*" travelers have continuously decreased. Particularly, to solve the problem according to trend of travelers, it would contribute to tourism planners on Jeju Island in building its particular image, which includes improvement to its cultural, historical, and natural attractions, and in putting these images to practical use as a part of the marketing strategies. By tourists' types, it proves the most favorable and the least favorable image in Jeju Island so that the results offer some guidelines for the development and allocation of promotional resources. Jeju Island should promote the most preferred image "Beautiful scenery/natural attractions" and "Interesting cultural attractions," which most of tourists perceived while it should find the alternatives about the least preferred image "Reasonable attraction prices" and "Good value (money) for traveling." To overcome negative image about price and cost, Jeju Island can make the travel package and issue the discount coupons about airline tickets or hotel accommodation. Also, Jeju Island should try to advertise the Jeju Island through media channel and essay or drawing contests about Jeju Island in order to give more positive images and to improve good images, which Jeju Island has now.

The limitation of the study relates to the data collection procedure. The scope of respondents is limited to the summer vacation, so that the results of this study cannot generalize to all types of tourists' image and needs. It is suggested that future studies should examine and suggest alternatives in the economic, sociocultural, and environmental aspects in order to apply the implications of this study.

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THE EFFECT OF IMAGE DIFFERENTIATION POSITIONING STRATEGY APPLYING SCHEMA THEORY TO THE AIRLINE

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ABSTRACT

The purposes of this study are to examine the relationship between image differentiation positioning strategy and the schema theory, and to find how the schema theory influence on customers' attitude and behavior. The K airline in Korea tried to plan the 'Image Differentiation Positioning Strategy' in 2005, comparing the existing image to the new changed image in terms of five image attributes. It was found that the image differentiaton positioning strategy has an effect on the schema theory, which has two types of approach *'Schema plus tag Model'*, and *'Subtyping Model'*, and there is a difference between the schema theory and customers' attitude and behavior.

Key Words: Image Differentiation Positioning, Schema Theory, Image attributes of Airline, Attitude, Behavior

INTRODUCTION

Positioning links special symbols or identities within a core strategy to build image. Positioning is how specific products or services are located in the mental perceptions of customers in a certain target market. Companies acquire competitive strategy through positioning (Smith & Keegan, 2003) to obtain competitive advantage (Kim, 2002) and airlines are no exception. Airlines in Korea have been promoting various positioning strategies to build a unified reputation and new image, thus recreating themselves for global competitiveness (Yoo, 1996). Most studies on positioning analyze three factors of mental image: cognitive, emotional, and active (Grunig, 1993). Existing positioning studies have certain difficulties unifying their approach because few studies of image addressed are ambiguities (Grunig, 1993). It is important to define the thought and cognitive structure of customers when image, a key factor on positioning studies, is researched (Han, 1999).

Within the cognitive psychology frame work, Bartlett (1932)'s work was the first to study and mention schema, a process of cognitive structure in human beings in his book, *Remembering*. After Bartlett (1932)'s study, Piaget (1952) suggested that schema has a perceptible structure. That is, schema theory is information codified to memory, and thought is established as a group of models. Schema has been defined differently by several researchers' studies; however, the common definition of schema is the cognitive structure organizing information in the memory process of human beings. Therefore, in order to study image, a cognitive factor of factors on positioning studies, schema theory is necessary and essential as this schema theory is an alternative to overcoming ambiguities and a rare definition of studies on image. In addition, schema theory has been developed in the cognitive psychology area and was extended to other social sciences on the basis of schema (Anderson, 1980; Sherwood & Lee, 2003; Stopa & Waters, 2005). Weber and Crocker (1983) studied schematic approach for change of customers' belief and cognition. Fiske and Pavelchak (1984) put emphasis on the schema theory, which has information about cognitive belief and emotion. According to Nishida (1999)'s study, schema theory has different characteristics to compare culture depending on types of schema. Schema theory can shed light on the influences of reorganizing memory, input, re-cognition, and information in terms of some objects or information (Shen, 2004). Shimp (2000) insists that these days customers are exposed to a great deal of information related to corporate images, and so corporations should analyze how customers deal with, process, interpret, and incorporate such information.

Statement of Problem

There are many studies on consumers' behavior by new products or brand strategy in corporations (Rumelhart, 1984; Fiske & Pavelchak, 1984; Sujan & Bettman, 1989; Nishida, 1999, Stopa & Waters, 2005);

however, applicable studies based on psychological approach and behavior related to hospitality and tourism industry, specially, airlines are very few. Therefore, it is important to study the airlines' positioning based on the schema theory, consumers' attitude and behavior on the basis of cognitive psychology.

Purposes of the study

The purposes of this study are 1) to identify the relationship between the image differentiation positioning strategy of the airline and the schematic process (*Schema plus tag model* and *Subtyping model*), and 2) to assess how the schematic process influences customers' attitude and behavior after processing Schema plus tag model and Subtyping model in cognitive approach.

LITERATURE REVIEW

Positioning Strategy

Engel and Blackwell (1982) defined positioning strategy as customers' mental image of products by locating continuous recognition structure, comprehending the recognition structure, and setting the position approach in compliance with the level. Positioning is a combination of various images (Park & Hastie, 1987) and a technique of advertising strategy and product differentiation for segmenting markets by making strategic decisions (Haahti, 1986). Assael (1998) suggested that positioning strategy is one activity of marketing for developing superior image to competitors.

At the first time, Wind (1978) substantiated several categories to build positioning strategy used when a park was constructed in Los Angeles by using perceptual map. Kotler and Armstrong (2004) developed Wind (1978)'s study and categorized into positioning on specific product features, positioning on benefits, problem solution, or need, positioning for specific usage occasions, positioning for user category, positioning against another product, and positioning by product-class dissociation. There are a variety of studies about positioning categories. Day, Shocker and Srivastava (1979) stated that positioning is composed of product-markets, so that categorized products differentiated positioning and market differentiated positioning. Walker, Orville, Harper, and Larreche (1998) and Kardes (2002) proposed that positioning is divided into attribute positioning, convenience positioning, quality/price positioning, user positioning, and use condition positioning, and product category positioning. Aaker and Myers (1982) and Aaker and Shansby (1982) classified product characteristics or usage of clients' benefit, positioning of price-quality, positioning of usage and application, positioning of product user, positioning of product class, positioning of cultural symbols, and positioning of competitors as components of positioning. Lee (2004) categorized consumer positioning, competitive positioning, and repositioning. In detail, consumer positioning is composed of attribute & convenience positioning, image positioning, and use condition positioning. As stated above, researchers categorize characteristics, market, user and differentiated attributes about positioning according to their own standards.

Schema Theory

Bartlett (1932) studied and mentioned schema for the first time in his book, Remembering. According to his book, schema is the process of cognitive psychology. Piaget (1936; 1952) defined schema as a perceptible structure of mind like human's body, and a way of expressing human beings' mind. Schimidt (1975) stated that schema is a theory of saving, presenting, and controlling previous experience. That is, schema theory involves information codified to memory, and then thought is established as a group of models. Schema is also a packet of saved information in memory that expresses general knowledge on an object, condition, case, or behavior (Cohen, Kiss, & Le Voi, 1993). Schema is defined as having an effect on emotion and behavior, and organizing thought and cognition as cognitive structures (Dattilio, 2005). Depending on several researchers' studies, schema is script, fames, conceptual map, knowledge structure etc.; however, the common definition of schema is the cognitive structure organizing information in the memory process of human beings. Schema theory was first developed by psychology scholars and then extended to other social science fields (Anderson, 1980; Sherwood & Lee, 2003; Stopa & Waters, 2005). Schema theory is based on the assumption that experience is grasped, memorized, and used (Stopa & Waters, 2005). People tend to process information about occasions and knowledge through schema (Nishida, 1999). The process of schema involves recognized and remembered exterior information (Hwang, 1993), and the understanding process of message is an interaction between users' background and carried information. Schema theory can be used to analyze the cognitive structure of human beings, and to examine process and course of information in more detail. Studies in terms of a human being's behavior and cognition have an effect on marketing communication (Jeon & Choi, 2000).

Several researchers studied the schema model which consists of the schema pointer plus tag (Schank & Aberson, 1977; Grasser, Gordon, & Sawyer, 1979), the booking model, conversion model and subtype model (Weber & Crocker, 1983), the schema pointer tag model and network model (O'Sullivan & Durso, 1984), and the schema plus tag model and subtyping model (Sujan & Bettman, 1989). There are two kinds of processes used by customers to identify previous schema and the correspondence with new information and image attributes (Dattilio, 2005). The process of schema includes assimilation and accommodation; the former is not to change the structure of existing knowledge, and the latter is to modify previous schema after information is processed (Sujan & Bettman, 1989; Schank & Abelson, 1977; Graesser, Gordon, & Sawyer, 1979; O'Sullivan & Durso, 1984). That is, assimilation incorporates new information or knowledge to existing schema and accommodation modifies existing schema so as to interpret and arrange new information (Sujan & Bettman, 1989; Schank & Abelson, 1977; Graesser, Gordon, & Sawyer, 1979; O'Sullivan & Durso, 1984). Sujan & Bettman (1989) proposed that the schema may be comprised by 2-types model; one is the "Schema plus tag", the process of assimilation that adds newly characteristic sub-nodes, and the other is "Subtyping", the process of accommodation that modifies previous schema into a new node. The Schema plus tag model happened not to have strong discrepancy but rather, little or no discrepancy (Sujan & Bettman, 1989; Schank & Aberson, 1977; Grasser, Gordon, & Sawyer, 1979). On the other hand, the Subtyping model can occur when there is great discrepancy or difficulty to incorporate (Sujan & Bettman, 1989; Weber & Crocker, 1983).

Image attribute of airlines

Airline service is made up of reservations, ticketing, the boarding process, cabin service and baggage service. These services contain a combination of heterogeneous factors, and the total image of an airline can be formed only after all processes are completed (Cha, Kim, & Lee, 2002). Customers' cognition of limited service and overall image on corporation has influence on customers' selection behavior (Andreassen & Lindestad, 1998). The importance of airlines' image plays a major role in the customers' decision-making when they choose a particular carrier, and has an effect on the correlation between formation of attitude and behavior (Andreassen & Lindestad, 1998). In order to manage marketing operations and build strategies, the study of image attributes can address the critical factors that affect customers' selection of airlines. Yoo (1996) defined selection attribute of airlines as advertisement, promotion, logo, color, interior design, shops & airport lounge, employees' uniform, and ground and cabin service. Kim and Lee (2000) revealed the different importance between selection attributes according to standards of relation that factors schedule, internet reservation/ticketing services, the boarding process, service information, cabin service, in-flight meals, entertainment, security, cabin quality, complimentary policy for business customers, price of air tickets, nationality of airlines, image of airlines, communication, subsidiary service, punctuality and types of airplanes. Chang and Yeh (2002) suggested various standard models for evaluating service quality of airlines in Thailand. The standards include comfort on the flight, crew service, and quality of service, convenience of service, and treatment of unexpected conditions (Chang & Yeh, 2002). Recent research shows that image of airlines and service quality perception have a direct influence on customers' active intention (Park, Robertson, & Wu, 2004).

Customers' Attitude and Behavior

Eagly and Chaiken (1993) defined that attitude is the evaluation of preference about some objects. Assael (1998) stated that attitude is expressed continuously as familiar/unfamiliar and positive/negative reaction about persons or objects. Similarly, Allport (1985) and Lutz (1991) proposed that attitude always is present about objects and objects' classification in friendly and unfriendly ways. Furthermore, preference tendency is indicated regarding special aspects of thought, feeling, and behaviors (Camichael, 2000). The fundamental one of behavior theories is the customer action model of Kollat, Engel, and Blackwell (1973). The model focuses on describing how customers' special buying action is formed, and uses the approach method of information processing as to what happened in customers' mind. Information process and decision-making process are the most essential factors, and also help customers' behavior understand. Information process is that customers understand intentionally and incidentally information. Decision-making process means that customers collect a range of information, compare, and evaluate competitive products or brand until selecting an alternative (Engel & Blackwell, 1982). Therefore, the relationship between memory and cognition in the data process which schema effects on cognition is to recognize, understand, and memorize marketing stimulus by cognitive codification, categorization, and organization.

Research Hypotheses & Research Model

This study is to find out the structural relationship among airlines' image differentiation positioning strategy, customers' cognitive structure, and consumers' attitude and behavior. The image differentiation positioning

was derived from an internal report of the Korean Airline (Korean Airline, 2006) and previous research (Park, Robertson, & Wu, 2004; Chang & Yeh, 2002; Yoo, 1996). Schematic processes were based on the schema theory; *Schema plus tag* and *Subtyping* (Sujan & Bettman, 1989) and customers' attitude and behavior were based on the works of Park, Robertson, & Wu, 2004. The hypotheses to be tested in this study are as follow;

H 1. The image differentiation positioning influences differently between Schema plus tag and Subtyping of schematic process.
H 2. There is a significant relationship between schematic process (Schema plus tag) and customers' attitude and behavior.
H 3. There is a significant relationship between schematic process (Subtyping) and customers' attitude and behavior.
H 4. There is a significant relationship between customers' attitude and behavior.

Figure 1
Conceptual model for measuring positioning differentiation
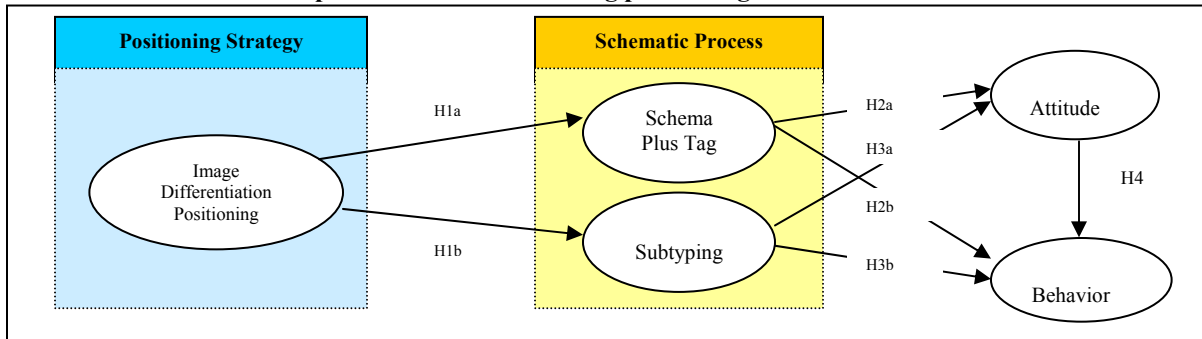
METHODOLOGY

Experimental Design
        In order to explore the relationship between Image differentiation positioning strategy and schematic process, experimental design in this study was conducted by the customers who answered the Questionnaire about image differentiation positioning strategy which compared previous existing images to new changed image items in the K airline report. In the questionnaire, the five items referring to Image Differentiation Positioning were based on the internal report of K airline and literature review about image attributes of airlines (Park, Robertson, & Wu, 2004; Chang & Yeh, 2002; Yoo, 1996), schema theory (Sujan & Bettman, 1989), and customers' attitude and behavior (Engel & Blackwell, 1982). To identify the difference of customers' schematic processes, the survey was conducted, showing the colored pictures in order to compare previous existing image to new changed image item.

Experimental Process
        Customers received the questionnaires with different pictures representing the "before" and "after" the changes were applied to the aircraft. The items shown by the pictures in the surveys were Cabin Interior, Food Service, Cabin Service Facility, Cabin Entertainment System, and Crew Uniform. Cognitive process should correctly represent internal structure. This study developed and tested three hypotheses based on image differentiation positioning strategy and schematic processes. The goals of the experiment were to identify the relationship between image differentiation positioning strategy and schematic process, to analyze how customers' schemas are changed, and to explore the relationship between image differentiation positioning strategy (the five changes) and customers' attitude and behavior. The K airline that provided the experimental sample announced a new vision and corporate identity (CI) as a dynamic strategy containing differentiated image attributes (five main elements), and then tried to establish a new marketing strategy. Accordingly, this study suggested new image attributes for new corporate image integration. The questionnaires were distributed to customers in airplane. This study investigated how these customers perceive two types of positioning through their cognitive process or "schematic process."

Selection of Samples
        In order to operationalize new image attributes of airline's positioning, five elements (Cabin Interior, Food Service, Cabin Service Facilities, Entertainment System, and Crew Uniform) that the K airline would plan to change were selected. The existing image attributes of K airline and new image attributes of K airline was provided. Selected samples (airline customers) were contacted with questionnaires including information and pictures on five

image attributes, and were asked to fill out items in the questionnaire. These questionnaires included five image attributes selected to reflect characteristics of the new positioning differentiation of the K airline. The sampling frame was based on K airline passengers and method of sampling used was convenience sampling. The data used for this study were collected from 300 passengers who were traveling from Seoul to New York and Seoul to Frankfurt in a given date of September 2005. Passengers were asked to complete and return the questionnaire between September 15th and 31st, 2005. A total of 300 questionnaires were distributed and 251 completed questionnaires were returned representing a response rate of 83.6%.

RESULTS

The demographic profile of the respondents indicated that gender was 74.1% male and 25.10 %. The majority of respondent were 40~49 years old (43.4%) followed by 30~39 years old (35.9%) and 50~59 years old (20.7%). The highest number of boarding accounted was 9~11 times (18%), followed by 6~8 times (16.3%) and 'Twice' and 'More than 12' (14%). Most of the respondents were 'Clerical/Engineer' (27%) and 'Business/Manager' (24%), followed by 'Sales/Service' (12%), 'Expert/Freelancer' (10%).

Validity and Reliability Analysis

Validity is concerned with whether a variable measures what it is suppose to measure. Construct validity is based on a philosophical view that hypothetical constructs are unobservable and cannot be measured directly but that measures can be developed which at least partially represent the constructs (Peter, 1979). Construct validity assesses whether a measure relates to other observed variables in a way that is consistent with theoretically derived predictions (Bollen, 1989). Reliability is the consistency of measurement. Reliability is the part of measure that is free of purely random error and thus reliability coefficients estimate the amount of systematic variance in a measure (Peter, 1979). In general, four types of procedures are used for assessing reliability: test-retest, alternative forms, split-halves, and Cronbach's alphas. This Cronbach's alpha reliability estimates are a result of interplay between the number of items comprising the instrument and the interrelations among the items. Cronbach's alpha (Nunnally, 1988) is the most popular reliability coefficient in social science research and Cronbach's alphas coefficients for the retained items ranged from .791 to .897 an indication of the reliability of the measurement (see Table 1).

Table 1
The result of reliability analysis

	Items	Mean	Std. Deviation	Cronbach's Alpha
Image Differentiation Positioning	Cabin Interior	5.31	1.23	
	Food Service (Tableware)	5.44	1.13	
	Cabin Service Facility (Seats, Bar etc.)	6.00	1.24	0.752
	Cabin Entertainment System (Music, Movie etc.)	5.40	1.01	
	Crew Uniform	5.50	1.11	
Attitude	Cabin Interior	5.25	1.05	
	Food Service (Tableware)	5.15	1.26	
	Cabin Service Facility (Seats, Bar etc.)	5.50	0.87	0.813
	Cabin Entertainment System (Music, Movie etc.)	5.54	0.83	
	Crew Uniform	5.08	0.97	
Behavior	Cabin Interior	4.83	1.02	
	Food Service (Tableware)	4.90	1.29	
	Cabin Service Facility (Seats, Bar etc.)	5.21	1.13	0.897
	Cabin Entertainment System (Music, Movie etc.)	5.10	1.21	
	Crew Uniform	4.81	1.24	

In a confirmatory factor analysis, the reliability of an indicator variable is defined as the square of the correlation between a latent factor and that indicator. In other words, the reliability indicates the percent of variation in the indicator that explained by the factor that it is supposed to measure. The reliability of an indicator can be computed by simply squaring the standardized factor loadings obtained in the confirmatory factor analysis. Furthermore, it is possible to compute a composite reliability for each latent factor. This confirmatory factor analysis was employed to examine support for the priori dimensions and construct validity of two underlying dimensions of the positioning differentiation. Table 2 summarizes the result of the factor analysis.

Structural equation modeling (SEM) is a technique for simultaneously estimating the relationships between observed and latent variables (the measurement model), and the relationships among latent variables (the structural model).

Table 2
The Result of a Confirmatory Factor Analysis

	Factor	X2	df	p-value	GFI	AGFI	RMR	t-value (C.R.)
Image Differentiation Positioning	Schema plus tag	43.282	5	0.000	0.924	0.773	0.035	p<0.001
	Subtyping	21.967	5	0.001	0.962	0.887	0.055	p<0.001
	Attitude	67.65	5	0.000	0.890	0.671	0.105	p<0.001
	Behavior	82.250	5	0.000	0.863	0.588	0.124	p<0.001

SEM is a method that has gained popularity because it combines Confirmatory Factor Analysis (CFA) and regression analysis to model a variety of psychological, sociological, and other relationships (Hoyle & Smith, 1994; Jorskog & Sorbom, 1989). Table 6 showed that "positioning differentiating image" has x^2 of 106.558, degrees of freedom of 65, p-value of 0.001, the goodness-of-fit index (GFI) of .962, the "adjusted" goodness-of-fit index (AGFI) of .876, the Normed Fit Index (NFI) of .977, and the Root Mean Square Residual (RMR) of .047. The result of t-test for Hypothesis 1 proved that image differentiation positioning of K airline, *Cabin Service Facility* (p=.001), *Cabin Entertainment System* (p=.000), and *Crew Uniform* (p=.000) differently influence the schematic process; "*Schema plus tag*" and "*Subtyping.*" These three attributes more influenced on "*Subtyping*" than "*Schema plus tag*" (see Table 3). Table 4 shows the Path coefficient of Final model of the study through SEM.

Table 3
The Result of t-test for Hypothesis 1

Image Differentiation Positioning	Schematic process	Frequency	Mean	Std. Deviation	t-value	p-value
Cabin Interior	Schema plus tag	48	1.62	0.886	-1.564	0.123
	Subtyping	200	1.84	0.652		
Food Service	Schema plus tag	72	1.60	0.775	-0.583	0.560
	Subtyping	176	1.66	0.694		
Cabin Service Facility	Schema plus tag	21	1.55	0.826	-3.755	0.001***
	Subtyping	229	2.26*	0.640		
Cabin Entertainment System	Schema plus tag	21	1.50	0.632	-3.868	0.000***
	Subtyping	229	2.20*	0.700		
Crew Uniform	Schema plus tag	30	1.41	0.733	-4.304	0.000***
	Subtyping	215	2.03*	0.710		

Note: * p<0.1, **p<0.05, ***p<0.001

As shown in Table 4, image differentiation positioning of K airline influences positively on consumers' attitude; the path coefficient between "*Schema plus tag*" and "*Subtyping*" is 0.472 and t-value is 1.977 (p<0.05). The path coefficient between "*Subtyping*" and "*Attitude*" is 0.842 and t-value is 3.365 (p<0.001). Image differentiation positioning of K airline has an effect positively on consumers' behavior; the path coefficient between "*Schema plus tag*" and "*Behavior*" is 0.418 (t-value=2.616; p<0.05) and the path coefficient between "*Subtyping*" and "Behavior" is 0.420 (t-value=2.696; p<0.001). Thus, Subtyping more influences on attitude and behavior than Schema plus tag.

Table 4
Path coefficient of Final model

Image Differentiation Positioning			Unstandardized Coefficients	Standardized Coefficients	S.E.	C.R. (t-value)	P-value	Hypothesis
Schema plus tag	→	Attitude	0.823	0.472	0.416	1.977	0.048*	Hypothesis 2a
Subtyping	→	Attitude	1.525	0.842 *	0.453	3.365	0.001*	Hypothesis 3a
Schema plus tag	→	Behavior	0.732	0.418	0.280	2.616	0.009*	Hypothesis 2b
Subtyping	→	Behavior	0.764	0.420*	0.283	2.696	0.007*	Hypothesis 3b
Attitude	→	Behavior	0.770	0.767	0.109	7.071	0.000**	Hypothesis 4

Note: * p<0.1, **p<0.05, ***p<0.001

CONCLUSION

The study found that airlines' positioning differentiation strategy has an effect on customers' cognitive process or "schematic process". The image differentiation positioning of K airline and schematic processes (*Schema plus tag* and *Subtyping*) have influenced the customers' attitude and behavior. In addition, this study also concluded that consumers' attitude and behavior are related not only to the objective information and facts, but also to their own subjective schema. Further, *"Subtyping"* has a stronger effect on "Attitude" and "Behavior" than "*Schema plus tag*" in terms of airlines' image differentiation positioning. This study's findings are considerably meaningful in academia since it researched the cognitive structure of consumers which is a fundamental theory of schema. Therefore, the image differentiation positioning strategy has a positive effect on the schematic process. For this reason, it would rather have a process on accommodation (*Subtyping*) than assimilation (*Schema plus tag*). Image differentiation positioning of K airline makes customers' schematic process positively influence the customers' attitude and behavior. The study will be considerably meaningful in academic aspects because research points out that cognitive structure of customers is a fundamental theory in cognitive psychology. Particularly, the study on the relationship between the strategy of image positioning differentiation, schema theory, and customers' attitude and behavior is very significant for the airline industry. This study provides an evidence to further our understanding of the role that schema theory may have on the hospitality and tourism field. The approach of psychological theory is very effective to present essential strategic alternatives to practical applications.

The study has some limitations. First of all, only two flights were selected in the collection of data. In addition, convenience sampling was used as a sampling method. This suggests that the results of this study may not be generalized to the entire industry. However, the results suggest several recommendations for future research. First, it would be very useful if image attribute of airlines-price, safety, and mileage were considered as measurable factors. Since K airline tried to change its corporate image, adding five factors in order to build new corporate image, the first recommendation for future research is quiet necessary. Second, a study could be conducted with a broader sample of customers to identify the different image attributes of airlines. Thirds, this study examined the relationship between the *'Image differentiation positioning strategy'* of K airline and customers' schematic process. Future study could also approach in terms of other 'differentiation positioning' strategies because there are more necessary and effective differentiation positioning strategies such as *'Differentiation positioning strategy by competitor', 'Differentiation positioning strategy by product class'*, '*Differentiation positioning strategy by use or application'* (Aaker & Myers, 1982). Lastly, this study provides an evidence to further our understanding of the role that schema theory applied to Hospitality and tourism field. This is because the approach of psychology and field is very effective to present essential strategic alternatives and practical applications despite several limitations.

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HURRICANE KATRINA'S EFFECT ON THE PERCEPTION OF NEW ORLEANS LEISURE TOURISTS

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ABSTRACT

Destination image is a critical factor to potential travelers. Many say that Hurricane Katrina was the costliest and one of the deadliest hurricanes in the history of the United States. The purpose of this study was to investigate the tourist destination images of leisure travelers' to New Orleans before and after the storm. Further this study assessed the influence of media exposure and geographic point of origin on perceptions. The results of this research provide fundamental implications for strategic image management that can assist in designing and implementing marketing campaigns to enhance prevailing negative tourism destination images.

Key Words: destination image, perceptions, New Orleans, Hurricane Katrina

INTRODUCTION

Tourism as an industry has grown into one of the world's largest income generators. In 2006 World Travel & Tourism is expected to generate US $6,477.2 bn (Total Demand) and in the United States Travel & Tourism is expected to generate US $1,652.6 bn of economic activity (World Travel and Tourism Council, 2006). A study by the University of New Orleans Hospitality Research Center showed that tourism in New Orleans provided 35 percent of the operating budget of the city with its $4.9 billion in annual visitor spending (Williams, 2006).

The importance of a tourist destination's image is universally acknowledged since it affects the individual's subjective perception and consequent behavior and destination choice (Chon 1990, 1991; Echtner and Ritchie, 1991). Yet, as competition among tourism destinations is getting more intense it has become increasingly more important to understand the dynamic structure of image by studying forces contributing to destination image formation and their interaction with each other so that an effective destination image development strategy can occur. However, determining a precise meaning of the term "tourist destination image" has proven challenging. The phrase has been used in a variety of contexts including those pertaining to the destination images projected by tourism promoters, the publicly held or stereotype image of destinations and those images held by individuals of the destination (Jenkins, 1999). Gunn (1988) broke new ground regarding image, he contended that images are developed at two levels: organic (e.g. visitation) and induced (e.g. externally received and processed information – mass media). The underlying assumption is that image development in inextricably linked to various forms of information sources. A positive destination image and the tourism related to it are important to the city of New Orleans and to the state of Louisiana because of its economic and social contributions.

The tourism industry was devastated in the months immediately after Hurricane Katrina arrived on August 29, 2005. According to Wikipedia (2006) Katrina was the costliest (e.g. at least 1,836 killed and $81.2 billion in damage) natural disaster in US history. Katrina caused devastation along much of the north-central Gulf Coast and flooding 80 percent of New Orleans. The media coverage has had a lasting undesirable effect on New Orleans' tourist destination image. A report by Louisiana Recovery Authority (2006) noted that 1,409 tourism and hospitality businesses shut down after the storm affecting 33,000 hospitality-based employees. The report also noted that the negative images of affected areas portrayed by the media has caused business and leisure travelers to choose other destinations resulting in the New Orleans region losing an average $15.2 million per day. Further documenting the immediacy for current information, the Louisiana Department of Culture, Recreation and Tourism and the Louisiana Recovery Authority was just recently allocated $28.5 million for recovery plan strategy development.
Bringing the crowds back in greater numbers requires a shift in public perceptions, said a spokeswoman for the New Orleans Metropolitan CVB (Oberman, 2006). For that reason, tourism managers are concerned with those aspects of destination image that are held in common with shared groups of people. This understanding affords the segmentation of markets and facilitates the formulation of marketing strategies enabling the manipulation of negative destination images. The purpose of this study was to investigate leisure travelers' perceptions of New Orleans before and after the storm. Further this study assessed the influence of media exposure and geographic point of origin on perceptions.

METHOD

Participants

The Louisiana Office of Culture, Recreation and Tourism supplied a listing of e-mail addresses of those people that requested information via their 800 number or their website. Specifically, they provided a listing of 10,000 randomly selected e-mail addresses. This sampling was disproportionately stratified. The addresses were selected based on the date that the information was requested, 40 percent before Hurricane Katrina August 29, 2005 and 60 percent after Katrina. This approach was taken to ensure sufficient post-Hurricane visitation. A cover letter with an attachment to a web page based self-administered questionnaire was sent to the sample. Of the total e-mailed, 465 were duplicates and 580 were undeliverable which reduced the sample to 8.955. A total of 574 responses were received after two invitations with no incentives, resulting in a response rate of 6.4 percent.

Survey Instrument

A questionnaire was developed that contained five topical areas: visitation status, image measurement, future visitation intentions, media exposure, and demographics. The survey also included a few open-ended questions regarding general images, perceptions, and future travel intentions regarding New Orleans. The pre- and post-Katrina image section consists of eight select image and three select perception items and respondents were asked to rank their level of agreement using a five-point scale. A comprehensive review of the relevant literature yielded in a parsimonious yet robust listing of attributes that this research used to operationalize and measure destination, including: 1) scenery, 2) historical sights, 3) culture, 4) nightlife/entertainment, 5) hotel accommodations, 6) restaurants, 7) access, 8) value, and 9) the friendliness of locals

Sample

The University of New Orleans (UNO) Hospitality Research Center (2005) recently conducted a benchmarking study which permitted a comparison: of a few measures: repeat visitation, point of origin and few other demographics. Study findings of visitation patterns were relatively close to the benchmarking data. Specifically, this study recorded 63.5 percent repeat visitors compared to UNO's 65.5 percent while first-timers accounted for 34.4 percent of UNO's sample compared to this research consisting of 20.6 percent first-timers to New Orleans with the remaining 16 percent never having visited the city. Both studies reported major visitation from Texas followed by Louisiana, Florida and Mississippi. Similar key feeder cities were also on record in both studies: Houston, Baton Rouge, and Dallas.

The respondents to this survey had an average age of 48 and for the most part tended to be female (64.5%) compared to (35.5%) male, which was again similar to the benchmarking study. They more often than not visited New Orleans pre-Hurricane Katrina (49.1%) followed by those who had been to New Orleans both before and after the storm (26.1%), and (8.9%) indicating that their only visit occurred after the storm. Over half (51.0%) of the respondents indicated that they were very or somewhat likely of to choose New Orleans as a vacation in the future compared to (26.0%) that reported that they were not very or at all likely of choosing the city in the future, and the remaining (23.0%) were neutral. The age data were recoded to permit a comparison to the UNO benchmarking study. Study findings compared to the UNO benchmark data did illustrate a few noteworthy shifts in visitation after the storm. Specifically, a drop in visitation from the 18-24 aged segment (e.g. from 5.4% to 1.5%) and the age 65 and over segments (e.g. from 11.6% to 6.4%).

Three major hypotheses were tested, using SPSS for the data analysis. Initially, the Kolmogorov-Smirnov statistic with a Lilliefors significance level for testing normality was used and tests indicated that the data were not normally distributed. This data characteristic combined with other methodological aspects dictated that a more conservative approach be adopted so nonparametric statistics were utilized for statistical testing.

RESULTS

Image and Perception Variables

Again, the purpose of this study was to measure tourist destination image of leisure travelers' perceptions of New Orleans. The pre- and post-Katrina destination image measurement section consisted of eight attribute items and three post-Katrina recovery related perception items that respondents were required to state their level of agreement for each using a five-point scale (e.g. 1 = strongly disagree to 5 = strongly agree). Table 1 details the items sample sizes, means and standard deviations.

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Table 1
Image and Perception Variables Descriptive Statistics

			Statistics	
Variable		n	Mean	Std. Deviation
Image Before Hurricane Katrina				
New Orleans is easily accessible by personal or public transportation		534	4.11	0.86
New Orleans has a rich cultural heritage		526	4.75	0.59
New Orleans has places with exiting nightlife and entertainment		528	4.59	0.66
New Orleans has first class accommodation facilities		529	4.37	0.75
New Orleans offers a wide variety of restaurants		534	4.66	0.60
Local residents are friendly and hospitable		530	4.14	0.91
New Orleans offers a good value for my leisure trip		531	3.98	0.92
New Orleans is a safe place to visit		528	3.25	1.05
Image After Hurricane Katrina				
New Orleans is easily accessible by personal or public transportation		498	3.26	1.07
New Orleans has a rich cultural heritage		489	4.32	0.94
New Orleans has places with exiting nightlife and entertainment		491	3.75	1.02
New Orleans has first class accommodation facilities		495	3.66	1.01
New Orleans offers a wide variety of restaurants		495	3.79	1.02
Local residents are friendly and hospitable		495	3.75	1.06
New Orleans offers a good value for my leisure trip		494	3.43	1.05
New Orleans is a safe place to visit		491	2.73	1.19
Perceptions After Hurricane Katrina				
Tourist historical sights have totally recovered after Katrina		525	2.77	0.99
The scenery of the French Quarter has the same beauty as before Katrina		521	3.44	1.00
I am likely to choose New Orleans as a next vacation destination		526	3.24	1.20

Image Assessment by Visitation Status

Kruskal-Wallis H was used to analyze the extent to which groups differ from each other in terms of their perceptions of New Orleans both before and after Hurricane Katrina. This procedure examined the differences of mean ranks regarding eight New Orleans image attributes. A higher mean rank score indicates that the specific city image attribute was being perceived more positively. Table 2 details the mean ranks and significance levels for image attributes with ($p \leq .05$). For example, those who traveled to New Orleans previously ranked the "friendliness and hospitality of locals" higher then the other visitation status segments.

Table 2
Mean Rankings of Image Attributes by Visitation Status

	Group			
	Never been to New Orleans (n=90)	Visited New Orleans once before Katrina (n=277)	Visited New Orleans once after Katrina (n=50)	Visited New Orleans before and after (n=144)

Variables	*p=* value	Mean Ranks	Mean Ranks	Mean Ranks	Mean Ranks
Before Hurricane Katrina					
New Orleans is easily accessible by personal or public transportation	0.025	226.09	269.55	250.90	282.89
New Orleans has first class accommodation facilities	0.024	228.83	259.28	266.71	286.45
New Orleans offers a wide variety of restaurants	0.000	216.63	269.49	246.04	290.12
Local residents are friendly and hospitable	0.000	210.53	258.72	276.13	297.20
After Hurricane Katrina					
New Orleans has places with exiting nightlife and entertainment	0.000	232.25	220.73	309.86	264.56
New Orleans has first class accommodation facilities	0.000	220.11	221.06	287.57	284.74
New Orleans offers a wide variety of restaurants	0.001	223.75	227.17	272.42	277.10
Local residents are friendly and hospitable	0.000	213.53	215.32	301.36	292.94
New Orleans offers a good value for my leisure trip	0.000	237.91	216.68	283.40	281.16
New Orleans is a safe place to visit	0.001	245.97	220.52	307.33	257.38

Image Assessment by Media Exposure

Because of the strength that mass media has on image formation, this study asked respondents to rate themselves using a scale where a one equals low exposure to mass media to ten indicating a high level of exposure. For this research, media exposure components included television, radio, newspapers, magazines, and the Internet. Data analysis revealed that this data was not normally distributed with a mean of 8.29, a median of 9, a mode of 10, and a standard deviation of 2.11. To measure the relationship between media exposure and overall image assessments a Spearman's rho rank-order correlation coefficient was calculated. Findings were not as expected indicating a need for additional research pertaining to the influence mass media exposure has on image formation as well as a further refinement of the measurement of mass media (e.g. possibly isolating individual media channels). The data analysis indicated that in only the "before" Hurricane Katrina Image attributes was there a significant ($p \leq$ .001) but very small positive relationship (correlation coefficient of .178). Additionally, the media data was recoded into three groupings (high, medium and low exposure), and then Kruskal-Wallis H was generated for the three created categories. Table 3 presents the mean ranks and significance levels for attributes with ($p \leq$ .05).

Table 3
Mean Rankings of Image Attributes by Level of Media Exposure

		Group		
		Low Media Exposure (n=21)	Mid-range Media Exposure (n=125)	High Media Exposure (n=394)
Variables	p = value	Mean Ranks	Mean Ranks	Mean Ranks
Before Hurricane Katrina				
New Orleans has places with exiting nightlife and entertainment	0.011	247.83	232.870	271.410
New Orleans has first class accommodation facilities	0.000	262.08	214.930	277.070
New Orleans offers a wide variety of restaurants	0.000	195.45	239.630	276.050
New Orleans offers a good value for my leisure trip	0.000	201.1	224.910	278.360
After Hurricane Katrina				
New Orleans has first class accommodation facilities	0.009	179.83	223.210	255.990

Note: Low level includes those who indicated a 1,2,3; medium level where those who
     indicated a 4,5,6,7 and a high level contained those respondents who marked an 8,9 or 10.

Image Assessment by Geographic Origin

The sample population was divided into two subgroups: Residents of Louisiana, Mississippi and Alabama (23.3%), and residents of all other regions of the U.S. and Canada (76.7%). Findings indicated significant differences among these geographic segments. Kruskal-Wallis H indicated that the perceptions of the residents from more distant geographic points of origin were more positive than those who resided in closer points of origin: Louisiana, Mississippi and Alabama. A literature review by Leisen (2001) noted a similar finding regarding images of Mexico. Table 4 shows the mean ranks and significance levels for attributes with ($p \leq .05$).

Table 4
Mean Rankings of Image Attributes by Geographic Point of Origin

		Group	
		Residents of LA, MS and AL (n=134)	Residents of all other geographies (n=440)
Variables	*p* = value	Mean Ranks	Mean Ranks
Before Hurricane Katrina			
New Orleans is easily acceptable by personal or public transportation	0.008	239.23	276.88
New Orleans has places with exiting nightlife and entertainment	0.008	238.95	273.02
Local residents are friendly and hospitable	0.000	225.38	278.81
New Orleans offers a good value for my leisure trip	0.002	240.56	274.33
New Orleans is a safe place to visit	0.000	220.07	279.46
After Hurricane Katrina			
New Orleans is easily acceptable by personal or public transportation	0.049	227.94	256.42
Local residents are friendly and hospitable	0.004	216.47	257.98
New Orleans offers a good value for my leisure trip	0.001	212.69	258.42
New Orleans is a safe place to visit	0.000	206.06	258.63

Image Assessment Before and After the Storm

The Wilcoxon signed-rank test was used to assess changes in the overall image of New Orleans among study respondents. The test statistic detects differences in the distribution of the two related variables (e.g. overall destination image of New Orleans before and after Hurricane Katrina). Findings indicated that the overall image significantly (p£ .001) decreased according to the Wilcoxon signed-rank test statistic (z = 116.488). Space constraints however do not permit a presentation of individual image attributes; however all eight pre- and post-storm image assessments showed (p£ .001) decreased ratings.

Image Assessment Before and After the Storm by Length of Time From Catastrophe

To assess the staying power of the media induced negative images of New Orleans, a question on the survey asked respondents to indicate when, if they came after the storm, their trip occurred. The Kruskal-Wallis H was generated comparing the time periods (e.g. Fall 2005, January – March 2006, April – June 2006 and July – October 2006) to assess the function that the length of time from the event plays on overall tourist destination image assessment. Table 5 presents the mean ranks and significance levels for these groups.

Table 5
Image Assessment Before and After the Storm by Length of Time From Catastrophe

		Group			
		Fall 2005 (n=25)	January - March 2006 (n=46)	April - June 2006 (n=63)	July - October 2006 (n=63)
Variables	*p=* value	Mean Ranks	Mean Ranks	Mean Ranks	Mean Ranks
Overall Image Before Katrina	0.067	77.28	103.05	93.12	110.54
Overall Image After Katrina	0.001	51.05	94.72	101.61	104.24

DISCUSSION

According to these research findings, practically everyone's image of New Orleans as a tourist destination significantly changed for the worst; however, findings also revealed that visitor perceptions were beginning to improve. Image of a destination is a critical factor to potential travelers' decision-making processes. The literature also indicated that the mass media effects image creation among travelers. Many have also said that media sensationalism associated with Hurricane Katrina has created a negative impression of the area, which in turn has devastated the New Orleans travel & tourism industry. A changing of the widespread negative images of the city has been requested by stakeholders therefore, the purpose of this study was to investigate leisure travelers' perceptions of New Orleans before and after the storm. The results of this research provide fundamental implications for strategic destination image management, which can assist in designing and implementing marketing campaigns to enhance tourism destination images and to correct the prevailing negative images.

Several areas were explored regarding destination image and some new aspects of image creation were revealed. Additionally, this study's findings will serve as baseline data for comparisons to future New Orleans image studies as well as provide valuable input to the development of a image recovery plan. An open-ended question item asked, "if you would not come back to the city, why?" and the following sentiments were expressed: "its not safe, New Orleans needs time to rebuild herself, too much violence/murders/crime ridden, I have other vacation options, and its not a family friendly destination." These findings can be used to combat existing negative imagery assisting in advertising copy development to address these identified areas of concern. Currently, the Louisiana Department of Culture, Recreation and Tourism and the Louisiana Recovery Authority are formulating strategies to allocate $28.5 million awarded to rebuild the region. Marketing and public relations programs will be relied upon throughout this task and these research findings may provide insight to target markets and campaign strategy. Image impression management will be key to their success and to the rebuilding of New Orleans and the Gulf Coast tourism industry.

Image and perception variables were measured and thru this research practitioners are better informed to guide tactical implementation. For example: 1) respondents feel that the culture of the area is intact, 2) they feel that the restaurant supply is weak, 3) the ease of access throughout the city is poor, and 4) the area is still not seen as safe are very specific and should assist in problem resolution. Anyone that has ever been to the city would agree on some level in saying that these areas are in need of improvement. Conversely, one of the most frequent reasons listed among the open-items for coming back to visit for a leisure vacation was that they "simply love New Orleans." The data indicated that over half of visitors were repeat visitors. This research documented some important findings pertaining to target marketing after a natural disaster. Specifically, study respondents that had visited the destination prior to the event would have more favorable images than those who have never visited destination in question. This may be explained by the strength of organically formed impressions. This finding may indicate that post-Katrina marketing efforts targeted to those visitors who have previously been to the destination (repeat visitors) will be more effective and efficient. This approach may yield enhanced results in ameliorating negative destination images among potential visitors and assist in jump-starting industry-wide recovery.

The power of mass media is evident. Today thru modern technology we can see world changing events as they happen. Many saw the twin towers go down, many saw the levies give way to the raging waters, many saw the citizens of New Orleans as they exited the Superdome, all possible because of communication technologies and the dedicated journalists covering the story. However, many have said that the media had taken the Katrina story to new heights of sensationalism for ratings points. This research touched upon the influence of media exposure as it related to destination image development. Positively, the data indicated that everyone who filled out the survey was exposed to high levels of mass media especially when considering the fact that this data was collected via the Internet it should not have been that surprising. Specifically, this research found that there was a very small relationship regarding image formation and increasing levels of mass media exposure. However, this finding may not extend beyond the sample population and may apply only to the image ratings prior to the storm. What does this weak relationship mean? Which leads to another area for further exploration also raising another question, "is it possible that the live coverage of the storm resulted in an almost 'first-hand' experiencing the destination for viewers?"

This study also examined the effect of geographic point of origin on the assessment of New Orleans as a tourist destination. In agreement with previous literature Leisen (2001), findings indicated that as the respondents' residence gets further away from New Orleans they report more favorable images. Having this insight enables

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marketers to act more strategically in campaign development and execution. If there were no regional differences, then a uniform promotional strategy may be advocated, nevertheless since we found significant geographic differences there will need to be different promotional themes and strategies for the different markets. Now, since several different campaigns are required because of the differing images current markets may prove less cost effective while other non-traditional (in this case more distant) markets may now prove viable in lieu of the additional costs associated with changing the current negative impressions of the closer resident markets. Additional research will be required to assess anticipated ROI for each of these target markets and some research may be warranted to further understand the influence that geographic segmentation plays in destination image formation. Does the strength of negative destination tourist images decrease over time? Findings from this study indicate some evidence to this statement. More specifically this study found that as the date of post-Katrina visits to New Orleans occurred further away from August 29, 2005 overall tourist destination image improves. This finding has many management implications and warrants additional investigation. This learning may, to some small degree, ease stakeholders by suggesting that the tourist destination image of New Orleans is improving slightly. However, the stakes are too high to wait for tourism activity to just repair itself. More proactive measures are currently underway, hence the recent allocation of $28.5 million in recovery effort funds.

This research did reveal some interesting findings although it also revealed some inconclusive findings that should be explored in future studies. Furthermore, the response rate was also less then ideal. Some of the outcomes of this research can assist stakeholders by documenting concerning salient tourist impressions concerning crime, personal safety, and limited infra- and super-structures. Some of the outcomes of this research can assist destination managers in correcting negative tourist images. Some of the outcomes of this research can assist researchers because it corroborated previous image studies and furthered an understanding regarding the effect that time (distance from the event date and negative tourist destination image decay) has on image assessment.

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INVESTIGATING CRITICAL SUCCESS FACTORS IN THE RISE TO THE HOTEL GENERAL MANAGER POSITION IN TAIWAN

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ABSTRACT

Research on hotel general managers has examined career paths and hospitality positions held prior to becoming a general manager (GM), however there is limited research regarding other factors. In this study GMs from Five-Star and Five-Diamond properties in Taiwan were surveyed. This study seeks to investigate other potential factors which influence the attainment of the GM position. This research articulates the impact of education, training, and past work experience upon the success of attaining a GM position. Additionally, this paper considers career development, personality, and management style theories within the hospitality industry as a factor in promotion to General Manager.

Key Words: hotel general manager, career path

INTRODUCTION

This study was conducted because there was a lack of empirical data regarding hotel general managers in Taiwan. Since this study is one of the first for the region it will add significantly to the body of knowledge on this particular topic. This research is of particular importance because it enables aspiring general managers to identify the critical factors which have contributed to making current GMs successful in attaining their professional positions. Additionally, in an effort to make the results obtained in this study generalizable to a greater population, future research involving a cross-cultural comparison to other geographic locations will be possible.

LITERATURE REVIEW

Hotel General Manager

Most past research regarding hotel general managers focused primarily on jobs held within hotels prior to reaching the GM position. The most prevalent previously held positions were those in "operational" departments such as food and beverage or front office (Nebel, 1995; Ladkin, 2000). Studies verified that typically 40% to 45% of GM respondents previously held food and beverage positions (Nebel, 1994; Ladkin & Juwaheer, 2000; Ladkin, 2000; Ladkin, 2002). By contrast GMs had minimal if any experience in housekeeping, accounting, human resource management, and marketing (Ladkin, 2000; Ladkin, 2002). Drawing from previous studies, it can be hypothesized that non-operational positions are unlikely routes to the general manager position.

On average, managers held 6.8 jobs prior to becoming GMs and changed jobs every two or three years (Ladkin, 2002). According to Harper et al. (2005) the average age achieved by GMs in UK hotels was 29 years of age. Therefore it took those managers who had college or university degrees to obtain the GM position in nine years and two months, compared to non-college educated managers whose mean time to becoming GM was eleven years, ten months. These results were similar to those of Ladkin & Riley (1996), however Australian GMs who were found to achieve the GM position in approximately fourteen years (Ladkin, 2002).

In terms of education and demographics the majority of GM respondents were college-educated males (Nebel, 1995; Ladkin, 2000). Some research yielded respondents, primarily middle-aged, (Nebel, 1995) while others were of a wider age range (Ladkin, 2000). According to Ladkin (2000), and supported by previous research by

Gamble & Messenger (1990), a higher level of education may cause managers to begin their careers at a more advanced managerial level, but it does not necessarily lead to a faster promotion rate. However, respondents possessing a Master's degree were found to enjoy the most rapid career advancement compared to respondents with other educational backgrounds (Ladkin, 2002). Ayres (2006) echoed this sentiment and claimed that education alone is not enough, tertiary qualifications and even post-graduate work is becoming increasingly important and potentially necessary in the future.

Additionally, no previous research was found which paid special attention to vocational education, such as culinary programs, or professional certifications and the correlation with attainment of GM position. This gap in the literature will be investigated and presented in the results section of this paper.

Career Development

Most previous studies regarding career development focused primarily on promotion within a particular corporation (Super, 1957; Schein, 1978; Arthur & Rousseau, 1996). In recent years employees in general have become less loyal to their employers, thus they are more willing to change corporations and view this as a viable option for career advancement (Arthur et al., 2005). While career advancement within and between organizations are both important, the current study does not focus on one approach or another. Rather, this study investigates the positions held prior to attaining hotel general manager and career path implications as a result of positions previously occupied.

Early career theories were formulated by Super (1957) and Schein (1978) in an effort to explain how careers develop and promotion occurs. Super's career stage theory consisted of the following stages: establishment, advancement, maintenance, and withdraw. Establishment referred to the start of an employee's career; advancement was the timeframe during which the employee moved from job to job, also known as promotion; maintenance was the stage at which the employee had attained the desired promotion level and was focused on doing the current job, as opposed to attempting to obtain a subsequent promotion; and withdraw was the time during which the employee was preparing to retire.

Schein's (1978) career theory consisted of five "career anchors." The five anchors referred to the values which enticed an employee to make certain career decisions. The five anchors included: autonomy; technical/ functional competence; managerial competence; security and stability; and creativity. Three additional anchors were later added: lifestyle; service/ dedication to a cause; and entrepreneurial challenge (Yarnall, 1998).

Personality

According to previous research there are five major dimensions of personality: neuroticism, extraversion, openness to experience, agreeableness, and conscientiousness (Costa & McCrae, 1985; Mount & Barrick, 1995; Seibert & Kraimer, 2001). A longitudinal study which accessed the five personality dimensions and general mental ability as related to career success found that the "Big Five" dimensions explained significant variance in career success even when intelligence was controlled for (Judge et al., 1999). Results discovered that low neuroticism and agreeableness, and high extroversion, conscientiousness, and cognitive ability were most influential in determining an individual's extrinsic career success which was defined as salary and promotions (Judge et al., 1999). Follow-up research which examined the relationship between the five personality dimensions and career advancement found that extraversion was statistically significant and positively correlated to salary, career satisfaction, and promotion (Seibert & Kraimer, 2001). Contradictory to the Judge et al. (1999) study, other dimensions were either negatively related or insignificant.

Most hospitality studies regarding personality have examined dimensions similar to the Big Five model, but in a more industry- specific manner (Pavesic & Brymer, 1990; Brownell, 1994). Pavesic & Brymer (1990) used the Myers- Briggs Type Indicator for their study and found that the most common profile for hospitality managers was: extroversion, sensing, thinking, and judgment (ESTJ). ESTJ relates to Blake and Mouton's managerial grid, particularly in the 9,9 and 5,5 management styles. Managers which employ these styles are focused on the well-being of the organization as well as their employees.

Management Style

While career development theories are of particular interest for the current study, management style theories are also of vital importance. The current study pays special attention to the management styles employed by the general manager respondents.

One of the more famous and earliest managerial style theories was created by Blake and Mouton (1964). Blake and Mouton developed five leadership styles which were situated on a grid according to the amount of concern by a manager regarding "people" and the "organization." As that concern increases, the manager moves from one leadership style to another. For instance, someone who is particularly concerned about people, but less concerned with the efficiency of the organization would be a 9,1 manager. Whereas someone who is moderately concerned about both would be classified as a 5,5 manager and someone with high concern for both organizational and personal efficiency would be considered 9,9.

Some of the variables affecting management style provided in previous research were cultural norms, communication, leadership, negotiation, organizational structure and control, and empowerment (Conger & Kanungo, 1998; Claes, 1999; Lee, et al., 2000). Research conducted by Nebel (1991) which involved interviews and observations of hotel GMs found that GMs were most insistent on the importance of the leadership dimension and that GMs often developed a leadership style based on their own personalities and out of necessity dictated by their organization and employees. Negotiation and organizational structure were additional variables affecting management style.

Based on the literature review the Career Theory Model was developed (Figure 1).

Figure 1:
Career Theory Model
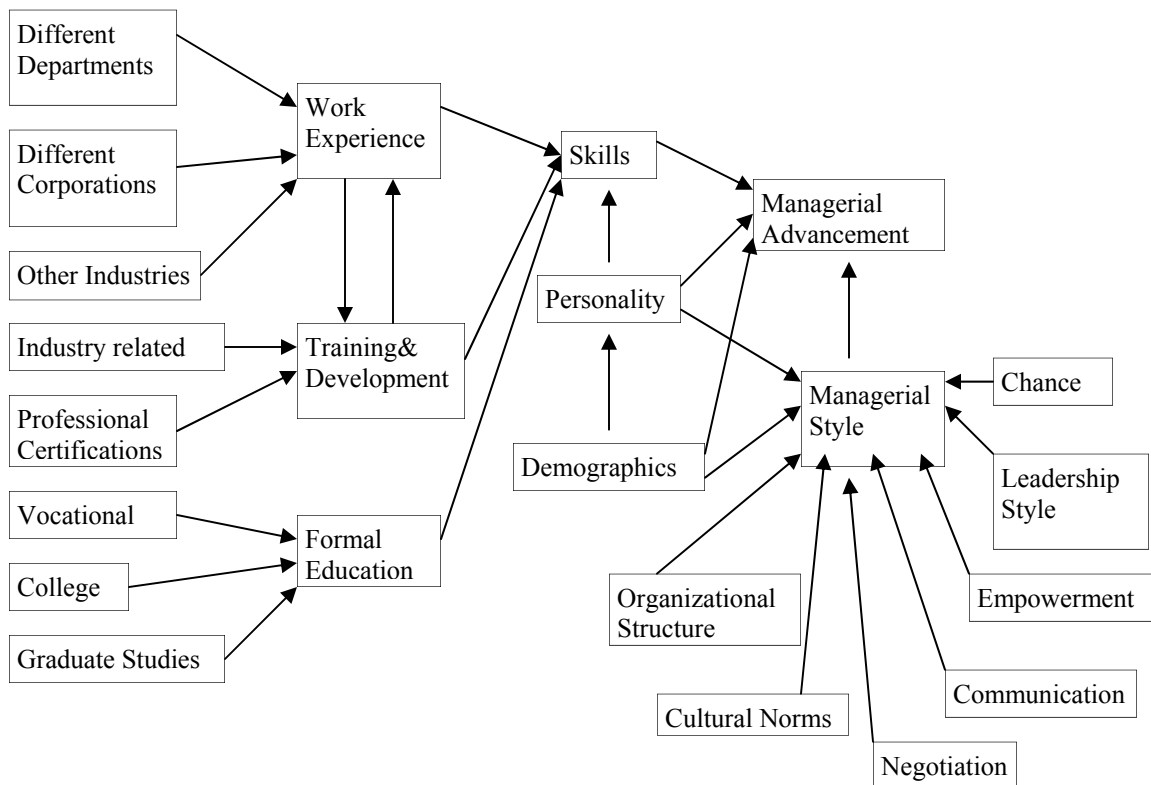
Hypothesis

While the literature review was very extensive, the current study employed some theories and variables considered in the model. For the purposes of this particular study, not all variables were included, however future

studies are planned which will incorporate variables excluded from this survey. This study does not include questions regarding work experience in industries other than hospitality, industry related training, personality, gender, and some sub-concepts of managerial style. Rather the focus is on the profile of hotel general managers, their education and work experience prior to obtaining the GM position and management style because these were deemed most important for an initial empirical study. However, future studies are anticipated to include these additional variables.

Using the variables from the concept model, the following hypotheses were developed:

Hypothesis 1: Hotel general managers are more likely to possess a bachelor's degree than have no college education.

Hypothesis 2: Hotel general managers with college degrees obtain GM positions faster than GMs without college degrees.

Hypothesis 3: Hotel general managers obtain at least one college degree in hospitality management.

Hypothesis 4: Hotel general managers achieve promotion faster if they have master's degrees rather than bachelors or no college degree.

Hypothesis 5: Hotel general managers gain all their work experience in "operational" departments (i.e. food and beverage or front office) prior to attaining the GM position.

Hypothesis 6: Hotel general managers obtain the GM position in fewer than seven management roles.

Hypothesis 7: Hotel general managers obtain the GM position in 11 or fewer years.

Hypothesis 8: Hotel general managers promote positive employee performance through coaching, mentorship, and open communication.

Hypothesis 9: Hotel general managers fit into the 5,5 to 9,9 range of Blake and Mouton's managerial grids.

Hypothesis 10: Hotel general managers are members of at least one professional organization.

Hypothesis 11: Hotel general managers obtain at least one professional certification.

METHODOLOGY

The population for this particular study was the general managers of the hotels in Taiwan which met the criteria of Mobil Five-Star and the Automotive Association of America Five-Diamond award recipients for 2002. Since the population consisted of only twenty-three hotels, questionnaires were distributed via postal mail to the complete population of hotels. After follow-up faxes and personal phone calls to survey recipients, nineteen complete questionnaires were returned. All questionnaires received were valid, yielding a collection rate of 82.6%.

Questionnaires consisted of a total of forty-two questions. Demographic questions were asked regarding education, age, marital status, and nationality. General managers were also asked information regarding career paths, mentoring opportunities, and time spent with different companies and specific properties. Additionally, questions regarding professional certifications, professional association memberships, and future career intentions were included. Eighteen statements regarding particular management styles were posed to respondents who answered using a five- point Likert scale ranging from (1) sometimes to (5) always. Due to the small sample size, nonparametric tests were used for data analysis. Descriptive statistics were used to analyze most demographic categorical data. For the remaining 5-point Likert scale questions, Kolmogorov- Smirnov and Mann-Whitney tests were employed.

RESULTS

Demographic Background

As previously mentioned, of the twenty-three surveys distributed nineteen were returned complete and usable. All respondents were male and held the position of general manager in a Five-Star or Five-Diamond rated hotel in Taiwan. The mean age of respondents was 48.6 years, with a range of 35 to 59 years. Marital status was split evenly with 38.9% each in both married and divorced and 22.2% never married categories. Fourteen of the nineteen respondents (73.7%) had at least one child. Most respondents (68.4%) were of Taiwanese nationality. The remaining managers were from other Asian countries (15.8%) or were non-Asian (15.8%). Two respondents (10.5%) were American citizens.

Education

In general this group of respondents was relatively highly educated. Sixty-one point one percent obtained a bachelors degree, while 11.1% held master's degrees. Most of these degrees were earned at local Taiwanese Universities. Hypothesis 1: "Hotel general managers are more likely to have a bachelor's degree than no college education" is supported. Of the GMs which had college degrees, 62.5% had at least one hospitality degree, which supports hypothesis 3: "Hotel general managers obtain at least one college degree in hospitality management."

In order to investigate whether college degrees affected the rate of promotion to GM, Mann-Whitney tests were used. According to the results there was no significant difference between how quickly respondents with college degrees and those without degrees were promoted to GM. The Mann-Whitney test results (-.188, $p>0.05$) caused hypothesis 2: "Hotel general managers with college degrees obtain GM positions faster than GMs without college degrees" to be rejected. Upon testing whether master's degrees sped up promotion to GM, again no significant difference (-1.493, $p>0.05$) was found between the time taken to reach the GM position between those respondents with master's degrees and those without. Thus hypothesis 4: "Hotel general managers achieve promotion faster if they have master's degrees than bachelor's or no college degree" was rejected.

Career/ Work Experience

Questions regarding career path found that respondents had spent an average of twenty-one years working in the hotel industry, with a minimum of seven years and maximum of forty-one years in the industry. With regards to the general manager position, respondents served an average of 4.4 years as a general manager, with a range of less than one year to 10 years as GM. Similar results were found regarding the current GM position: respondents' mean time spent in the current GM position was 2.2 years with a range of less than one year to 10 years. On average, respondents spent 8.1 years working for their current company, with a range of less than one year to 26 years.

The amount of time taken by respondents to reach their first hotel management job and first GM job spread across a wide range. The average number of years in the industry prior to first management job was 11.3 years, however the range spread from one year to 31 years. Similarly, the average time from first management job to first GM job was 13.1 years with a range of three to 25 years. Hypothesis 7: "Hotel general managers obtain the GM position in 11 or fewer years" is rejected.

Respondents were asked about the different management positions held prior to becoming general manager. All respondents held at least three management positions before becoming GM; nine respondents held seven management positions before becoming GM. This finding supports hypothesis 6: "Hotel general managers obtain the GM position in fewer than seven management roles." These positions were in departments such as food & beverage, accounting, sales, and public relations, among others. Of these positions respondents credited food & beverage and accounting as the most important in preparing them to become GMs. This finding contradicts Hypothesis 5: "Hotel general managers gain all their work experience in "operational" departments (i.e. food and beverage or front office) prior to attaining the GM position."

In an effort to see how involved GMs are in the hospitality industry, respondents were asked about their involvement in professional organizations and which, if any, professional certifications they held. According to the respondents fewer than half were involved in professional organizations (42.1%) or had obtained professional certifications (31.6%) thus causing both hypothesis 10: "Hotel general managers are members of at least one professional organization" and hypothesis 11: "Hotel general managers obtain at least one professional certification" to be rejected.

Management Style

Eighteen questions were asked using a 5-point Likert scale regarding different management styles and techniques. These questions were based upon a management survey developed for the purpose of training and has been used for leadership training in a variety of corporations (Clark, 2006). These questions were analyzed using Kolmogorov-Smirnov Z tests due to the small sample size. As can be seen in Table 1, many of the dimensions of management style were found to be significant at the $p<0.05$ level. The dimensions used to test Hypothesis 8: coaching new skills, encouraging employees, employee mentorship, team building, respecting boundaries, and employee performance improvement were all found to be significant. As a result, hypothesis 8: "Hotel general managers promote positive employee performance" is supported.

The remaining management style dimensions concerned employee and organizational efficiency and therefore were used to test Hypothesis 9. The majority of these dimensions were found to be statistically significant or marginally significant result in hypothesis 9: "Hotel general managers fit into the 5,5 to 9,9 range of Blake and Mouton's managerial grids" being supported.

Table 1
Management Style

Dimension	Z-value	Sig.
Team decision making	1.279	0.076
Goal accomplishment*	1.673	0.007
Project scheduling*	1.990	0.001
Coaching new skills*	1.874	0.002
Challenging tasks*	2.047	0.000
Encourage employees*	2.158	0.000
Detail orientation*	1.799	0.003
Multi-tasking	1.147	0.144
Training development	1.012	0.258
Separate personal & business relationships	1.119	0.164
Time management*	1.373	0.046
Employee mentorship*	1.543	0.017
Project management	0.920	0.365
Team building*	2.346	0.000
Problem solving*	1.811	0.003
Respects boundaries*	1.671	0.008
Employee performance improvement*	1.526	0.019
Professional development*	1.567	0.015

* Significant at $p<0.05$ level

DISCUSSION

This study was empirical in nature and has provided valuable insight into the profile of Five-Star Five-Diamond hotel general managers in Taiwan. Education, work experience, and management style were investigated and yielded mixed, but interesting results. The results found in this study are useful for current hospitality students interested in eventually obtaining promotion to general manager since most GMs had graduated from college and many were educated in hospitality management programs. However, general college and graduate education does not necessarily result in attaining the GM position faster than those without these credentials. This study's findings did not agree with other studies that considered education levels where GMs with college degrees did advance more quickly than those who did not have a college degree (Ladkin, 2000; Gamble & Messenger, 1990).

Work experience within the hospitality industry was important in preparing GMs for their jobs however the type of previous experience was not limited to any one particular department. All respondents attained the GM position after no more than seven management positions however this typically took an average of 13 years one year more quickly than the Australian GM's in Ladkins' (2002) study.

This research adds to the current body of knowledge through the development of the Career Path Model and the trends found in this research are a starting point for aspiring hotel executives to begin planning their careers.

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Given these findings future studies may be undertaken in order to continue building on the current body of knowledge.

LIMITATIONS

While the sample size was very small, nearly all general managers in the population responded. As a result an accurate representation of the Five-Star, Five-Diamond Taiwanese general manager population was obtained. However, the small sample size does preclude generalizations to a large population.

The extensive nature of the Career Theory model developed in this study proved a challenge for researchers in developing a concise survey instrument. As a result, portions of the model were excluded for this initial survey, but are expected to be incorporated into future studies. This study was limited in that language training, gender, career mobility between corporations versus mobility within the same corporation, and entrance into the GM position from other industries were not addressed. This empirical study does, however, lay the groundwork for future exploration of the model and the population.

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USING PRICE-SENSITIVITY MEASUREMENTS TO ESTABLISH MENU PRICING: A HONG KONG BUFFET RESTAURANT EXAMPLE

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ABSTRACT

Setting the correct price for hospitality products is a crucial management task that has a major influence on a firm's profitability. In general, there has been a lack of academic interest in the field of pricing. The restaurant industry typically establishes prices by marking up a certain cost percentage, or by gut feel and trial-and-error methods. This study demonstrates how restaurant managers can use a simple survey method to measure customers' price sensitivity, which can assist them in setting prices that represent value to their customers. Price-Sensitivity Measurement is illustrated in this study by using data collected from a Hong Kong buffet restaurant. The study's results reveal price ranges that represent value for dinner buffet customers.

Key Words: Restaurant, Profitability, Price-Sensitivity Measurement, Price.

INTRODUCTION

Establishing pricing strategies is critical to marketing managers. The pervasive influence of price is due, in part, to the fact that the price cue is present in all purchase situations and, at a minimum, represents to all consumers the amount of expense that must be incurred in the given purchase transaction. A considerable number of authors have pointed to the importance of pricing for every company's profitability, mainly because it is the only element of the marketing mix that generates revenues for a firm, while all others are associated with costs (O'Connor, 2003; Shoemaker, Lewis & Yesawich, 2006; Kotler, Bowen, & Makens, 2006). Avlonities and Indounas (2006) suggest that pricing decisions can be implemented easily and at low costs. In addition, Zeithaml, Bitner and Gremler (2006) propose that, because price serves as a proxy for quality for customers, it must be determined very carefully. Additionally, Shoemaker, Lewis and Yesawich (2006) suggest that pricing is a powerful force in attracting attention and increasing sales, and that it can also have major influence on customer loyalty. Despite the aforesaid significance of pricing, several authors view pricing as the most neglected element of the marketing mix (Avlonities & Indounas, 2006; Hoffman, Turley, & Kelly 2002).

The marketing discipline of pricing grew out of the basic theory of economics, which assumes that the economy responds to the customer (Shoemaker, Lewis & Yesawich, 2006). When it comes to setting prices, these basic theories need to be remembered, but prices also need to be established with the concept of customer loyalty, not only short-term profits, in mind (Shoemaker, Lewis, & Yesawich, 2006).

James Abbey (1983) states that pricing decisions should be based on solid market research and thorough understanding of the economics of price changes. Management guru Peter Drucker (1993) talks about the importance of pricing in his 'five deadly sins of business.' The first three sins relate to pricing; the worship of high profit margins, mis-pricing new products, and pricing concentrated solely on costs. The next section of this paper will illustrate how prices are commonly set in the hospitality industry.

Types of Pricing Applied in the Hospitality in the Hospitality Industry

Hospitality firms use various methods to set prices for their products. Hospitality managers select different pricing approaches based on one or a combination of several factors: a firm's cost structure, competitors' prices, and customer value perceptions of hospitality products. Cost-based pricing usually involves marking-up techniques of actual variable costs (product costs) at a certain desired product cost percentage. This pricing method is commonly used to set menu prices in restaurants. Alternatively, pricing methods based on customers' value perceptions of hospitality products exclude the consideration of costs and attempt to provide value by offering high quality at low prices (Lewis & Shoemaker, 1997; Shoemaker, Lewis, & Yesawich, 2006).

Furthermore, several price adjustment strategies, such as volume, and based-on-time -of-purchase discounting, as well as discriminatory pricing, are used in the hospitality industry (Kotler, Bowen, & Makens, 2003). Discriminatory pricing is a method of setting prices at different levels based on the elasticity of demand of individual market segments. Price differentiations are not sustained by a difference in costs or quality, but rather are the result of the unique characteristics of individual market segments. Discriminatory pricing methods permit charging lower prices to price sensitive customers and asking full prices from inelastic market segments (Kotler, Bowen, & Makens, 2003). Several basic conditions have to exist in order to apply price discrimination successfully: first, various market segments must be identifiable and appreciate services differently; second, firms practicing price discrimination should know their costs well in order not only to maximize revenues but, more importantly, profits. Third, a firm that deals in perishable products must have the ability to sell products in advance according to fluctuating demands. Finally, price discriminatory approaches must be well comprehended and accepted by the customer.

Price discriminatory methods have become standard operating procedures for many hospitality firms. Discriminatory pricing should always apply methods that are beneficial to the customers and to the hospitality firm. Therefore, firms must always offer sufficient benefits in exchange for restrictions and provide sufficient information about how to obtain price discounts. A popular example of discriminatory pricing is yield management, a pricing approach that involves charging various room rates to different market segments. Finally, many hospitality firms set their prices by considering demand and costs as secondary factors and set prices according to the "going rates" of competitors.

Hospitality firms can also apply Price Sensitivity Measurement (PSM) methods, which reveal how relationships between price and quality affect customers' perceptions of value (Lewis & Shoemaker, 1997). In addition, price sensitivity measurement data combined with Activity-Based Cost (a cost accounting system that traces overhead costs to individual products) allows for designed profits and is defined as Activity-Based Pricing (Daly, 2002). This study will contribute to the under researched subject of restaurant pricing by presenting the first part of a two part Activity-Base Pricing (ABP) study, which will for the first time combine market derived price points with Activity-Based Cost estimations (all cost except taxes). The first part of the ABP study will apply Price Sensitivity Measurement (PSM) methods, which reveal how relationships between price and quality affect customers' perceptions of value. This part of the study will establish optimal price points for a buffet restaurant, adopting methodologies from Lewis and Shoemaker (1997), who applied Price-Sensitivity Measurements to the association meeting market. Next, we will discuss the PSM concept.

Price Sensitivity Measurement

Price can play a considerable role in a consumer's perception of quality. If price is used as a marketing strategy, operators must take into account two roles of price: first, when price acts as a dominant indicator of quality, the pricing aspect of the marketing mix can be used to position the product. On the other hand, when price acts as a relative indicator of quality, it can be used to alter consumer perceptions of value. Price-value is a relationship that goes beyond the monetary price of a service. Price-value is based on the buyer's view of the relationship between price and value (Lewis & Shoemaker, 1997).

PSM can be used to investigate how consumer perceptions of value are affected by the interaction of price and quality. Taco Bell's value-pricing menu is an example of the application of PSM. Usually, value pricing is misconstrued as offering deep discounts, which can lead to a death spiral of price cutting. However, when value pricing is based on PSM, value pricing becomes a technique that establishes a balance of price with product or service value (Lewis & Shoemaker, 1997). Price-Sensitivity was first explored by Gabor and Granger (1966), who investigated upper and lower price limits in the minds of consumers entering the market. Gabor and Granger (1966)

determined that, within certain limits, price acts as a quality indicator but do not act as a barrier to purchase, while outside these limits, price may become a barrier.

Lewis and Shoemaker (1997) pointed out that PSM is a far more realistic approach than reference pricing, which consists of "the price last paid, the price most frequently paid, or the average of all prices paid for similar offerings" (Zeithaml & Bitner, 1995). Reference pricing for services is confusing in the mind of the consumer, producing a lack of a firm reference point and price limits.

The concept of price sensitivity was first investigated by Gabor and Granger (1966), who asked retail customers about the upper and lower limits of prices at which they would purchase items. Gabor and Granger (1966) suggested that prices outside these limits were intolerable to customers, that prices below the lower limits indicated poor quality and prices above the limit represented unacceptably high price values at which customers refused to purchase items.

The concept of price limits was further developed by the Dutch economist Travers (1980), who determined the level of consumer price resistance over a range of prices in relation to customers' perceptions of value. The fundamental premise of PSM incorporates two basic goals: to determine the threshold range in price and to determine the stress price level (Lewis & Shoemaker, 1997). The threshold range of acceptable prices incorporates the lowest price, the one below which the consumer will question the quality of the product, and the highest price, above which the consumer feels that the product or service is too expensive. On the other hand, the price stress range refers to the difference between the prices points at which an equal number of customers feel that a product is cheap as think it expensive (Lewis & Shoemaker, 1997).

The PSM approach was largely unobserved by the hospitality literature until Lewis and Shoemaker (1997) demonstrated the approach with an example of the association meeting market. Next, we will demonstrate how this method can be applied to the restaurant industry with an example of a Hong Kong buffet restaurant.

METHODOLOGY

In this study, Price-Sensitivity Measurements were applied to a 200 seat buffet restaurant in Kowloon, Hong Kong. The restaurant had been losing money and customers; as a result, management wanted to investigate whether the operation could afford to cut prices in order to attract new customers. The restaurant was situated in a hotel in Kowloon, and served breakfast, lunch and dinner. Lunch and dinner were served buffet style. Since management felt that the operations' loss was attributed mainly to the dinner meal period, the study was conducted for the dinner buffet. The regular price for a dinner buffet was HK $128, and the price for occasional discounts was HK $99. When management discounted the buffet price occasionally, the restaurant was busy, yet it did not realize any profits.

The study attempted to answer the following five research questions:
(1)   Is there a point at which the dinner buffet price is considered to be cheap?
(2)   Is there a point at which the dinner buffet price is considered to be expensive?
(3)   Is there a point at which the dinner buffet price is considered to be too cheap and quality is questioned?
(4)   Is there a point at which, no matter what the quality, the dinner buffet price is too expensive and purchase is beyond consideration?
(5)   Is there a point at which it will be feasible to sell the dinner buffet at a discount in order to attract additional business?

We incorporated the research questions and demographic questions in the questionnaire (Figure 1), which was handed out to dinner buffet customers over a one month period. The study applied a simple random design by asking every second customer to answer the questionnaire. Customers who answered received a choice of a free alcoholic beverage as an incentive. Since it was crucial that the sample of respondents was representative of the target market of the restaurant and familiar with the buffet dining product, qualifying questions were ask to determine whether customers had purchased a dinner buffet at least once before and whether they had frequented the restaurant at least once in the past. The study was conducted only on days when no discounts were applied. Respondents were able to choose between a Chinese or English version of the survey. The researchers, management, and a graduate student from the Chinese University of Hong Kong, assisted respondents in filling out the questionnaires appropriately.

Figure 1
Price Sensitivity Measurement Questionnaire

Q 1. Within the past six months, how many times have you been to any buffet restaurant, including this one?

Q 2.Within the past six months, how many times have you been to this buffet restaurant?

Q 3. At what price would you consider this dinner buffet to be so inexpensive that you would have <u>some doubts</u> about its quality?

Q 4. At what price would you still feel this dinner buffet is a good deal, and you have <u>no doubts</u> about its quality?

Q 5. At what price would you think that this dinner buffet is kind of expensive, but still worth buying because of its good quality (e.g., ingredients, freshness, etc.)?

Q 6. At what price would you feel this dinner buffet is so expensive that it is not worth purchasing in this restaurant regardless of its good quality?

Q 7. In your opinion, what is the most appropriate price for this kind of dinner buffet_____?

Q 8. Place of Residence:
    a) Local Residence ❑   b) Mainlander   ❑   c) Macao Resident ❑
    d) Oversees Visitor ❑
Q 9. Gender:
    a) Male ❑   b) Female ❑
Q 10. Age:
    a) 20 or below ❑   b) 21-30 ❑   c) 31-40 ❑
    d) 41-50 ❑   e) 51-60 ❑   f) 61 or above ❑
Q 11. Education Level:
    a) Primary or below ❑   b) Secondary ❑   c) Tertiary ❑
    d) Graduate or above ❑

We received 350 surveys, of which 247 were usable (71% response rate). The Statistical Package for the Social Sciences (SPSS) was used to determine normal frequency distribution and nonsensical responses. SPSS also provided the cumulative distributions

We plotted four graphs from the data, as described by Lewis & Shoemaker, 1997. All prices displayed in graphs 1 - 4 are expressed in Hong Kong Dollars and are rounded estimated dollar values. The graph in figure 2 plots the cumulative distributions of responses for "cheap" (question 4) and "expensive" (question 5). The intersection of the two graphs, HK $130, represents the indifference price (IDP), which is the pricing point at which an equal amount of customers feel that the price is cheap as it is expensive (Lewis & Shoemaker, 1997).

Furthermore, an indifference price percentage (IDP percent) was established, which is the subsequent cumulative distribution percentage at the indifference price. A low IDP percent indicates a high level of price consciousness, while a high IDP indicates a lot of variability in the data with regard to price (Lewis and Shoemaker, 1997). The IDP percentage in this study is approximately 15%, which indicates a fairly "high" level of price consciousness by dinner buffet guests.

The graph in Figure 3 shows the optimal pricing points (OPP), or the point at which the purchase resistance is at its lowest, by combining the cumulative distributions of "too cheap" (Question 3), and "too expensive" (Question 6). The OPP for this sample was HK $ 139. The OPP was established to the right of the indifference point, which may indicate that there is less price consciousness in our market than first assumed, since the optimal pricing point is HK $9 $ higher than the indifference point.

Figure 2
The cumulative distributions of responses for "cheap" and "expensive"

with an intersection of the two graphs representing the indifference price (IDP)
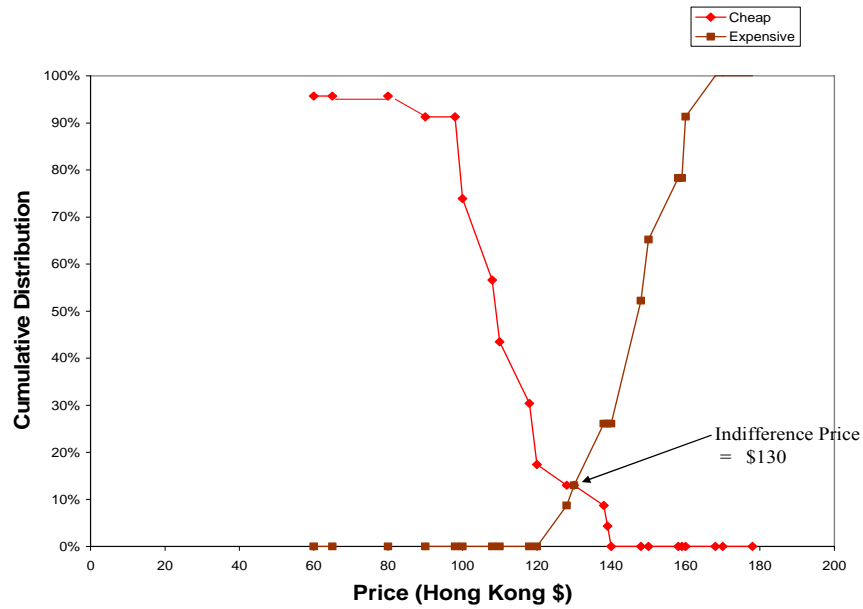
Figure 3
The cumulative distributions of responses for "too cheap" and "too expensive"
with an intersection of the two graphs representing the optimal pricing point (OPP).
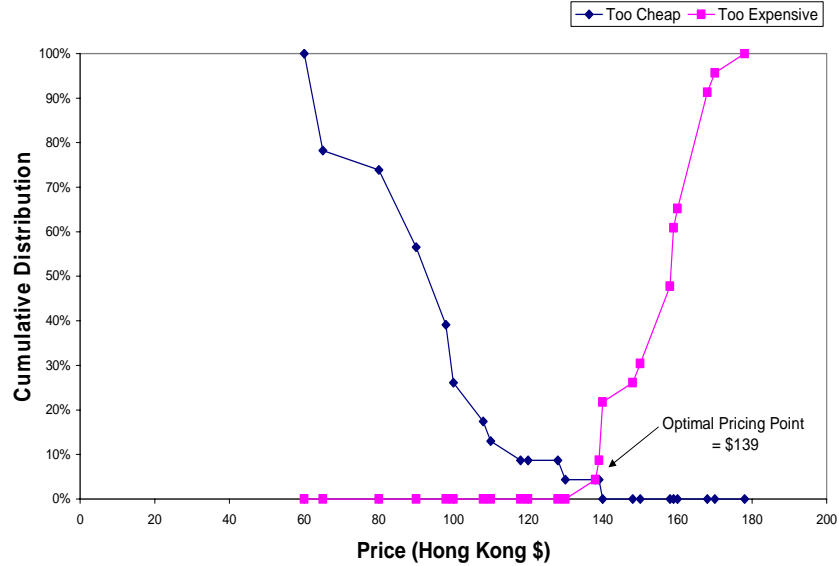
Figure 4
Combined cumulative distributions of responses for "cheap" and "expensive" and for "too cheap" and "too expensive"; the intersections between the four graphs establish a stress price range – the difference between the IDP and the OPP.
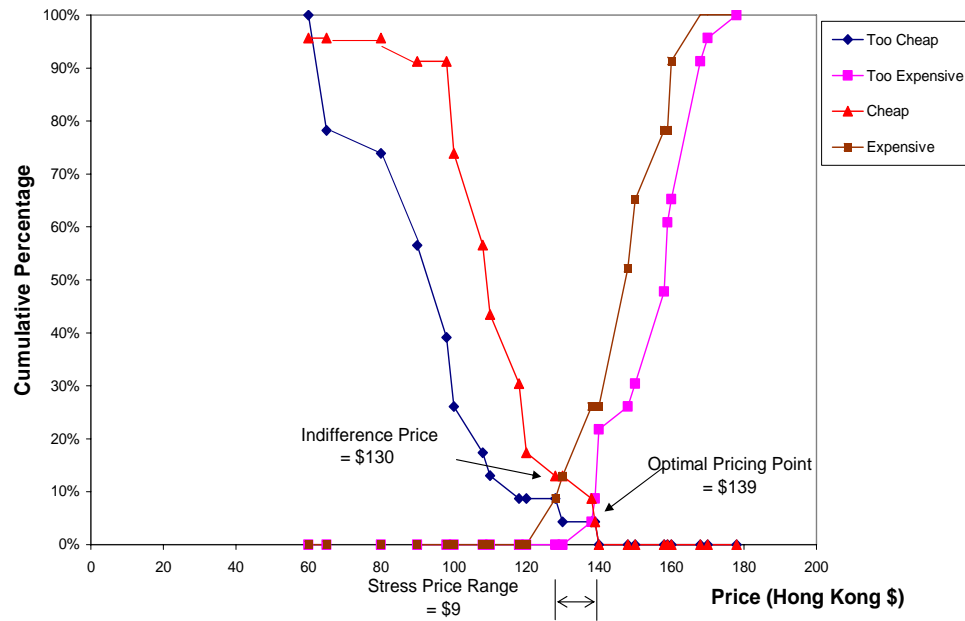
Figure 5
Combined cumulative distributions of responses for "cheap" and "expensive" and for "too cheap" and "too expensive", the intersections between the four graphs establish a stress price range – the difference between the IDP and the OPP.
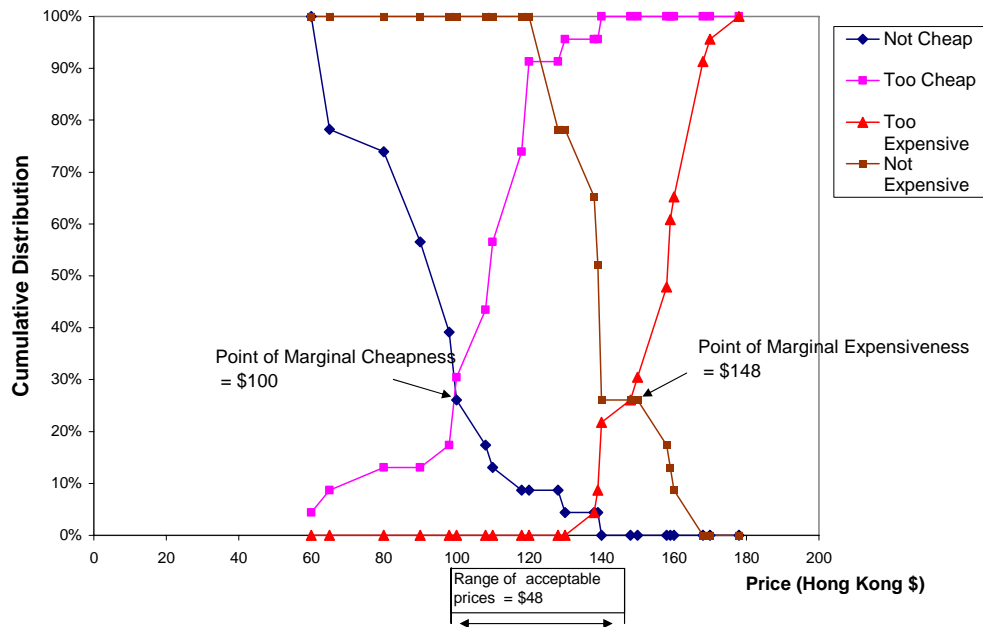
The graph in figure 4 combines the cumulative distribution of guest responses to the four main questions (questions 3-6) in the questionnaire in order to determine whether the respondents experience "stress" over price. In general, it can be assumed that the closer the OPP and the IDP are, the lower the price consciousness of the

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respondents is. The results illustrate that the indifference point ($130), is smaller than the optimal pricing point ($139). These results indicate that "stress" levels over price are low, since the price respondents are likely to pay for a dinner buffet is somewhat higher than the indifference point. Therefore, price sensitivity for dinner buffet guests is relatively low.

According to Lewis and Shoemaker, 1997 the basic idea of the PSM technique is the reinterpretation of the data in a way that reverses the distribution of "cheap" and "expensive" to be portrayed as, "not expensive" and "not cheap". Graph 4 (figure 5) establishes a range of acceptable prices (RAP) by combining graphs 1, 2 and 3 (figures 2, 3 and 4). The graph combines the reversed cumulative distribution of "cheap" and "expensive" from graph 1 with graph 2's distributions of "too cheap" and "too expensive". The range of acceptable prices is the distance between the points of marginal cheapness and marginal expensiveness. The larger the range, the less price sensitive customers are. In analyzing graph 4, the range of acceptable prices is fairly "wide" ($48) - the point of marginal cheapness was found to be HK $100 and the point of marginal expensiveness was HK $148. Thus, it can be concluded that buffet dinner guests are not very price sensitive.

IMPLICATIONS AND CONCUSIONS

The results of the study show that the price-sensitivity-technique can be applied to a buffet restaurant. We were able to establish an indifference point, an optimum pricing point, a stress level, and a range of acceptable prices, all of which can be identified as indicators for levels of price sensitivity in a market. Therefore, the following answers to our research question can be provided: First, the price at which customers are least resistant to purchase the dinner buffet is $139, which is $11 higher than the regular buffet price of $128. Second, we determined that the point of marginal cheapness is $100. Therefore, it can be assumed that dinner buffet guests perceive the price range between $100 and $138.99 as cheap without doubts about food quality. On the other hand, the point of marginal expensiveness was established at $148, indicating that the price range from $139 - $148 is considered expensive by customers, but is still perceived as worth it. In addition, a buffet price above $148 is considered to be too expensive and beyond purchase consideration. Furthermore, dinner buffet guests indicated that a dinner buffet price below $100 will induce doubts about its quality.

Even though we are not able to draw definite conclusions about the Hong Kong buffet dinner market because of the lack of benchmarks, we are able to draw useful managerial implications. Several indicators were identified that determine price sensitivity in the restaurant studied. The degree of price sensitivity depends on the interplay of stress level and the range of acceptable prices. For example, as found in this study, a low stress level (an optimal pricing point close to the indifference point), and a large acceptable price range (HK $48) suggest that the market is not very price sensitive. To minimize resistance to purchase due to price, the price in this study would have to fall within the threshold limits. It was established that the price where the resistance to purchase was the lowest was HK $ 139, which is higher than the price actually charged (HK $ 128).

On the other hand, because of the low sensitivity to price, the marketer has a measure of flexibility with this market. An excessive emphasis on price as the component of the marketing mix would be a wasted effort and might damage future marketing efforts. This information provides a framework within which the manager can form his advertising efforts. For example, the restaurant's promotional efforts to advertise the dinner buffet of $99 prove to be futile, as the threshold of marginal cheapness is above $99, which means that potential customers may feel that the quality of the buffet may be questionable and therefore not worth purchasing. On the other hand, customers attracted by the promotion may only purchase the buffet for the promotional price and not return when they have to pay the regular price.

Furthermore, regular customers will purchase the buffet and only spend $99 when they were perfectly willing to spend the regular price. In addition, it may be possible that loyal customers do not patronize the restaurant on very busy days when promotions are run, because they may want to avoid the crowds. It can be concluded that regular customers do not perceive the price of $128 for the dinner buffet as too high.

Therefore, the manager should concentrate on identifying and offering cues that influence quality perception, given customers' expectations within the range of acceptable prices. In summary, regardless whether a market is identified as price sensitive or not, price sensitive emphasis must be placed on those markets in which the perception of the product is within the acceptable range of prices. Furthermore, the PMS model can be used to identify the price sensitivity of different target markets and of markets with different loyalty levels.

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Even though we were able to conduct a PSM study successfully, there are some limitations that need to be noted. Notwithstanding that the PSM model can be applied universally, the study results cannot be generalized for the following reasons: first, the study was a Hong Kong-based study, and guests' perceptions of price and value are 'culture-based'; second, the study uses a convenience sample and applied a simple random design.

Finally, the study failed to test price sensitivity levels at different customer loyalty levels. Therefore, the following additional research is suggested: first, price sensitivity should be tested at different customer loyalty levels, and price sensitivity should be investigated according to demographic variables; second, it would be useful to conduct a study for an entire restaurant (all meal periods) and to perform studies in similar restaurants to compare price sensitivity levels between similar target markets. In addition, PSM should be applied in other hospitality settings, such as spas, hotels, and conventions. Finally, established price ranges and Activity-Based Cost levels for individual menu items should be combined in order to establish an optimum price.

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EXAMINING THE DETERMINANTS OF KNOWLEDGE SHARING IN TOURISM ONLINE COMMUNITIES OF PRACTICE

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ABSTRACT

Knowledge sharing and online communities of practice have received increasing attention in the tourism discipline. From the organizational perspective, this unique study focused on the online professional communities and drew upon theories of social capital and cognitive learning to explore the determinants of tourism practitioners' intention to actively participate and share knowledge in such online environment. The authors proposed a research model and empirically tested its hypotheses through structural equation modeling. The results indicated that tourism professionals' ability to identify with the common work practices in an online community and the propensity to share knowledge were strong predictors of knowledge sharing intention. The discussion and conclusion substantiate the applicability and contribution of the study to the tourism domain.

Key Words: Community of Practice (CoP); Knowledge Management; Knowledge Sharing; Online Communities; Social Capital

INTRODUCTION

The importance of communities of practice for the development and sustainability of tourism enterprises has been strongly emphasized in tourism literature (Cooper, 2006). Tourism practitioners, in contrast to those in other management sectors, are confronted with vast array of complex aims and intermingled issues. In order to manage this complexity and devise effective strategies, they must have access to wide variety of knowledge at their disposal (Wöber, 2003). Recognizing this need, tourism researchers and practitioners created systems that enable tourism managers and organizations to effectively develop, share, and use up-to-date knowledge of the tourism industry. Some of the important examples in this genre include Illinois Tourism Networks (Gretzel & Fesenmaier, 2004), TourMIS (Wöber, 2003), and Canadian Tourism Exchange (Waksberg, Stevens & Wales, 2000) that have been deployed with reasonable successes. In addition, researchers such as Wang & Fesenmaier (2003) and Buhalis (1998) had emphasized on the importance of tourist online communities and their relevance to the tourism industry for enabling information and knowledge sharing among individuals.

However, the authors argue that the while the technical and system development aspects are important in such initiatives, "softer" aspects such as social influences and cognitions of individuals in knowledge sharing within online communities also deserve closer investigation. This stream of socio-technical research is particularly important to understand certain interesting but unanswered questions: Why do people, especially busy tourism professionals, take time out of their schedules to participate in such online communities? If they participate, what are the factors that determine and facilitate whether tourism managers share their knowledge with others in an online environment? One important distinction between regular face-to-face communities and online communities is the "online" characteristics of human interactions. In an online environment, participations are often voluntary and open. Neither the promoters nor the participants have a complete control over who should actively share and contribute knowledge to the communities. Extant research suggests that participation and knowledge sharing is strongly influenced by prior personal relationships (Krackhardt, 1992), social sanctions and norms (Pelled, 1996), or even a simple requirement of recognition and control (Wang and Fesenmaier, 2003).

Building upon these social considerations, this study investigated the determinants of knowledge sharing intention in an online community of practice to provide empirical contributions. The theoretical model in this study

was derived from the social capital theory developed by Nahapiet and Ghoshal (1998). The basic argument is that knowledge sharing in online communities of practice is fundamentally a social phenomenon where the success of knowledge sharing hinges upon an individual's motivation to participate and share knowledge actively. Therefore, individuals' quest to gain social capital is one strong driver of knowledge sharing in a public domain. Further, these online communities are one form of electronic collaborative media in which community members' active online engagement in participation is essential to knowledge collaboration. Therefore, individual members' perception of efficacy and their inherent propensity to share also play an important role in explaining knowledge sharing. These individual characteristics were drawn from the social cognitive theory (Bandura, Grusec & Menlove, 1967; Bandura, 1986) and information sharing theories (Constant, Kiesler & Sproull, 1994; Constant, Sproull & Kiesler, 1996).

LITERATURE REVIEW

Electronic Communities of Practice (CoPs)

Wenger (1998) described the community of practice (CoP) as an evolutionary process of learning within groups. A CoP is a collaborative team or group of professionals who know one other, work together, and engage in shared practice by interacting on an ongoing basis, thereby enhances the formation of strong inter-personal ties and creates norms of direct reciprocity within a small community (Lave & Wenger, 1991). Communities of practice develop a context of work within which members collectively construct shared identities and the social context that helps those identities to be shared. Such communities develop into significant "sticky" repositories for the development, storage and dissemination of useful knowledge (von Hippel, 1994). Recent advances in information technology have also shifted CoPs into an online environment where even more geographically distributed group of individuals can be accommodated. The formation of these virtual communities is often mediated by third parties such as professional associations or governmental agencies, although members in this network do not necessarily meet or know one another personally (Dubé, Bourhis & Jacob, 2005). Based upon generic discussions of CoPs (Brown & Duguid, 2001; Wasko & Faraj, 2005), this study adopted definition of CoPs as self-organizing and open activity systems focused on shared practice that exists primarily through computer mediated communications (Wasko & Faraj, 2005, p. 37).

Computer mediated communities of practice have been recognized as valuable assets to organizations. While the conventional wisdom suggests that participating in such communities generates value at individual level, it is increasingly recognized that even organizations can extract tremendous value from the knowledge created by those individuals. In today's fast-paced knowledge-based economy, these communities allow organizations to tackle unstructured problems and share knowledge outside the traditional structural boundaries. In addition, these communities provide means to develop and maintain organizational memory. These mechanisms result in efficient forms of knowledge transfer and ultimately facilitate learning and applications at both individual and organizational levels. According to Lesser and Storck (2001), such communities provide both organizations and individuals with multiple advantages: decreased the learning curve, increased customer responsiveness, reduced rework and prevent reinvention, and increased innovation.

Communities of Practice and Social Capital

Social capital theories have been applied to explaining collective action, community development, and participation in different domains. Lin, Cook, and Burt (2001) described social capital as the set of resources embedded in a social structure that are accessed and utilized for a purposive action. The key difference between social and other forms of capital, such as economic capital, is its strong groundedness in the social fabric and relationships within the communities in which an individual is embedded. For example, Nahapiet and Ghoshal (1998) developed a model of social capital to explain the knowledge management activities in organizations. They posited that structural, cognitive, and relational factors create the conditions necessary for knowledge exchange within each organization. These factors were also found applicable to explaining knowledge exchange and collaborations between members of multiple organizations, including competitors (Tsai & Ghoshal, 1998). Collectively, these studies explicated three essential conditions of social capital: (1) individuals must perceive themselves as part of a network or community, (2) a sense of trust and relationship must exist between them, and (3) they must share a common language and shared practice. These conditions are also important to the online communities of practice due to the parallel nature of social and communication networks that make up the online communities in a virtual environment. Furthermore, they can be used to explain motivations at both individual and group levels as they bear on actions in a social setting, and thus very relevant to this particular study. These conditions sustain major dimensions where determinants for online knowledge sharing are reviewed.

a. Cognitive Dimension as a Determinant

Cognitive dimension refers to the shared context and common understanding developed by members in the community. This common context also enables individuals to make sense of their work environment and their relative role within it. Hence, cognitive dimension enables one to understand knowledge sharing as situated in work practices (Carley, 1986). In addition, Brown and Duguid (2001) argued that CoPs are strongly related to the context of work within which an individual lives and operates. From the perspective of CoPs, knowledge sharing emphasizes on the collective practice where the work is done and work-related identities are created rather than on traditional self-interests of each individual. Participation in collective actions such as team collaboration involves cooperation among members and is expressed through exchanges of resources (Crozier & Friedberg, 1980). These resources including information, advice, or sometimes even emotional support are organized to facilitate individual attainments. In an online community, these facilitating resources are even more important because an individual is seldom bound by regulations or obligations that occur in a face-to-face communication or in a regulatory context. Therefore, apart from the common good, there must be a substantial and discernable benefit realized by each individual through interactions in the online community. Another critical factor in cognitive dimension is learning. The general understanding of learning has always been implicated in "documentation and training" view where one transfers knowledge to another (Brown & Duguid, 1991). However, this view has been challenged by the proponents of CoPs (Lave, 1991) who suggested that learning is a socially constructed process and intrinsically connected to the context where it happens. This perspective emphasizes that individuals construct their knowledge using a wide range of materials situated in their physical, historical, and social relationships. An interesting viewpoint extended in this context is that learning in a community occurs due to the benefit of the individual's knowledge expansion itself and the fact that learning serves as a process for the individual to become part of the community. In fact, Jordan (1988) argued that learners in a community do not only acquire explicit and tacit knowledge, but also possess an inherent ability to behave as community members. Therefore, it is reasonably assumed that an individual's perception of shared context, coupled with ability to learn and function as a community member, influence knowledge sharing in a CoP.

b. Relational Dimension as a Determinant

Relational dimension constitutes the collective sum of relationships and the social mechanisms derived from these relationships that foster desirable behavior. Relational dimension includes identification with the collective (Lewicki & Bunker, 1996), recognition and abidance to norms (Putnam, 1995), perceived obligation to participate in the collective (Coleman, 1990), and the status and recognition obtained through the relationships (Wang & Fesenmaier, 2003). Portes and Sensenbrenner (1993) discussed "bounded solidarity," an important source for social capital, which translates into identification with social groups. Solidarity, operated as a basis for collective identity and a resource for action, is bound by common interest, history, culture, or anything else unique to a social group. One may be motivated to build relationships with community members, with whom one sees a common thread or identifiable characteristic.

The need to identify with communities is a strong motivator to participate and share knowledge in the online space, too. In fact, Hampton and Wellman (1999), and Wellman, Haase, Witte, and Hampton (2001) stated that online interaction increases social capital as it supplements and strengthens local offline relationships as well. Related to the notion of online community identification are two main aspects: individual's motive or need for status and recognition (Alderfer, 1972; Wang & Fesenmaier, 2003) and perceived obligation to participate in the collective (Coleman, 1990). Applying these concepts to extra-organizational electronic networks, Wasko and Faraj (2000) confirmed that individuals who are already a part of social groups tend to develop a moral obligation to actively participate in professional networks and pay back to the profession as a whole. This obligation acts as a positive reinforcement that drives knowledge sharing. However, individual's status needs and sense of obligation alone cannot explain knowledge sharing in online professional networks because such knowledge sharing involves dissemination of an individual's work-related experiences and knowledge (Davenport & Klahr, 1998). Moreover, since organizational culture and norms impose restrictions on members' ability to freely participate and share knowledge in online communities (Jarvenpaa & Staples, 2000), von Krogh (1998) also suggested that openness in organizational culture is the primary factor that fosters active knowledge sharing activities in collaborative electronic media.

Information sharing theory and knowledge sharing propensity

"Knowledge sharing propensity" is a derivative of the information sharing model by Constant *et al* (1994; 1996) who proposed that propensity to share information or knowledge exists in correlation with individual

motivations as well as organizations' culture and norms regarding information ownership. Further, acts of sharing knowledge are forms of pro-social transformation behaviors aimed at maintaining the well being and integrity of others (Jarvenpaa & Staples, 2000, p.135). On one hand, knowledge sharing is a personal norm reflecting costs and benefits of sharing since knowledge is a personal asset and a political tool by which individuals exercise control over and receive desirable behaviors from others (Davenport, 2001). On the other hand, an individual's perception of information ownership can have a significant impact on knowledge sharing in online communities. Because community members view knowledge as a social good and wish favorable outcomes for not only themselves but also others in the online community, the knowledge sharing activities are favorably influenced (Jarvenpaa & Staples, 2000). However, this individual propensity also coexists with the organizational culture of information ownership (Dodds, Watts & Sabel, 2003). This notion suggests that although personal expertise is a product of individual toil, it belongs to the organization as a whole. Therefore, individuals feel constrained to share this kind of information with members outside the organization, especially the ones in an online community. Constant *et al* (1996) made an interesting yet counterintuitive point in this regard. In their study of knowledge sharing behavior in electronic collaborative media, they observed that viewing knowledge as an organization's product (e.g. product information) or personal expertise (e.g. techniques) influenced individual knowledge sharing behavior differently with the former having a negative impact and the latter a positive impact on the propensity to share. This indicates that individuals view certain types of specific knowledge as solely belonging to the organization and view personal expertise as their own asset. In order to test this dichotomy, both forms of knowledge were incorporated in the current study.

Social Cognitive theory and knowledge sharing

Because online CoPs are one form of electronic collaborative media, effective participation in these media requires certain comfort level and skills to use the information technology (IT) tools. In this regard, significant research in the field information systems (IS) suggests that the more an individual feels comfortable in using new forms of technology, the better will be the usage of electronic forms of communication (Davis, 1989). This is also supported by the concept of self-efficacy in the social cognitive theory (Bandura, 1989). Self-efficacy is a belief in one's ability to organize and execute the courses of action to produce given attainments and is the primary driver of human functioning (Bandura, 1989; 1997). Extended this concept to the issue of knowledge sharing activity in electronic media, the very existence of the IT artifact can impact such activity since individuals vary in their comfort level to effectively use IT tools for gathering, sharing, and disseminating information. A related concern is the performance-related outcomes that an individual may expect from participating in online communities. As the individual spends more time in online communities, the more will be the expectations regarding the outcomes such as personal rewards in relation to the amount of effort invested. Recent studies in IS field have measured multiple levels of self-efficacy and performance-related expectancy and their influence on human agency (Compeau & Higgins, 1995; Marakas et al, 1998). Hence, in this study, self-efficacy and performance-related outcomes were purported to have a direct influence on individual's knowledge sharing.

METHODOLOGY
Data Collection & Survey Instrument Development

The data for this study was collected from members of an international tourism and event trade association based in Boise, Idaho, USA. The data collection was conducted through an online member survey before the deployment of a knowledge sharing system for their association in a web-based environment. The primary objective of this system was to provide a knowledge storing repository and a platform that enables efficient and effective knowledge sharing among members of the association. A news item describing the concept and objectives of the system and the announcement of online survey were provided to all members on the association's Web site. An e-mail letter from the association's president repeating the survey information and an embedded survey site URL was then sent in the beginning of May 2006 to 2000 members who were registered in the association database. A second email letter was sent to all registered members two weeks after the initial e-mail to encourage more participation. The total period of data collection lasted for one month. 188 valid surveys were obtained during such period resulting in about 9% online response rate. Based on the in-depth literature review, a 34-item survey instrument was developed. The measures to operationalize the constructs in the research model were mainly adopted from prior research in knowledge management, online communities, and social capital research. All question items were measured on a five-point Likert-type scale with 1 being strongly disagree and 5 being strongly agree. A pretest for the online survey was conducted with 20 subjects (i.e., graduate students and faculty members from a major university in US Northeast region). Minor modifications were made to the survey instrument based on comments collected during this pretest. The measurement items and their literature sources are summarized in Table 1. Of the 34 items, 6 were related to demographics for other internal use and not included in the analysis.

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Table 1.
Survey measures and literature sources.

Construct and Measurement Items		*Literature Sources*
Cognitive Dimension (CD)		
	Participation in such online communities…..	Davenport and Prusak (1998); Kale *et al.* (2000)
CD1	enables me to do my job better.	
CD2	is useful in improving the quality of my work.	
CD3	enhance my chances to network with other professionals in my field.	
CD4	will help me learn and expand the knowledge of my field of work.	
CD5	will increase business opportunities for me.	
Self- Efficacy & Outcome Expectations (SE)		
SE1	takes too much time to make it worth the effort.	Compeau and Higgins (1999)
SE2	be complex for me to use.	
SE3	If I share my information with others, I expect others to share the same with me.	
Relational Dimension (RD)		
	I participate in online communities because…..	Nahapiet and Ghoshal (1998); Tsai and Ghoshal (1998); Wasko and Faraj (2000)
RD1	people who are important to me in my business are also a part of them.	
RD2	because people who are important to me in my business expect me to be a part of them.	
RD3	it enhances my status among my peers.	
RD4	the organization which I am part of supports my participation in such communities.	
Propensity to Share Knowledge (PSK)		
	I feel that…..	Constant et al. (1994; 1996); Jarvenpaa and Staples (200)
OW1	the material/knowledge I have created belongs to me.	
OW2	I can always justify my refusal to share information or materials I gathered with someone.	
PSK1	If asked for, I would be willing to share, with other members, information I gathered or compiled	
PSK2	I am comfortable to share my expertise with members of my organization.	
PSK3	I do not want to share product information outside of my organization.	
PSK4	I do not want to share expertise outside of my organization.	
PSK5	I learn best when I share my knowledge with others.	
Intention to participate and share (BI)		
BI1	Participating in such online communities to communicate with others is a good idea…..	Davis (1989)
BI2	I like the idea that people can learn something from an online community.	
BI3	I will enjoy meeting and interacting with others in an online community.	
BI4	It is very important that people can learn from one another in an online community.	
BI5	I will definitely participate in such an online community when it is available.	

CONTENT & CONVERGENT VALIDITY

The reliability and internal consistency of the constructs and associated measures were assessed by the Cronbach alphas and item total correlations. This process was conducted through a factor analysis using conventional criteria (factor loadings ≥ 0.4; eigenvalue ≥ 1). The convergent validity measuring whether multiple items actually converge to the same construct was also examined. In general, the intended measures loaded well onto their latent constructs. The information ownership construct (labeled as OW) that relayed very low scale reliability was eliminated. In addition, although the Cronbach alphas for constructs self-efficacy & outcome expectations (SE) and relational dimension (RD) were marginal, they were accepted for the later analysis because of their theoretical importance to this study. As a result, five latent constructs and 22 measures were incorporated into the final model development. The overall variance explained was 55.81% in the factor analysis. The results are summarized in Table 2.

Table 2.
Reliability, content and convergent validity measures.

|	*Factor Loadings*	*Eigenvalue*	*% of Variance*	*Cronbach α*
Cognitive Dimension (CD)		2.91	10.40	0.78
CD1	0.68			
CD2	0.74			
CD3	0.73			
CD4	0.82			
CD5	0.66			
Self- Efficacy & Outcome expectations (SE)		1.15	4.10	0.69
SE1	0.60			
SE2	0.72			
SE3	0.55			
Relational Dimension (RD)		1.78	6.38	0.62
RD1	0.62			
RD2	0.82			
RD3	0.68			
RD4	0.43			
Ownership towards Knowledge (OW)		1.19	4.27	0.11
OW1	0.49			
OW2	0.42			
Propensity to Share Knowledge (PSK)		1.52	5.43	0.85
PSK1	0.68			
PSK2	0.67			
PSK3	0.65			
PSK4	0.69			
PSK5	0.75			
Intention to participate and share (BI)		8.26	29.50	0.83
BI1	0.78			
BI2	0.61			
BI3	0.74			
BI4	0.74			

BI5	0.71

Note: Items with factor loadings below 0.4 are shown here due to space limitation. OW construct was dropped due to very low reliability.

MODEL DEVELOPMENT & HYPOTHESIS

Based on the factor analysis, the research model was developed (see Figure 1). It is important to note that the dependent variable used in the study was behavioral intention (not actual behavior) of the members to participate and share knowledge in a described online community. As mentioned in the Section 3.1, the system was not yet deployed to the members prior to the commencement of the survey. It was important to learn about future users' intention before the actual deployment of the system since there was evidence to indicate a strong causal link shown between intention and actual behavior in IS research (Venkatesh, Morris, Davis & Davis, 2003). Further, in studies that employ survey-based data, it is more useful to measure intention since it measures contemporaneously with beliefs (Agarwal & Prasad, 1999). Thus, measuring intention was considered adequate for this study. Based on extant literature, it was hypothesized that each of the developed constructs has an influence on member's intention to participate and share knowledge in the online community. More specifically, the following hypotheses were tested through maximum likelihood structural equation modeling:

H1: Cognitive dimension has a significantly positive impact on the intention to participate and share knowledge in the online community,

H2: Relational dimension has a significantly positive impact on the intention to participate and share knowledge in the online community,

H3: Propensity to share knowledge has a significantly positive impact on the intention to participate and share knowledge in the online community, and finally

H4: Individual characteristics of low self-efficacy and high outcome expectations have a significantly negative impact on the intention to participate and share knowledge in the online community.

Figure 1.
The proposed research model and hypotheses.
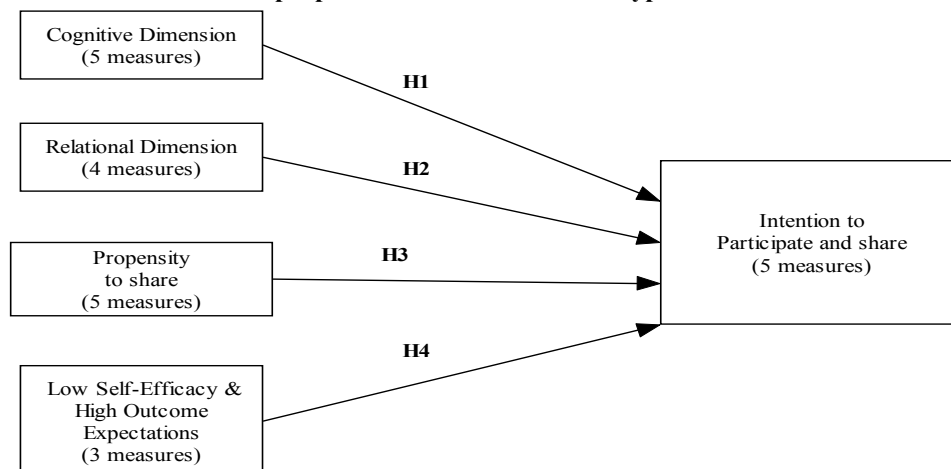
RESULTS

Given the *a priori* development of constructs and hypothesis based on the extant literature, confirmatory factor analysis provides an appropriate method to assess the efficacy of measurement among the scale items and the consistency of a pre-specified structural model. AMOS 6.0 (SPSS, 2003) was used to perform structural modeling and test hypothesized model. The first step in this process was to asses the discriminant validity of the constructs. Discriminant validity refers to the principle that the indicators for different constructs should not highly correlate with one another. The discriminant validity was tested using the AVE (Average variance extracted) test proposed by Fornell and Larcker (1981). The square root of the AVE of each construct should be greater than the absolute correlations among the constructs. The results of the validity test are shown in Table 3 indicating the square root of

AVE in bold in the diagonal. The root of AVE exceeding the correlations between different constructs suggesting that the discriminant validity test be acceptable.

Table 3.
Construct correlations and AVE (Average Variance Extracted).

| *Constructs*	*AVE*	*Cognitive Dimension*	*Relational Dimension*	*Propensity to share knowledge*	*Self-Efficacy*
Cognitive Dimension (CD)	0.32	*0.57*			
Relational Dimension (RD)	0.15	0.34	*0.38*		
Propensity to share (PSK)	0.36	0.11	0.23	*0.43*	
Self-Efficacy (SE)	0.58	0.43	0.42	0.11	*0.76*

Structural Model Assessment

Theorized in the model development are distinct causal paths from cognitive dimension, relational dimension, propensity to share knowledge, and self-efficacy & outcome expectations predict users' intention to participate and share knowledge in online communities of practice. As shown in Figure 2, the hypothesized model provided a reasonable fit with the data. The observed Chi-square was 408.33 (236 degrees of freedom) with a significant *p* value ($p < 0.0001$). The Normed chi-square (Chi-square/df) value of 1.78 was below the cutoff point of 5. This indicates a reasonable model fit of the data. Further, the goodness of fit indices were also reasonable (*GFI* = 849*; CFI* = 902*; RMSEA* = 0.06) indicating that the hypothesized model meets recommended levels of fit with data. Additionally, the independent variables accounted for substantial portion of the variance in the dependent variable ($R^2 = 0.61$). The coefficients of paths in the ypothesized model were significant and supported all proposed hypotheses. Positive coefficients were found for the paths cognitive dimension, relational dimension, propensity to share knowledge and negative coefficient for low self–efficacy and high outcome expectations. Thus, the findings support the hypotheses H1, H2, H3 and H4.

DISCUSSION OF RESULTS

The results of the structural modeling indicate the strong influence of social capital dimensions (i.e., cognitive and relational dimensions) and the existing propensity to share knowledge on knowledge sharing intentions of tourism managers. Especially interesting was the finding of a very strong but negative role played by low self-efficacy and high outcome expectations in predicting knowledge sharing intention. Hypothesis 1 was supported (path coefficient = 0.264) suggesting that managers expect significant self interest in acquiring certain resources from the knowledge sharing community. As suggested by Nahapiet and Ghoshal (1998), cognitive dimension forms a major part of social capital. Furthermore, knowledge in the context of communities of practice is always situated in the work practices and the social organization of work practices. Therefore, while devising knowledge sharing systems for tourism professionals, it is important to understand how such knowledge sharing will contribute to the daily work of tourism managers. Specifically, the structure and the content of such systems should closely reflect the general domain knowledge to enable free and effective exchanges. Hypothesis 2 was also supported (path coefficient = 0.180) indicating the significantly positive influence of relational dimension on knowledge sharing. In line with previous research (Ryu, Ho & Han, 2003; Jarvenpaa & Staples, 2000), the results of this study support that the individual's identification with the collective, a perceived sense of obligation, expectation of recognition, and status among peers, and support from respective organizations jointly play a significant role in predicting the online knowledge sharing intention. Scholars have posited that knowledge sharing and acquisition always occurs in a social context (Carley, 1986).

Figure 2.
The final model

Fit Indices	
Chi-square	408.3
df	236
Normed Chi-Square	1.73
GFI	0.84
CFI	0.90
RMSEA	0.06
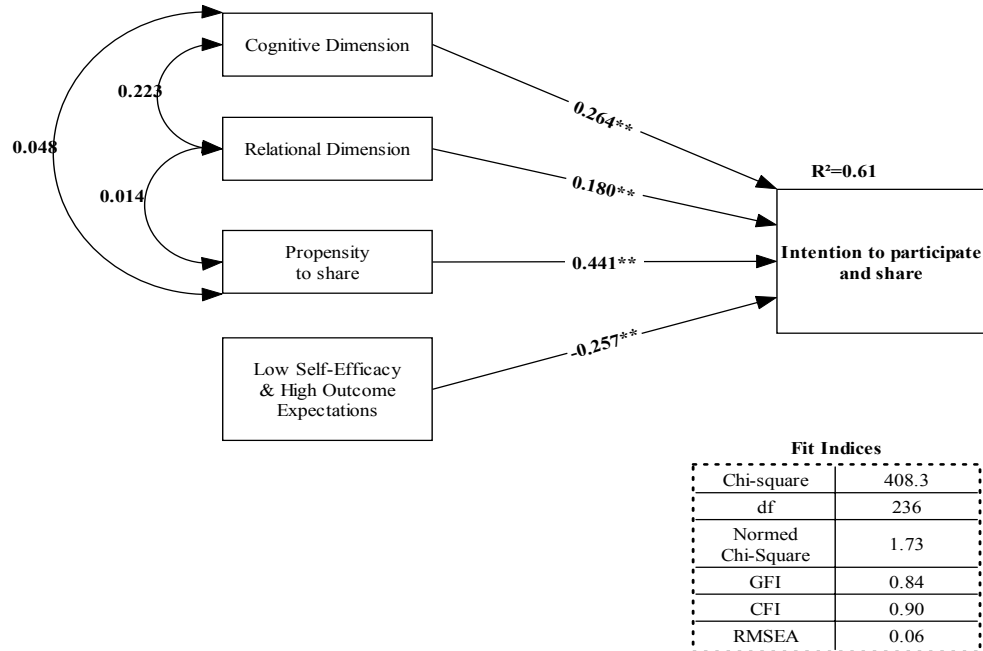
(** indicates a significance at $\alpha = .05$)

Therefore, to understand knowledge sharing in an online environment, one must look into the structure of the social grouping surrounding an individual. While developing knowledge sharing systems, it is important to encourage and enhance manager's identification with the group at the early stage and establish reward and recognition mechanisms to entice active participation. These practices can be very relevant to this study context wherein the online community would be built for an existing trade association with international members dispersed geographically and reward/recognition structures can be easily established such as recognition of monthly "Online Experts" with annual conference fee discounts. The results of this study also emphasize the importance role organizations can play in encouraging both intra- and inter- organizational knowledge sharing.

The Hypothesis 3 (path coefficient = 0.441) was supported to indicate that the propensity to share knowledge was also found to have a significantly positive impact on knowledge sharing intention. One aspect of this dimension is the distinction between organization-specific information and personal expertise. Consistent with Constant *et al*'s (1996) findings, results show that individuals who believe that certain forms of information as belonging to the organization are not comfortable sharing them outside of the organization whereas they view personal expertise as their own property and are more willing to share it with members in the online community. Significant benefits can be accrued if organizations can carefully frame their member's views about different forms of knowledge and attitude towards sharing (Jarvenpaa & Staples, 2000), which is directly linked to the success of various knowledge sharing systems initiatives. Finally, the authors found a significant support for low self-efficacy and high outcome expectations (path coefficient = -0.257) that impair online knowledge-sharing intention. Online communities of practice are fundamentally technology-based and the comfort level with usage of such technical tools seems to be a good predictor of knowledge sharing. If individual members feel that such systems are too complex to use, then their active participation is negatively affected. Proper education/training and supporting functionalities should be in place to enable effective use of technology tools for facilitating knowledge sharing activities. Prior research (Wasko & Faraj, 2000) showed that knowledge sharing in online communities of practice is facilitated by a sense of reciprocity and fairness in knowledge exchanges. This bears on an individual's perception that knowledge sharing is being rewarded through two-way communications. Online knowledge-based system developers should always provide open online "channels" (e.g., asynchronized messaging boards or synchronized

chatting) in the system to allow such interactive participation and promote mechanisms for fair exchange of knowledge.

Limitations

It is acknowledged that there are some limitations to the study. The first limitation is the pretest sample which was a group of graduate students and faculty rather than the targeted population (industry professionals). This was constrained by the sponsoring association with regards to the direct access to their member database at the early stage. From the conceptualization perspective, the second limitation was the elimination of the ownership construct due to the low reliability. During the initial literature review, this construct was considered as a significant driver of knowledge sharing in online professional communities. The authors hope that future studies can focus on this interesting aspect in detail. Finally, the study was conducted with the members of a single international trade association. While this provides a rich contextual frame, it might create a potential bias as these members had already formed a cohesive unit due to their membership engagement. Future research can also be expanded to take a cross-sectional look at the interesting aspect of social capital across a number of tourism-related industries to ensure high generalizability**.**

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CONCLUSIONS

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The results of this study have many aforementioned important implications for developers of tourism knowledge-based systems. Online CoPs have been growing in popularity within the tourism domain. Both researchers and practitioners should realize that knowledge sharing among members of different organizations is important for the tourism enterprises to develop and sustain competitive advantage in today's highly competitive business environment. In order for such systems to be successful, developers must create an open and encouraging culture that enables active knowledge sharing. It is crucial to consider online communities more than just technological artifacts. Online communities should also be grounded in developing and strengthening social capital (e.g., ties and relationships). Developers must seriously consider the socio-technical perspective of tourism professionals in this regard.

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INCREASING RESPONSE RATES WHEN SURVEYING HOSPITALITY MANAGERS FOR CURRICULUM-RELATED RESEARCH: LESSONS FROM PAST STUDIES AND INTERVIEWS WITH LODGING PROFESSIONALS

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ABSTRACT

Low response rates have been reported by several researchers when surveying hospitality professionals regarding competencies and skills essential to succeed in the hospitality industry. Based on a literature review, researchers had indicated that low response rates are a concern specifically with lodging managers. Hence, this study sought to identify strategies used in past studies for obtaining higher response rates when surveying hospitality managers using mail surveys. Personal interviews were conducted with lodging professionals to identify strategies to increase response rates when surveying lodging managers using online surveys. This information is currently absent in the hospitality literature. Results of the interviews are presented.

Key words: lodging managers, hospitality, online surveys, response rate

INTRODUCTION

Several past studies (Chung-Herrera, Enz, & Lankau, 2003; Dopson, 2004; Gursoy & Swanger, 2005; Moncarz & Kay, 2005; Nelson & Dopson, 2001) have reported low response rates when surveying hospitality managers. However, some researchers (Brownell, 2004; Connolly & McGing, 2006; Kriegl, 2000; Ladkin, 2000) were successful in obtaining a higher response rate (more than 40%). Data were collected through mail surveys in all the above mentioned studies. A literature review revealed no research studies where data were collected from hospitality managers through internet-based surveys. Several benefits and pitfalls have been associated with using internet-based surveys with populations other than hospitality managers. More research needs to be done on the use of e-surveying "to speed the day" when tourism researchers will be able to use this data collection method with confidence (Litvin & Kar, 2001, p. 313).

STUDY PURPOSE

Because several skills-related research studies in hospitality have reported low response rates when surveying hospitality managers, it is essential to determine strategies to increase response rates for mail surveys. Researchers have consistently expressed the need to solicit industry input while establishing hospitality curriculum (Ashley et al., 1995; Lefever & Withiam, 1998). Hence, the first purpose of this study was to learn about data collection methods employed when surveying hospitality managers through mail, regarding skills and competencies essential for graduates' success.

Although a literature search did not indicate e-surveying as a data collection method for surveying upper-level managers, it is only a matter of time before such surveying methods become commonplace. Arguably, web surveys have been posited to replace traditional surveying methods soon (Couper, 2000). Benefits including low cost, potentially higher response rates, and easy access to lodging managers' email addresses through professional associations such as the American Hotel & Lodging Association (AH&LA) could make e-surveying a preferred data collection method. Roy and Berger (2005) stated that more research needs to be done on how to improve e-survey administration as a stand-alone method and how to integrate e-surveying with traditional survey methods. Therefore, the second purpose of this study was to identify data collection strategies that will help increase response rates when e-surveying lodging managers. While this study provides only preliminary data, it is a first step in studying and improving response rates with internet-based surveys.

LITERATURE REVIEW
Comparison of various survey research methods

Comparing speed of responses, response rates, and cost of data collection for various methods employed in survey research has been a topic of interest for those in market research. Conflicting results have been obtained while making such comparisons.

Dommeyer and Moriarty (1999/2000) compared embedded email surveys to attached email surveys and found that the embedded email survey yielded a significantly higher response rate (37% compared to 8%). Mehta and Sivadas (1995) compared response rates for mail vs. email surveys while surveying internet users. The researchers concluded that response rate was highest (80%) for the group that received mail surveys along with a pre- and post-notification and a $1 monetary incentive. International and domestic email surveys with pre-notification generated the next highest response rates (65%). Email surveys were however, significantly faster and less expensive (Mehta & Sivadas, 1995).

Roy and Berger (2005) compared worldwide association executives' response rates on email to mail surveys. Response rates were much higher for mail compared to email surveys. Lottery incentives did not increase response rates for email surveys (Roy & Berger, 2005). Personalized emails generated a marginally significant increase in response rates compared to non-personalized emails. Length of the questionnaire could be a factor contributing to the low response rate from email surveys (Roy & Berger, 2005). Deutskens, Ruyter, Wetzels, and Oosterveld (2004) found that the shorter the questionnaire, the higher the response rate. Jober and Saunders (1993) noted samples in business-oriented studies were more sensitive to survey length than consumer studies. Sheehan (2001) however, concluded that there was no correlation between email questionnaire length and response rate.

Schaefer and Dillman (1998) identified through a literature review of past studies that e-mail surveys with a single contact had a response rate of 28.5%. This increased to 41% with two contacts and 57% with three or more contacts. The authors used a mixed-mode approach and assigned Washington State University permanent faculty to one of four groups: (a) all paper, (b) all email, (c) paper pre-notice, and (d) paper reminder. Dillman (1999) advocated using a mixed-mode survey method because a single-mode such as the World Wide Web may eliminate some from being selected for the sample. Response rate (58%) was highest for the "all email" group. Response quality as measured by total number of questions answered was also highest for the "all email" group. Schaefer and Dillman (1998) along with Tse (1998) noted that validity and reliability of data collected through email was as strong as those collected through any other modes. Issue salience, defined as the timeliness and/or importance of survey topic to respondents, has been reported to have more influence on response rate than respondent contact and monetary incentives in mail surveys (Heberlein & Baumgartner, 1978).

Smee and Brennan (2000) made comparisons among mail questionnaire, email questionnaire, single, continuous page, web-based questionnaire, multiple page web-based questionnaire with adaptive branching, but no data verification, and multiple page web-based questionnaire with adaptive branching and data verification, when surveying Australia and New Zealand based academics representing 41 institutions. The authors found that the single, continuous page, web-based questionnaire generated the highest response rate at 61% followed by mail questionnaire at 50%. Response time was shortest and data quality was highest for the single, continuous page, web-based questionnaire.

Research comparing various survey methods in hospitality

Research comparing pros and cons of various surveying methods are sparse in hospitality literature. Surveys targeting hospitality professionals tend to yield lower response rates because of highly dynamic operational procedures and management and potentially sensitive nature of questions (Keegan & Lucas, 2005). When surveying small hospitality firms, the authors (Keegan & Lucas, 2005) found that direct personal contact with respondents during follow-ups more than doubled the response rate.

Litvin and Kar (2001) compared data obtained in Singapore through the mall-intercept method and e-surveys to analyze differences between the two samples from a tourism perspective. The authors found that the e-sample was highly educated, had higher incomes, were more likely to be single, and took 50% more vacation trips when compared to the mall-intercept sample. The response rate for the e-surveys was 19%. Cobanoglu, Warde, and Moreo (2001) surveyed 300 hospitality professors randomly selected from the Council on Hotel, Restaurant, and Institutional Education (CHRIE) online member directory to compare mail, fax, and web-based surveys in a

university setting. It is recommended to use web-based surveys when surveying educators in the US because the majority of this population is technologically savvy (Cobanoglu et al., 2001). Other benefits include automatic data coding, quicker responses, higher response rate, and lower costs compared to mail surveys (Sills & Song, 2002).

Incentives used in survey research
Prepayment of incentives has been shown to increase response rates in survey research. Larger incentives also increase response rates when they are prepaid (Church, 1993). Shank, Darr, and Werner (1990) concluded in a foodservice setting that respondents perceived non-cash incentives to be 2 to 3 times the actual cost. When a mini calculator and 50 cents were given to every respondent, the response rate increased dramatically. When comparing the effectiveness of immediate vs. delayed cash incentives, Shank et al. (1990) found that an immediate cash incentive yielded better results than a delayed cash incentive.

Little research has been done on the effectiveness of incentives on response rate, speed of responses, and cost of surveying in internet-based surveys (Cobanoglu and Cobanoglu, 2003). In a web-based survey involving manager members of the American Management Association, the authors assigned participants randomly to a control group, the luggage tag group (luggage tags were given to all respondents), the prize draw for a personal digital assistant (PDA) group, or the luggage tag and PDA group. The authors found that offering luggage tags to all respondents and including them in a drawing for a bigger prize yielded the highest response rate. This also was the most expensive. No significant differences with respect to speed of responses were found.

METHODOLOGY

To accomplish the first objective, a literature search ensued to identify past research studies where researchers surveyed individuals who held management/executive positions in the hospitality industry. The research objectives of these studies were to determine skills and competencies needed to succeed in the hospitality industry. Results of the literature review are available in Table 1. Research purpose, data collection methods, response time and rates (when available), survey content, and incentives used (if any) are presented in the table.

To accomplish the second objective, data were collected through structured interviews with four industry professionals because a literature search did not reveal any studies where data were collected through electronic surveys from lodging managers. Interviews lasted approximately an hour. Three hotel general managers (GMs) and the executive director of Ohio's chapter of a major professional association representing the lodging industry were interviewed. A purposeful sampling approach was used to identify the three hotel GMs. One GM represented a large independent hotel and conference center, the second represented a national mid-priced hotel chain, and the third represented a national upscale hotel chain. The executive director of the professional association was interviewed because the association surveyed lodging managers periodically. As a result, the director had insights into the response behavior of higher-level lodging managers and executives. Interview topics included:
1.   Time of year to send out online surveys to hotel GMs in the state of Ohio so as to generate a reasonably high response rate.
2.   Incentives that can be offered to hotel GMs to encourage them to respond to online surveys.
3.   Other strategies that can be adopted to increase response rates such as specific data collection methods and time period given to complete surveys.

RESULTS AND DISCUSSION
Increasing response rates for mail surveys
Based on content from the literature review presented in Table 1, the following strategies were used in studies that yielded higher response rates when the population being surveyed was hospitality managers and executives.
1.   Making initial contact with key corporate representatives, human resources (HR) managers, or participants themselves to personalize surveys.
     o   When working with several properties within specific chains, a corporate representative can be contacted from each chain to obtain the names of individual managers that the surveys would be mailed out to. The cover letters accompanying the surveys can be personalized due to a contact with the corporate representative (Brownell, 2004).
     o   When working with multiple properties (chain and independent), the HR manager of every property may be contacted to obtain names of key managers for mailings. This helps personalize the letters (Raybould &

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Wilkins, 2005). Gursoy and Swanger (2005) were however, only able to generate a response rate of 14% despite personalization.

2. Surveying hospitality professionals outside the U.S. seems to generate a higher response rate than sending out mail surveys within the US, not counting a few exceptions.

3. Obtaining the support of the local organization representing the hospitality industry, such as the Palm Beach County Hotel and Motel Association in Kay and Russette (2000), to recruit participants seems to yield better results than contacting national organizations such as Club Managers Association of America (CMAA) and AH&LA.

4. Using a snowball technique could increase the number of participants when recruiting for personal interviews. Several studies investigating skills and competencies necessary for the hospitality industry have adopted a qualitative approach as can be seen in Table 1.

5. Including cash and non-cash incentives has been shown to increase response rates (Cobanoglu et al., 2001). However, a glance at Table 1 will show that the only research study that offered incentives was Nelson and Dopson (2001). The response rate generated in this study was 13%. More research is needed with respect to whether or not to offer incentives, and types of incentives that will be effective in generating high response rates.

Making the questionnaire attractive in appearance and style, including a cover letter explaining the purpose of the study and assuring confidentiality, making reminder phone calls to non-respondents, and including a self-addressed stamped envelope with a "return by" date seem to be common strategies used.

Increasing response rates for internet-based surveys
During interviews, respondents were asked to identify strategies that would help increase response rates of online surveys. Following is a summary of their responses.

Contacting members of the sample using a recognizable source via email.
Interviewees stated unanimously that they would not respond if the email came from an individual researcher within a university. The email may even get in the spam or junk mail filter. Contacting lodging managers via email through professional associations such as the state chapter of AH&LA was suggested as a viable alternative. Through this alternative, contact would be made with lodging managers through a recognizable source. If an active state chapter of the national professional association is not available, respondents suggested that the email should come from an "obviously recognizable" source. For instance, the name of the educational institution that the researcher is associated with should be the sender's email address as opposed to an individual researcher's email address.

Questioning respondents regarding incentives that would help increase response rates for internet-based surveys generated several responses as discussed below. However, the respondents agreed that incentives should not be in the same industry as those of the members in the sample. For instance, complementary room nights at a hotel in a tourist town or city would not be an appropriate incentive when the surveying lodging managers.

o Tickets to sporting events of local teams such as the Cleveland Cavaliers, Cleveland Browns, Cincinnati Bengals, Cleveland Indians etc. through random drawings was suggested as an incentive to fill out the survey by one of the managers. This however, would be a feasible option only if the sample was from a limited geographic region as opposed to a national sample.

o One manager suggested providing gift cards through random drawings for electronics purchases to stores such as Best Buy™ and Circuit City™ as a possible incentive. This manager also suggested providing a token gift for the first specified number of respondents based on the number of responses that the researcher desired. For instance, if the researcher desired 110 responses, then sending a gift certificate to a popular restaurant for the first 110 respondents would be a good incentive. This is consistent with the findings of Cobanoglu and Cobanoglu (2003).

o One of the respondents suggested providing a Visa® or a Mastercard® gift card. The reasoning that the respondent provided for this incentive was that members of the sample would be able to decide what they wanted to spend their money on, ranging from groceries to electronics. A generic gift card not tied to any particular store would not limit choices of respondents.

1. Including a cover letter explaining that the research was for educational purposes and that a summary of findings would be shared was suggested as a strategy to increase response rates of e-surveys. Respondents also indicated that the question "what's in it for us?" should be addressed in the cover letter. Given that time is

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precious for hospitality managers, they would like to know the potential benefits to them before filling out the survey.

2. Providing a response time of two weeks to complete the survey was considered sufficient by all respondents. Middle of October through early November was agreed upon as the best time to survey respondents in fall. In spring, February through March was identified as the best time to email the survey to generate a higher response rate. When discussing length of online surveys, respondents stated that they would prefer four pages of questions or shorter, whether it be paper or online surveys.

LIMITATIONS

Responses should be interpreted with caution due to the small number of interviewees. This study only provides preliminary data and further research on the topic is needed with larger samples. Responses also cannot be generalized because all respondents came from a limited geographic region. For instance, all four interviewees agreed that the months of October and November would generate a higher response rate in fall. However, October may not be the best for lodging managers located in other geographic regions such as the Northeastern US, where leisure travel could peak during these times with visitors wanting to see the fall foliage.

CONCLUSIONS

Several common themes occurred between mail and internet survey response rate improvements. Both incentives and obtaining the support of a local hospitality organization appear important for both types. Some unique aspects to internet–based surveys were noted including time of year to survey (mid October to early November and again February through March), incentive type, and the importance of noting that the study is for educational purposes.

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Table 1. Research investigating hospitality skills and competencies identified as essential by hospitality managers

Author, Year	Research purpose	Data collection method, Sample, Response rate
Breiter, D., & Clements, C. (1996).	Identified skills essential for U.S. hotel and restaurant managers' success.	One state was selected from each of nine regions. A list of hospitality businesses in those states was obtained. A random sample of 50 hotels and restaurants each was selected. Questionnaires were mailed, a reminder postcard sent after a week and another at two weeks. Response rate: 33%.
Brownell, J. (2004).	Identified skills and personal characteristics perceived as most important to career development. Future requirements were developed.	A corporate representative was contacted for a list of GMs addresses. Surveys were then mailed out. Sample included 187 GMs representing 7 luxury and upscale U.S. hotels. Response rate: 59%.
Burgess, C. (1994).	Identified hotel financial controller's education and training needs to keep up with changes anticipated in the future for the hospitality industry.	Questionnaires were mailed to 487 members of the British Association of Hotel Accountants (BAHA). Following this, 20 controllers and other administrative personnel were interviewed. Questionnaires were mailed in November and reminders were sent in February. Response rate: 29%.
Chung-Herrera, B.G., Enz, C.A., & LanKau, M.J. (2003).	Created a hospitality-competency model for the lodging industry.	Sample included 735 senior-level lodging executives worldwide. Surveys were faxed and 137 industry leaders responded by fax or online. Response rate: 19%.
Clark, M. (1993).	Investigated how communication and social skills can be taught through tailor-made courses.	An open-ended process was adapted to interview hotel managers. Sample included GMs and departmental managers of hotels with 60-120 bedrooms in Scotland and England.
Connolly, P., & McGing, G. (2006).	Explored how tertiary education has met the needs of three-, four- and five-star hotels in Dublin, Ireland. Identified factors which the hospitality industry considers important when recruiting managers.	Sample included the manager in-charge of recruiting managers/supervisors at member properties of the Irish Hotel Federation with ≥ 50 rooms. Forty out of 71 questionnaires were returned. Respondents returned the questionnaires in a prepaid stamped envelope by a "return by" date. Non-respondents were called and some provided responses over telephone. Response rate: 56%.
D'Annunzio-Green, N. (2002).	Explored challenges that arise from cross-cultural differences between eastern and western expectations. Identified skills and competencies needed to adapt successfully in varying organizational cultures.	The researcher contacted 25 expatriates via phone, email, or letter to seek their participation in the study. Fourteen agreed to participate. The author used a snowball technique to recruit three additional expatriate managers. In-depth interviews were conducted with 17 expatriate managers working as transitional managers in multinational hotels in Moscow and St. Petersburg, Russia. Interviews lasted between 1.5 and 3 hours.
Dopson, L. (2004).	Determined e-commerce skills hospitality managers expect. Determined dimensions of e-commerce competencies for hospitality curricula.	A random sample of 750 hotel executives and managers from the American membership of national lodging industry database. Questionnaires were mailed and a reminder post card was mailed two weeks later. Response rate: 11%.
Gursoy, D., & Swanger, N. (2005).	Examined perceptions of industry professionals regarding course content items important for succeeding in the hospitality industry.	Questionnaires were mailed along with a personalized cover letter individually signed in blue ink to 2,339 hospitality industry professionals selected from a database. A second questionnaire and reminder postcard was mailed to non-respondents one month after the postcard. Response rate: 14%.

Author, Year	Research purpose	Data collection method, Sample, Response rate
Haven-Tang, C. & Jones, C. (2006).	Assessed skill needs of Wales hospitality and tourism sector and identified skill gaps.	Interviews were conducted with 86 senior professionals and industry representatives from the hospitality, leisure, travel and tourism sectors in Wales.
Jauhari, V. (2006).	Examined competency needs and current hospitality management education in India.	Structured interviews were conducted with 15 industry professionals including senior managers and heads of professional associations and academics in India.
Kay, C., & Russette, J. (2000).	Identified essential competencies for hospitality professionals and determine the extent to which they are used.	Sixty managers representing 19 properties comprised the sample. An endorsement letter from a hotel and motel association was mailed to GMs. Fifty-two interviews were conducted and 56 surveys were collected over a six-month period. Response rate: 93%.
Kriegl, U. (2000).	Identified skills important for international hospitality managers to succeed and training activities needed to develop these skills.	Surveys were mailed to 100 hospitality managers working outside the US. Sample was selected from Cornell University's School of Hotel Administration's alumni database. Response rate: 51%.
Ladkin, A. (2000).	Examined role of education and food and beverage experience for career development.	A random sample of 800 hotels with ≥ 20 rooms was taken from a U.K. hotel guide. Managers of the hotels in the sample were mailed questionnaires. Response rate: 45%.
Mayo, C.R., & Thomas-Haysbert, C. (2005).	Identified essential competencies needed by hospitality and tourism management graduates.	Questionnaires were mailed to every third person from a list of industry professionals and educators (175) attendees at the 2001 CHRIE conference. A cover letter and self-addressed stamped return envelope were included. Response rate: 34% (36 educators and 24 industry professionals).
Moncarz, E., & Kay, C. (2005).	Gained insight into the relationship between lodging professionals' formal education and lodging management success.	Sample was 525 executives selected from a national database. Survey packets containing three questionnaires (one for GM, the two remaining to a high- and low-performing manager respectively) were mailed. Response rate: 11%.
Perdue, J., Ninemeier, J.D., & Woods, R.H. (2002).	Assessed private club managers' perceives of alternate training.	A random sample of 442 members from the CMAA membership list. Surveys were mailed. Response rate: 28%.
Peters, M., & Buhalis, D. (2004).	Investigated management areas such as planning, strategic development and behavior in small hospitality and tourism businesses to determine skill and competency gaps.	A random sample of 240 family businesses was taken from a list of hotels and restaurants at two Austrian tourism destinations. Family-owned hotels with ≥ 30 rooms and full-time restaurants were part of the sample. The questionnaires were personally distributed to properties and collected after several days. Response rate: 65%.
Raybould, M., & Wilkins, H. (2005).	Investigated hospitality managers' expectations of hospitality management program graduates' skills and compared expectations to students' perceptions of what managers value.	Sample included 850 GMs, operating managers, and HR managers representing 196 four- and five-star hotels in Australia. Surveys were personalized after calling the HR department of every property to obtain names of key managers. One week after the surveys were mailed, reminder phone calls were made. Response rate: 44%.
Tas, R.F. (1988).	Identified competencies essential for hotel GM trainees.	Surveys were mailed to GMs at 229 properties having ≥ 400 rooms. Reminder phone calls to 10% of non-respondents did not increase responses. Response rate: 33%.
Velo, V., & Mittaz, C. (2006).	Examined barriers when expanding internationally. Suggested skills graduates needed for internationalization of hotels.	Case study methodology was used to compare international hotel expansion problems of three hotel chains to those of a "base case." Interviews were used.
Wilson, M.D.J., Murray, A.E., & Black, M.A. (2000).	Determined essential competencies required by catering managers. Ascertained differences between duties and importance.	Sample included 136 catering managers working for a contract catering company in Northern Ireland. Questionnaires were mailed to managers. Response rate: 41%.

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JOB SATISFACTION AND TURNOVER INTENTIONS OF CHEFS: INVESTIGATING THE CREATIVITY CONSTRUCT

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ABSTRACT

This article reports on selected findings of an exploratory job satisfaction survey of club chefs working in Australia. A customised instrument is designed to mitigate the shortcomings of generalising scale items and findings of generic job satisfaction surveys to a single occupation. The survey's aim is to investigate linkages between job satisfaction motivators and turnover. This paper focuses on determining whether a relationship exists between the extrinsic job satisfaction motivator of working conditions and the intrinsic job satisfaction motivator of creativity. The findings indicate that creativity ranks more highly than working conditions and that there are some gender differences.

Key Words: Creativity, hospitality, chefs, clubs, job satisfaction, turnover.

INTRODUCTION

Skills shortages in hospitality are well documented (Ibrahim & Wason, 2002). It is acknowledged that the club industry has various manifestations, and no doubt sectoral idiosyncrasies, depending on location. Many private clubs throughout North America have long membership waiting lists (Ferreira & Gustafson, 2006), while Australian clubs have been described as the "poor cousins" (Weeks & Adams, 2006:177) of the domestic hospitality scene. Over half of Australia's population are members of one or more of the nation's 4,000 licensed clubs, which predominantly represent sporting, ethnic, working, social, recreation or community interests. Their main activity is the provision of hospitality services (e.g. gambling, meals, entertainment, and other social activities) to members. (Hing, Breen & Weeks, 2002). Clubs too, have been affected by skills shortages, perhaps due to poor human resource management (Buultjens, 1996) or as a consequence of recruiting in a competitive market (Gustafson, 2002). What is certain, though, is that foodservice is one of the club's core products and to sustain this service a vibrant and replenishing pool of motivated chefs is paramount. General tourism and hospitality skills shortages are particularly acute for the occupation of cookery and have again been widely reported internationally (Pratten, 2003). Both (intraoccupational) turnover and (interoccupational) attrition have high reported rates. Annual Australian hospitality industry averages of 53% (HospitalityMagazine.com.au, 2006), though, are higher than the occupationally specific turnover rate of 20% (Deery, 2006) for chefs. Recent Australian figures suggest up to 65% of cookery entrants leave the occupation within 10 years (Casey, 2003).

TURNOVER

Many studies have confirmed the relationship between job satisfaction, organisational commitment, and turnover, whether intraoccupational or interoccupational (Wright & Bonett, 1992). The theoretical framework establishing this relationship is largely attributed to Mobley's (1977) 'Intermediate linkages in the relationship between job satisfaction and employee turnover', which hypothesizes that when an employee states an intention to quit, usually on the basis of work [dis]satisfaction, it is likely that the intention will be realised in fact. Turnover has been a topic of interest to some hospitality researchers. It has been argued that the hospitality industry is somewhat ambivalent to a 'turnover culture' of its workforce. Hospitality has been identified as an industry with some inherent problems regarding candidate attractiveness. Issues previously identified in the literature include low entry barriers, poor standards of training and ill-defined career paths (Wood, 1997). Moreover, this negativity seems to be exacerbated by perceived poor working conditions relative to pay, including the temporally and seasonally challenging nature of the work.

For the occupation of cookery, the literature suggests, these trends equally hold true. While the extrinsic motivators of working conditions and pay seem to be the generally accepted catalysts for job [dis]satisfaction there is some evidence to suggest that occupationally specific intrinsic motivators may also impact on the job satisfaction of chefs. In particular researchers have commented that 'creativity' is a defining element of the chef's occupational culture (e.g. Chivers, 1971; Fine, 1996; Cameron, 2001; Lee-Ross, 1999).

CREATIVITY

Creativity, as a construct relevant to business management, has been explored from several standpoints. Organisations value creativity because it assists in responding to rapidly changing global and external forces and provides the stimulus for internal flexibility and revitalisation (Tan, 1998). Definitions of creativity are contested. It has been described as an individual skill or process, which "depends to some extent on personality characteristics" (Amabile, 1997:43), and one which, pertinently for this study, can be heightened when aligned with intrinsic (task) motivation. Yet most contemporary researchers view creativity as innovation – or outcome based – manifest in product development and its processes (Oldham & Cummings, 1996), acknowledging that the factors affecting employee creativity are multifaceted. Hence, much research energy has focussed on identifying the factors that promote employee creativity, whether personal or (work) environmental. Personal characteristics, though more complex than is achievable here, emanate from biographical history, cognitive styles and intelligence (Oldham & Cummings, 1996). Alternatively, Unsworth, Wall and Carter (2005) suggest four work factors are prominent: empowerment, support for leadership, sanctioning innovation and time pressures. A range of training regimes, consultancies, leadership programmes and integrated approaches (Tan, 1998) have been utilised to exploit the myriad of ways in which personality and work environment may intersect to enhance organisational innovation and gain competitive advantage.

It has been suggested though, that creativity requirement, a dimension of employee creativity, has been partially unaccounted for in previous research. Unsworth et al. define creativity requirement "as the perception that one is expected, or needs, to generate work-related ideas" (2005:542), which is distinct from the oft-used employee creativity dimension of creative output. Their findings suggest that creativity requirement may be a determinant of employee creativity factors and as such recommend that "interventions aimed at increasing perceived levels of creative requirement… (e.g. performance appraisals, training and development and organizational symbols) may lead to increased creativity" (Unsworth et al., 2005:556). The creativity requirement dimension is tested in another context by Shalley, Gilson and Blum (2000), who find that when the organisational factors supportive of employee creativity are aligned with creativity requirement higher job satisfaction and lower intention to quit are resultant. In linking dimensions of the creativity construct with job satisfaction, and intention to quit, this intrinsic motivator, previously found to have been characteristic of chefs' occupational culture, seems worthy of further investigation as a moderator of turnover behaviour. A further important finding indicates that employees may differentiate between job (occupational) characteristics and organisational characteristics (Shalley et al., 2000). While in the hospitality context creativity has been found to be a motivator for hotel managers and supervisors (Wong & Pang, 2003) no relationship with intention to quit has been identified. This paper, then, examines the intersection of these human resource management constructs as they apply to foodservice operations in the management of a sample of private membership clubs in south east Queensland (SEQ), Australia, but from the relatively unexplored viewpoint of occupational as well as organisational commitment (Riley, Lockwood, Powell-Perry, and Baker, 1998).

METHODOLOGY

This study presents the selected findings of a survey which was administered to the full population of chefs and cooks (*n*=746) working in the largest 109 licensed clubs in SEQ. The researcher received 199 completed surveys, a response rate of 27%. The survey was designed to capture three discrete pieces of information: first, the demographics of the sample, second, labour mobility patterns, both past behaviour and 'intention to quit' (Mobley, 1977) and attitudinal responses to a range of generic and occupational specific items that were distributed across a four phase career design. Data was entered into SPSS 13 and analysis, for this study, focussed on identifying relationships between the attitudinal items. Although the sample is modest, some interesting findings are reported, particularly since they relate to a distinct occupational grouping, one employed in a discrete hospitality industry sector and one within geographical delimitations.

Six categorical questions on the instrument asked respondents for demographic/ workforce characteristic information. Two questions were designed to establish historical turnover, and a further two rescaled four-point Likert scale questions tested for 'intention to quit' – both for current job and current occupation (cookery). To test attitudinal constructs, a total of 59 items distributed across four career phases (*q1*=15; *q2*=14; *q13*=15 & *q14*=15) were presented. A '1' (strongly disagree) to '7' (strongly agree) range on a Likert scale measured respondents' level of agreement with each item. Given the paucity of research examining turnover causality amongst chefs, a specific occupation within hospitality, a customised instrument was designed. It aimed to test for occupationally specific attributes across a four phase career design.

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INSTRUMENT DESIGN

Job satisfaction and its underlying motivators is the subject of previous research for the hospitality workforce. A number of job satisfaction instruments (e.g. Job Descriptive Index, Job Diagnostic Survey & Minnesota Satisfaction Survey) have been utilised in a plethora of contexts. Many assume *a priori* that a poor job satisfaction score will decrease organisational commitment and, hence, increase the probability of turnover (Feinstein & Vondrasek, 2001). Several trends, pertinent to this study, are apparent. Much research focuses on hospitality managers, employees of hotels, or a combination of both and many of the instruments used are often generic designs. Although most incorporate intrinsic as well as extrinsic job motivators several studies across various populations in hospitality have not found intrinsic dimensions to be significant (Hancer & George, 2003). Some of these instruments, for example the Job Diagnostic Survey, have been used to measure the job satisfaction of chefs and cooks (Lee-Ross, 1999), and recent applications of the Minnesota Satisfaction Survey have aimed to test the relationship between job satisfaction and organisational commitment (Feinstein & Vondrasek, 2001). Yet these generic instruments often do not account for specific intrinsic motivators – for instance dimensions of creativity – characteristic of occupational communities and cultures.

It was determined to test for occupational and organisational attitudes across four phases that approximate those of a career. The first phase probed motivations for occupational selection, the second for attitudes during occupational socialisation and the third and fourth phases for dimensions of job (organisational) satisfaction and occupational respectively. It is apparent from discussion to this point that occupational as well as organisational perspectives on various attitudinal measures might be worthwhile exploring. However, the choice of including occupational selection and socialisation requires brief justification. Candidates select occupation based on their education level, socioeconomic status, but also psychological predisposition (Holland, 1976). An underlying assumption in the occupational selection literature is that perceived occupational intrinsic rewards are formed early in life, before or during education (Mortimer & Lorimer, 1979). Overall, there is support to suggest that individuals, at a developmental stage, select occupations to match their 'personality'. As has been established, creativity might be such a dimension of personality. Creativity might equally be an occupationally socialised trait. There is a reciprocal relationship between individual and occupational experience, and an element of negotiation, meaning the job is shaped by the individual's expectations and experiences, and *vice versa* (Mortimer & Lorimer, 1979). Workplaces signpost cues to link acceptable ways of thinking with actual behaviour, and assist individuals to complete the cycle by allowing them to 'enact', through a process of cognitive dissonance, values and beliefs and, hence, demonstrate views about a range of occupationally specific and organisational matters (Gomez-Mejia, 1984). This, then, becomes a behavioural mechanism for the expression of occupationally socialised core values, beliefs, and ideals.

Each phase contained both repeated items, but also questions specific to the phase. The phase items were informed by a number of sources including previous occupationally chef-specific surveys (e.g. Chivers, 1971), established findings from ethnographic work on the occupation of cookery (e.g. Fine, 1996) and the researcher's previous industry experience as a chef, a factor which Botterill (2000) laments is often not given enough credence. The intrinsic constructs of creativity, artistry, technical skill, and service were complemented with extrinsic constructs including satisfaction with working conditions and pay. These constructs were worded according to the dictates of each phase. While a full explanation of the scale development is not achievable here, examples of other, phase-specific, items are shown in Figure 1.

FINDINGS

The modal age range of the sample was the 30-35 year old cohort and the majority of the sample was employed either on a full time or contract basis (85%). The largest proportion of responses came from apprentices (20%) and head/executive chefs (22.5%). The remaining brigade positions were all grouped in one category – chef. While the overall gender distribution comprised 71.5% males to 28.5% females most females were in the 'under 25' age group (44%), and in the brigade category of apprentice (45%). In the senior positions of head/executive chef, females represented only 18% of the sample. When cross-tabulating the sample's mean length of occupational experience in the trade with the number of career cookery jobs an annual turnover rate of 1.2 jobs/ year was calculated. This historical turnover rate was complemented by 'intention to quit', which was measured in two ways – for current job and for occupation. A four-point Likert scale categorised '1-3' as 'very unlikely', '4-5' 'unlikely', '6-7' 'likely', and '8-10' 'very likely'. The results showed that 38% of the sample was very unlikely to leave their *current employment* 'in the near future', 21% were unlikely, 12% was likely to leave and 29% indicated very likely.

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When asked for intention to quit their *current occupation* 'in the near future', and adopting the same rescaling method, 52.5% stated this was very unlikely, 13.5% were unlikely, only 9% stated they were likely to leave, but 25% stated that it was vary likely they would leave 'in the near future'. These findings are summarised in Figure 2.

Figure 1.
Likeliness to Quit Current Employment & Current Occupation
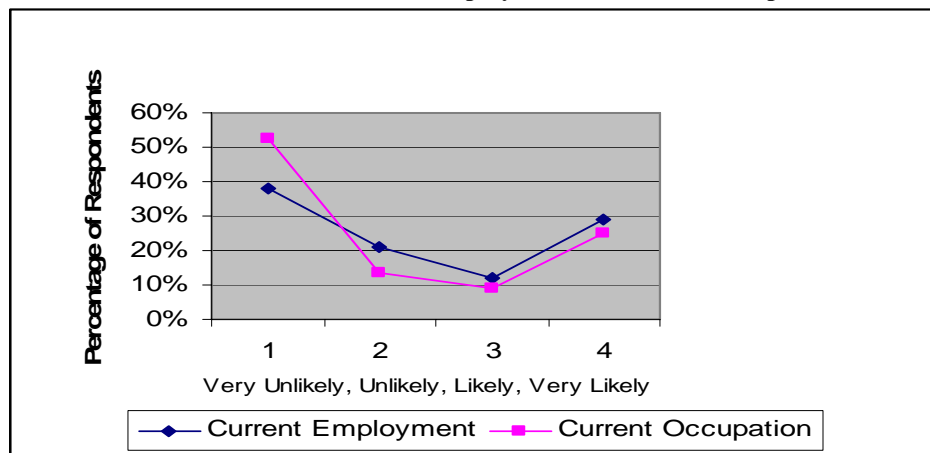
Females, though, indicated they were slightly less likely to leave both their jobs, and their occupation, than males. Nonetheless, in the 'under 25' age group, 38.5% of respondents who indicated they were 'likely' or 'very likely' to leave their current employment were females. Similarly, 37% of respondents in the 'under 25' age category who indicated they were 'likely' or 'very likely' to leave their current occupation were females. These findings are clearly lower than the gender distribution in the 'under 25' category (44% females to 66% males).

The particular focus of this study is to compare the relative impact of creativity and working conditions on intention of turnover, or at least job satisfaction. These constructs, asked in a variety of ways, were embedded in the four career phase design (see Figure 1.) of the attitudinal section of the survey. For this study 23 of the total 59 items are reported on: those relating to creativity constructs, working conditions and pay. Factor analysis, using the Principal Axis Factor extraction method, was conducted to identify possible grouping of attitudinal items within each of the four phases. On each occasion ($q1$, $q2$, $q13$ & $q14$) the first rotation factor loading (see Table 1.) suggested that several of the artistry/creativity indicators, which were flagged by semantic indicators like 'variety', exciting' and 'new', as well as 'creative' and 'artistic', displayed a consistency in response patterns. These items were grouped as displayed in the second column of Table 1.

Table 1.
Analysis of Creativity, Pay and Working Condition Factors including, Factor Analysis, Aggregated Mean and Cronbach's Alpha.

Career Phase	Factor Loading	Items	Mean*	Aggregated Factor	Factor Aggregated Mean*	Std. Dev.	Cronbach's Alpha
Occupational Selection (*q*1)	.580 .598 .764 .616	*It was an exciting career choice* *I wanted to use my artistic abilities* *Cookery requires creativity* *The work would have variety*	5.13 5.13 5.68 5.34	Creativity Occupational Selection	5.34	1.44	.764
		It is a well paid occupation	3.08	Pay	3.08	1.80	-
		It seemed like an easy job	2.66	Working Conditions	2.66	1.57	-
Occupational Socialisation (*q*2)	.750 .627 .625	*Cooking is an exciting occupation* *Creativity is encouraged* *The work has a lot of variety*	5.13 5.13 5.68	Creativity Occupational Socialisation	5.29	1.47	.735
		The pay is good	2.81	Pay	2.81	1.67	-
		The working conditions are hard	1.08#	Working Conditions	1.08#	1.21	-
Current Job Satisfaction (*q*13)	.662 .688 .793 .840 .749	*My tasks have good variety* *I am learning new things* *The menu is exciting* *I can express my artistic ability* *My creativity is encouraged*	4.64 4.38 3.99 4.45 5.08	Creativity Job Satisfaction	4.34	1.57	.863
		The pay is good	3.60	Pay	3.60	1.70	-
		My work and personal lives are balanced	3.87	Working Conditions	3.87	1.99	-
Current Occupational Satisfaction (*q*14)	.785 .807 .764	*The work is generally varied* *Cookery satisfies my creative urges* *Cookery challenges me*	4.74 4.75 4.91	Creativity Occupational Satisfaction	4.72	1.48	.845
		The pay is fair	3.71	Pay	3.71	1.75	-
		The working conditions are good	3.80	Working Conditions	3.80	1.72	-

This question was asked in the negative so the working score is reversed.
* Mean value based on 7 point Likert scale. '1' = 'Strongly Disagree' and '7' = 'Strongly Agree'.

Cronbach's alpha was conducted to validate the internal reliability of the items within these groupings. The first factor, labelled Creativity Occupational Selection, was loaded and the reliability alpha returned .764. The second creativity factor, Creativity Occupational Socialisation, scored .735. The third and fourth creativity factors, Creativity Job Satisfaction and Creativity Occupational Satisfaction, both yielded higher alpha scores, .863 and .845, respectively. Only one 'pay' item was asked in each of the four phases. Several items relating to working conditions were asked within each of the four phases. However, the alpha of grouping these items indicated unreliability. Thus, only one 'working condition' item from each phase, that deemed to capture best the extrinsic element of this dimension, is reported. Both the working condition and pay factors, across the four phases, are recorded in Table 1. However, the interpretation of the factors' means yield interesting findings.

Figure 2.
Trends for Pay, Working Conditions & Creativity Factors across Four Phase Career Design
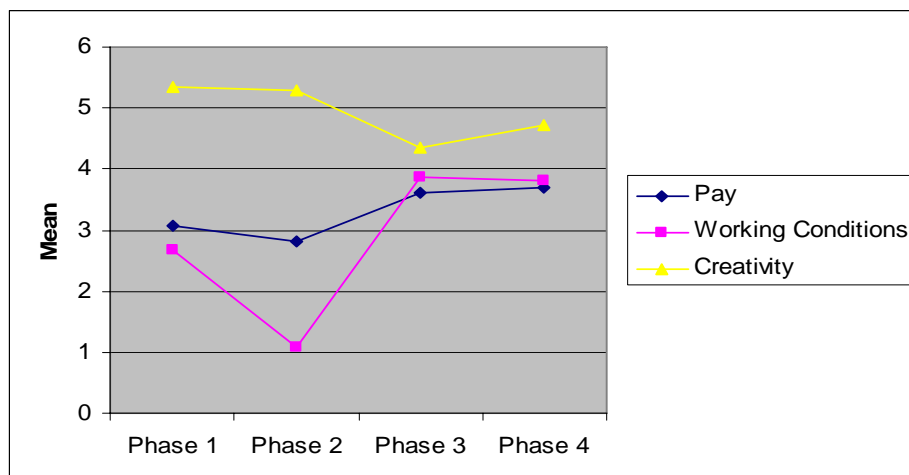
Two clear trends are apparent in Figure 3. First, the moving trends for the three factors of pay, working conditions and creativity across the four phase career design differ. Satisfaction with pay seems to increase from the occupational selection and occupational socialisation phases through to the organisational and occupational satisfaction phases. The same general trend is evident for working conditions, although the phrasing of the phase 2 'working condition' item has convoluted this trend pattern. Conversely, the creativity factors appear to show a downward decline across the four phase career design. Figure 3. shows a second pattern. While both the working conditions and pay factors register modest means across the career phase design, the creativity factors consistently score high means. This is also highlighted by the individual means, prior to grouping, shown in Table 1. To further illustrate this point the data was transformed again to create cumulative scores for the three constructs of pay, working conditions and creativity. Factor loaded the 15 creativity items returned a reliability alpha of .911. Hence, a cumulative creativity/ artistic construct (C/A) was created. The four pay factors were loaded to gain a reliability alpha of .790 for the cumulative pay construct. However, the working condition factors presented a challenge. The item from phase 2, '*the working conditions are hard*' was deleted, but still a low alpha of .388 for cumulative working conditions resulted. Nonetheless, these cumulative constructs were retained for two comparative exercises.

First, the three cumulative scores were split by gender and the results are. Interestingly, the data suggest that there may be differences between the genders on these constructs. The cumulative C/A measure is higher for females (5.15) than for males (4.99). There also appears a gender difference for the cumulative pay and working condition scores. For working conditions males recorded 3.38 as against 3.59 for the females in the sample, and for pay males registered a mean of 3.09 compared to 3.65 for females. These findings suggest that females in the sample may be more satisfied with working conditions and pay than males, and also place a higher value on the C/A construct. The second comparative exercise investigated the relationship between creativity and 'intention to quit'. When the cumulative creativity score was cross-tabulated with 'intention to quit' some interesting findings presented. Respondents that scored $m \geq 5$ on their cumulative creativity score and indicated either a 'very unlikely' or 'unlikely' 'intention to quit' their current job, in the near future represented 46% of the sample. For 'intention to quit' their occupation those respondents that scored $m \geq 5$ on their cumulative creativity score and indicated either a 'very unlikely' or 'unlikely' represented 50% of the sample. A Chi-square significance of .003 was found for 'intention to quit' current job but given the small cell counts when reducing the data no significance was found for current occupation (.106). These findings suggest there may be a positive relationship between creativity and job and occupational satisfaction.

DISCUSSION
There are several key findings worthy of further discussion. Overall the historical turnover of the sample, at over 100%, is much more than the recently reported Australian industry averages (*HospitalityMagazine.com.au* 2006; Deery, 2006). Moreover, the intention to quit responses suggest that not only are clubs within the sample at considerable risk of losing members of their brigade to other employers of chefs, but that a quarter of the sample indicated they were very likely to leave the occupation of cookery in the near future. If realised this would certainly compound the domestic general hospitality skills shortages (Deery, 2006), and support earlier evidence indicating high attrition rates amongst chefs (Casey, 2003). Remembering that females are overrepresented in the younger age group/ entry level brigade, yet are generally underrepresented in both the older age brackets and the senior brigade,

it is interesting that both overall and in the younger age brackets, females tend to report lower 'intention to quit' scores for both job and occupation.

Contrary to some previous research in hospitality, which found intrinsic motivators to be not significant (Hancer & George, 2003), this study found that the intrinsic motivator of creativity scored consistently more highly than the extrinsic motivators of pay and working condition. Creativity scored highest during the selection and socialisation career phases, which seems to reflect the literature indicating that cookery is a creative occupation and that this construct is reinforced through an occupational culture (Fine, 1996; Cameron, 2001). Yet ranked creativity dropped, especially in the context of job satisfaction. This might indicate a gap between the previously identified constructs of either perceived creativity requirement or job design (Shalley et al., 2000). Nonetheless, the data suggest that clubs in the sample might be well positioned to take advantage of their employee's creativity in reaching organisational goals, creativity being established as an important element in contemporary organisation's success (Wong & Pang, 2003).

Conversely, the extrinsic constructs of working conditions and pay seem to improve through the career phases, though it is interesting that the sample seemed to perceive that these factors were poor during occupational selection and socialisation. That their scores improve over the career phases perhaps indicates that respondents become accepting of the conditions, or the knowledge that working conditions and pay (will) gradually improve over a typical career as a chef. Though there is presently limited context for further discussion it is noteworthy that when the creativity, working condition and pay constructs were aggregated, independent of the four phase career design, it was found that females registered the highest creativity score. Furthermore, those respondents in the sample with high creativity scores indicated less intention to quit both their current job and their occupation.

CONCLUSIONS

This study suggests that there are several compelling reasons to conduct further research, which investigates the relationship between intrinsic motivators, specifically the creativity construct and turnover behaviour. Clearly, this study highlights that both the SEQ club sector and the occupation of cookery are vulnerable to skills shortages – both from intraoccupational turnover, and from attrition, or a shrinking labour pool. If one accepts the premise that only so much can be done to ameliorate the working conditions and pay of hospitality workers, including chefs, then alternative motivators of job satisfaction need exploring. Whether the widely presumed notion, that females are more right-side of the brain thinkers (creativity), is a moot point. Certainly, research has been inconclusive (Chusmir & Koberg, 1986). However, this study suggests that females register lower intention to quit scores, yet seem to report higher scores for creativity measures. At the same time, females appear less sensitive to the widely negatively reported constructs of working conditions and pay affected both the hospitality industry generally, but also the occupation of cookery (Wood, 1997). The data also suggest that those individuals, regardless of gender, with higher creativity scores indicated less likelihood to leave both their current jobs and their occupation. In short, there is some justification for pursuing research that might further investigate the relationship between creativity constructs specific to the occupation of cookery and job satisfaction. Moreover, research efforts may focus on the young/ junior female cohorts.

This study, though, has limitations. While it could be argued that it has successfully indicated that intrinsic and extrinsic motivators are not static across career phases, has vindicated the approach of distinguishing between job and occupation and justified the customisation of the instrument to allow for occupational idiosyncrasies, more precision is required to pinpoint specific constructs within career phases. Particularly when examining the creativity construct, the literature suggests that it has complex and diffuse dimensions with various antecedents and determinants (Unsworth et al., 2005). Further research could build on the theoretical developments and research instruments to more deeply probe these in the context of the occupation of cookery, and in its relationship with job satisfaction and turnover.

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USING RESPONSE STYLES TO NATURAL HAZARDS AS A FRAMEWORK FOR UNDERSTANDING TRAVEL AND TERRORISM

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ABSTRACT

Response styles influence the perceptions of a hazard, whether natural or human induced. Peoples' responses to hazards vary at multiple levels and are related to emotional, social and economic factors. Reviewing and learning from the literature on response styles to hazards, this paper developed a framework to study the response of travelers to terrorism as a hazard. A mental mapping approach was used to identify response strategies among a sample of 558 travelers. Travelers adopting four different strategies: denial, acceptance, mitigation, and loss reduction were identified. Travelers using different response strategies behaved differently when it came to canceling travel, changing travel behaviors, and in their reported levels of anxiety. The results confirm the utility and generalizability of using the hazards framework in a tourism context.

Keywords: Response styles; Hazards; Terrorism; Tourism; Content analysis; Mental models

INTRODUCTION

A hazard is an unexpected or uncontrollable event of unusual magnitude that threatens people, their possessions, and / or their activities. Hurricanes, floods, and industrial accidents are some examples of natural and human-induced hazards. Terrorism can also be considered a hazard (Mitchell, 2003). In fact in the context of tourism Wall (1996, p. 148) noted this relationship in the mid-90s: "*… terrorist events are like natural hazards in that, ultimately, they are outside the control of the tourist industry*." How people perceive and respond to hazards has been the subject of study since the early 1960s. This stream of research has developed robust models for understanding how people react to hazards (Burton, Kates, & White, 1978; Palm, 1990; Tobin & Montz, 1997). These models apply findings from the information processing literature to the problem of hazard perception and response (Slovic, Kunreuther, & White, 1974).

In the present study, the authors develop a framework to evaluate the response styles of a sample of travelers to terrorism. The framework is based on the natural hazards response framework of Palm (1990). This model indicates that when faced with a hazard people can: (1) deny that the risk exists; (2) passively accept the risk, adopting a fatalistic view, attributing their fate to powers beyond their control; or (3) respond. The trigger to this process is an individual's perception of risk, and the individual's risk perception is dependent on various social, emotional, and demographic factors.

The purpose of this paper is to better understand the reactions of travelers to the events of 9/11 in order to both improve our theoretical understanding of how people respond to the threat of terrorism within the context of hospitality and tourism and help develop strategies useful for hospitality and tourism managers.

LITERATURE REVIEW

The effects of the terrorist attacks of September 11, 2001 were felt worldwide. The WTO reported that 2001 was the first year since 1982 to experience a decrease in world-wide tourist arrivals (WTO, 2002). Subsequent events, such as the terror bombings in Bali and Spain, and the onset of the global war against terrorists and the regimes that shelter them, suggest that the world of the early 21st century will be one where the threat of terrorism is a constant. One way to conceptualize the impact of terror and the threat of terrorism on travelers is through the framework supplied by hazards research. The literature on hazards addresses human response to natural disasters such as floods and hurricanes, as well as human response to man-made situations such as chemical spills, nuclear plant mishaps, terrorism, etc. There is agreement on the basic model that describes how people respond to these threats (Burton, Kates & White, 1978; Palm, 1990; Tobin & Montz, 1997). These models agree that when faced with a hazard people can: deny that the risk exists; passively accept the risk, adopting a fatalistic view, attributing their fate to powers beyond their control; or respond to the hazard. Response entails two separate sets of strategies: (1) mitigation strategies attempt to minimize the probability of the hazard's occurrence, and (2) loss reduction strategies attempt to minimize the cost of the hazard when it occurs.

The trigger to this process is an individual's perception of risk. These perceptions are a function of the nature of the hazard, individual and societal structural factors such as proximity to the hazard, empowerment, social networks, culture, political structures, wealth distribution, etc., and individual traits such as gender, age, ethnicity, previous experience, psychological factors, etc. Much of this literature also notes the lack of congruence between objective measures of risk and an individual's perceptions of risk. The probability of some types of risk, for example nuclear accidents, are over-rated while other types of risk, such as hurricanes, floods, and car accidents, are under-rated (*cf* Slovic, 1987). Personal experience with a threat also correlates with assessment of the likelihood of that threat and behavior in the presence of that threat (Laska, 1990; Tobin & Montz, 1997).

Media is a major source of information about crises in various destinations for both tourists and tourism organizations, and the primary basis of their travel-related and operational decisions (Wang, Racherla, & Hu, 2007). Researchers have recognized the importance of media in crisis management and argued that media's perspectives on crisis situations can either mitigate or impede a tourism crisis (Faulkner, 2001; Keown-McMullan, 1997). Being a tourist on vacation also appears to play a situational role in influencing risk perception and behavioral response (Drabek, 1996; 1999). In studies of tourist and business travelers visiting destinations impacted by hurricanes, Drabek found that the chronological phase of the trip in which the traveler found himself or herself and the type of lodging being used moderated the perception of, and response to, hurricane danger. Specifically, people at early stages of their visit were less likely to evacuate than were people at later stages of their trip. People staying in commercial lodging were more likely to heed warnings than were people staying with friends or family members.

Figure 1.
A Behavioral Model of the Response to Terrorism by Travelers
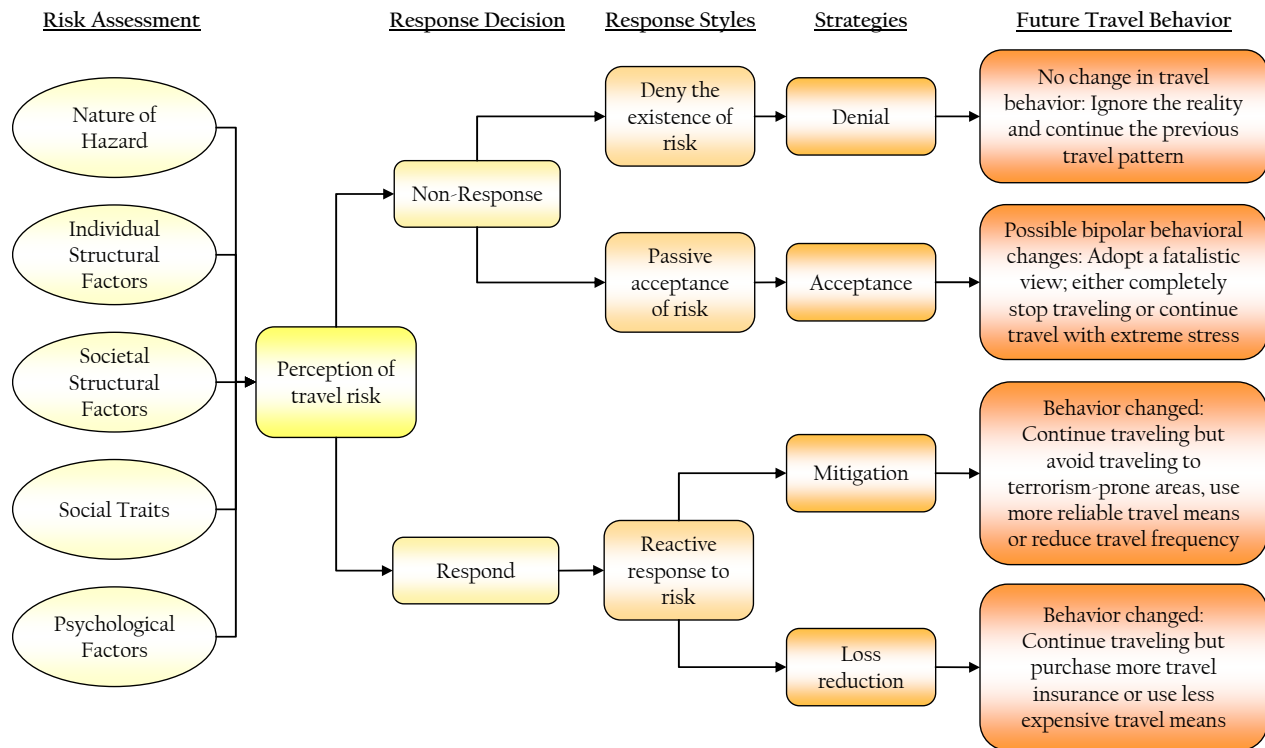
Overall, adopting the hazards framework as a tool with which to understand how travelers respond to the threat of terrorism suggests the model illustrated in Figure 1. This schema indicates that the perception of risk is influenced by a number of individual, context-specific, and situational factors. Subsequent actions are driven by the individual's perception of the risk at hand, and branched into various responsive or non-responsive modes of behavior. The research described in this paper attempts to operationalize the model presented in Figure 1. Travelers will be typed into response strategies based upon their answers to an open-ended survey question on how 9/11 affected them. The validity of this typology will then be examined by investigating whether respondents typed into different strategies behaved differently across a number of close-ended questions that described their post-9/11 travel behavior.

METHODOLOGY

Data.

Visitors to a Philadelphia tourism marketing website (*www.gophila.com*) were recruited for this study. Initially, a panel of 1500 website users was formed for a marketing study. Following the events of September 11, 2001 a follow-up self-administered survey was sent via surface mail. This mailing included a cover letter that described the study as well as a preaddressed postage paid return envelope. A survey form that collected information on travel behavior, changes in travel behavior due to the terrorist attacks of 9/11, anticipated future travel behavior, level of worry about being victimized by terrorism, and perceived airline safety was enclosed. An open ended question that asked the respondent to describe "how the terrorist attacks of September 11, 2001 affected you" in the context of traveling and vacationing, was also part of the survey. Information about the respondent's gender, age group, education level, and income level were collected via the initial web-based survey.

Analysis.

One of the key steps in the analysis involved the content analysis of responses to the open-ended question on how the respondent had been affected by the events of September 11. A "Mental Models" approach was adopted (Carley, 1997; Carley & Palmquist 1992; Wright, 2004). This method assumes that people use their respective

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mental models of the world to evaluate choices and as context to consider their decisions. The concept of mental modeling recently has been used to elaborate how people should manage stress and respond to disasters (Paton, 2003; Paton & Jackson, 2002). This method approaches a piece of text, such as the answer to an open-ended question, as a phenomenon composed of concepts, relationships, and statements. A mental model is a map of the network of concepts and the relationships between and among them. It has been found to be a good approach for the analysis of open-ended survey responses (Jackson & Trochim, 2002). Concepts are symbols that have meaning only through their relationship to other concepts. A set of concepts, for example, a set of single words extracted from a text, form a vocabulary or lexicon. Relationships are the links that supply direction, strength, sign, and meaning between concepts. When two concepts are linked by a relationship they form a statement. A map of the network of concepts, relationships, and statements is the mental model (Carley & Palmquist, 1992) or mental model mapping (Kolkman, Kok & van der Veen, 2005). For example, in an open-ended response where a respondent reported that he or she would be more attentive while traveling after the events of 9/11, felt psychological fear regarding terrorists' attacks, and noted the possible threat to their own life, the conceptual mapping can be re-constructed into a series of linear causal relations: "Psychological factors" (Risk assessment) → "Perception of travel risk" → "Reactive response to perceived risk" (Response style and decision) → "Mitigate such possible risk" (Response strategy) → "Alter travel behavior by being more attentive while traveling" (Future behavioral change).

This type of mental mapping of concepts has been seen as a way to blend word-based and code-based approaches to interpreting open ended survey questions (Jackson & Trochim, 2002). Supporters argue that this analysis strategy shares the strengths of both approaches, minimizes some of their weaknesses, and is particularly well-suited to analyze exploratory open-ended questions. Additionally, this approach is more feasible today than in the past thanks to software products such as ATLAS.ti (Muhr, 2004; Muhr, & Friese, 2004).

Figure 2.

Mental Mapping from the Qualitative Responses of Surveyed Respondents.
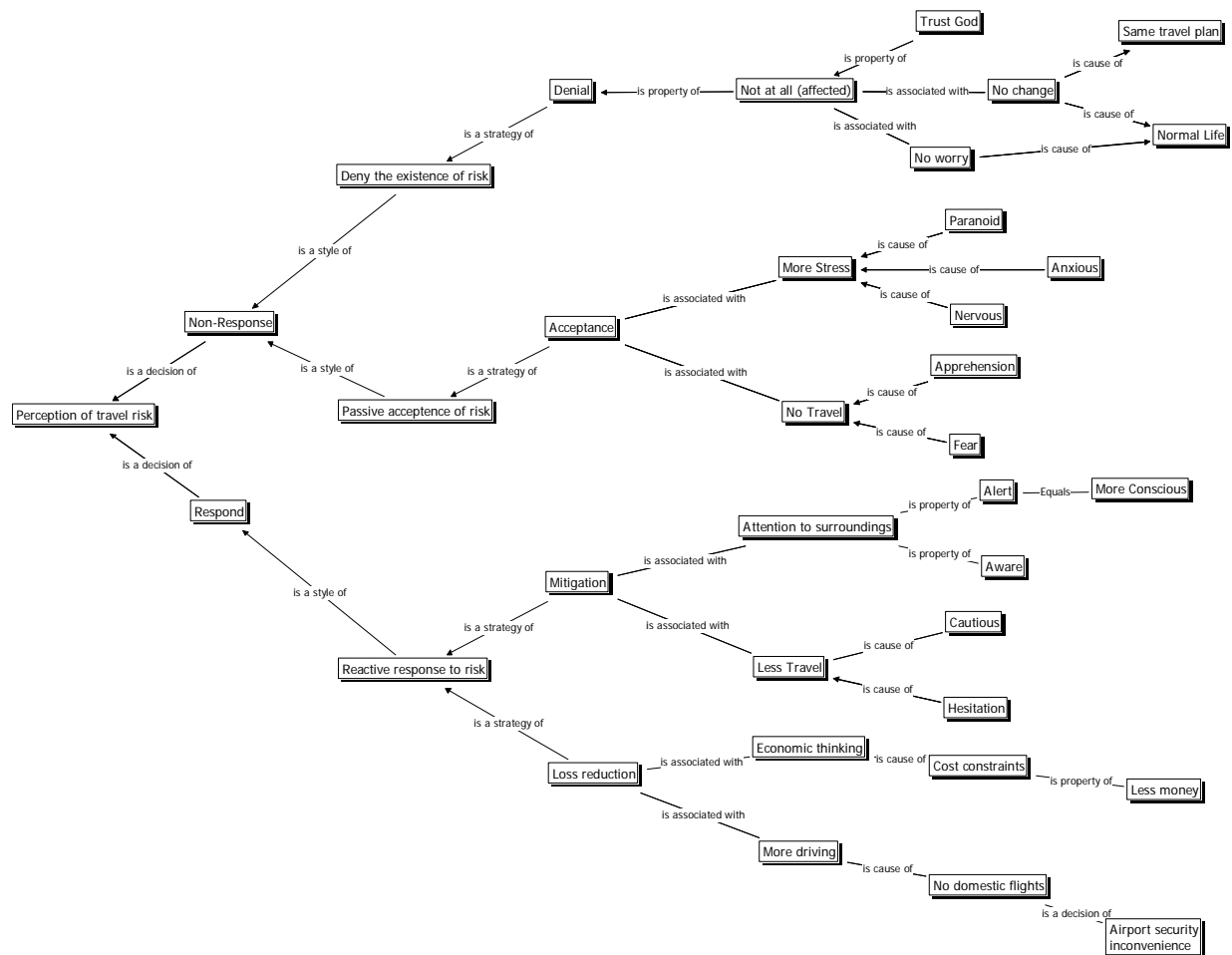
RESULTS AND DISCUSSION

Respondent Characteristics

A total of 558 travelers returned the self-administered questionnaire. Most of the surveys (85%) were postmarked during May and June, 2002. Over three-quarters (76.1%) of respondents were between 26 and 55 years of age. Two-thirds (67%) of respondents were female. Respondents were well-educated: 37% reported that they were college graduates (4-yr degrees) while another 28% reported graduate or professional degrees. Only 17% reported incomes at or below $35,000 while 24% reported incomes of $75,000 or more and 23% refused to give their household income. Respondents reported frequent travel with an average of 11 (median of 8) away from home overnight or longer trips per year and an average of 4 (median of 2) trips via commercial airliner in the typical year.

Seventeen percent of respondents reported that they canceled specific travel plans due to the danger of terrorist attacks during the month immediately following the events of 9/11 (Table 1). However, only 6.8 percent reported canceling specific travel plans after that initial month. Also, as one might expect, more respondents considered canceling trips (either by air or to a major city) than actually canceled specific travel plans. Other strategies respondents appear to have adopted to minimize their risk of exposure to terrorism include staying closer to home when they traveled and avoiding public places. All of these behaviors become less common over time with a higher percentage of respondents reporting them in the immediate month following 9/11 than later.

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Four percent of respondents reported that they were very worried that they, or someone in their family, would become a victim of a terrorist attack. Forty-four percent reported that they were somewhat worried about this. In contract 63 percent of respondents reported that they were either not too worried (43%) or not worried at all (19%) about being victimized by terrorism.

A majority of respondents, 59 percent, reported that they would travel the same amount in summer 2002 as they did in summer 2001. Twenty-seven percent reported they planed to travel more in summer 2002 than they did in summer 2001 while 12 percent of respondents reported they planned to travel less in summer 2002 then they did in summer 2001. Respondents were also asked their opinion of airline safety. Twenty-five percent felt it was very safe, 57 percent believed travel by commercial airline to be somewhat safe. Eighteen percent of the respondents felt airline travel was unsafe: 15 percent believed it to be somewhat unsafe while three percent felt it to be not at all safe.

Table 1.
Impact of 9/11 on Selected Travel Behaviors.

Impact	*Percentage of respondents during the first month following 9/11 who . . .*	*Percentage of respondents since mid-October, 2001 who . . .*
Considered canceling an airplane trip	27.0%	15.0%
Planned to stay close to home when you traveled	24.3%	13.6%
Considered canceling a trip to a major city	21.4%	10.3%
Canceled specific travel plans because of the danger or terrorist attacks	17.0%	6.8%
Planned to avoid public places	15.1%	6.0%
Planned to avoid business travel	10.5%	6.9%

Mental Mapping Respondents' Reaction to 9/11

The text base for this stage of the data analysis was generated from the answers of surveyed travelers to the open-ended question. All texts were first "cleaned" to eliminate grammatical errors and then assembled into a single text file. Content analysis methodology (Krippendorff, 2003) was adopted for its ability and usefulness in analysis of large text databases in a particular context. Such a qualitative approach is an inductive process that emphasizes the fit between data and an emerging phenomenon, rather than on progressing deductively from *a priori* hypotheses. For the final data analysis, ATLAS.ti (ATLAS.ti Scientific Software Development GmbH, 2006) was used to examine the collected qualitative data in an organized fashion and identify recurrent themes and patterns. These themes were then combined to form 'codes' that helped tag and connect different aspects of the data. Subsequently, an explanatory network with the codes (logical nodes) and their relationships (conceptual links) was developed and mapped. The authors then interpreted the results based on the networked structure.

Figure 2 illustrates the mental model mapping that resulted from this phase of the data analysis. This network of codes and relationships suggests that the textual data fit the proposed model of hazard response. The top branch of the map, for example, depicts the responses of travelers who reported that 9/11 had not impacted their behavior. Comments such as "No change," "No worry," and "Normal life" typify these people. This pattern of response seems to reflect a hazard response style that denies the existence of risk. In contrast the bottom two branches of the network appear to reflect reactive response to the risk of terrorism. Respondents in these two typologies included actions such as paying more "Attention to surroundings," taking "Less travel," doing "More driving," and being "Alert," "Aware," and "Cautious" when traveling. Overall this mental mapping exercise appeared to support the hazard response model, suggesting that this sample of travelers could be typed into four groups reflecting denial, acceptance, mitigation, and loss reduction in the face of terrorism.

Response Styles and Travel Behaviors

Table 2 illustrates how respondents typed to different response strategies by the mental mapping described their travel behavior and attitudes. Table 2 provides a test for the utility of models derived from the hazards literature in a tourism context. It provides some validation of the typology generated in the mental mapping phase of the analysis. Chi-square analysis of the nine cross tabulations indicated that people categorized into different response strategies differed in their travel behavior and attitudes across eight of the nine variables. For example,

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travelers whose response strategy involved denial of the threat were the least likely to cancel travel plans (only 7% did so) contrasted with those travelers whose response involved loss reduction—37% of that group canceled travel plans. Across a number of these variables a common pattern is evident. The denial group was least likely to cancel or change plans, the loss reduction group was the most likely to cancel or change plans, and members of the other two groups, acceptance and mitigation, expressed behaviors between the two extremes. Interestingly, there were no statistically significant group differences regarding Summer 2002 travel plans. While one would expect the travel plans of the acceptance or denial group members to be unaffected, behavior changes among travelers with mitigation or loss reduction strategies may be too nuanced to be seen in a travel more—travel less—travel the same amount context. Anxiety differences across the four groups are also noteworthy. As expected, members of the denial group are the least anxious about becoming a victim of terror. In contrast very few people following the mitigation response strategy are not worried at all and close to a majority, 49%, are very or somewhat worried. Perhaps that is one of the costs of this strategy: heightened awareness of surroundings, being on a constant look-out for people or packages that appear out of place (mitigation strategies) may increase anxiety.

Table 2.
Travel Behavior and Attitudes Across Response Strategies.

Question		Denial	Acceptance	Mitigation	Loss reduction	Total	X^2, *p*, Phi
				Response Strategies			
Canceled travel plans	Yes	7%	22%	21%	37%	17%	22.16
	No	93%	78%	79%	63%	83%	.000
	Total	172	91	188	27	478	.215
Considered canceling an airplane trip	Yes	9%	36%	35%	54%	27%	46.27
	No	91%	64%	65%	46%	73%	.000
	Total	170	90	183	26	469	.314
Considered canceling a trip to a major city	Yes	10%	24%	30%	27%	22%	23.76
	No	90%	76%	70%	73%	78%	.000
	Total	168	90	188	26	472	.224
Planned to avoid public places	Yes	6%	13%	21%	23%	23%	16.43
	No	94%	87%	79%	77%	77%	.001
	Total	170	91	189	26	476	.186
Planned to avoid business travel	Yes	2%	14%	18%	25%	12%	27.77
	No	98%	86%	82%	75%	88%	.000
	Total	166	88	179	24	457	.247
Planned to stayed close to home	Yes	12%	26%	34%	38%	25%	27.70
	No	88%	74%	66%	62%	75%	.000
	Total	171	90	190	26	476	.241
Summer 2002 travel plans:	More than last year	27%	35%	26%	22%	28%	3.88
	Same as last year	60%	52%	63%	63%	60%	.692
	Less than last year	13%	13%	11%	15%	12%	-----
	Total	174	92	190	27	477	
Perceived safety on flying commercial airlines:	Very safe	34%	25%	18%	22%	26%	21.22
	Somewhat safe	57%	57%	60%	52%	52%	.002
	Somewhat unsafe or Not safe at all	9%	18%	22%	26%	26%	.210

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	Total	174	92	190	27	483	
Level of anxiety about becoming a victim of terror	very worried	1%	1%	5%	11%	3%	59.39
	somewhat worried	22%	30%	44%	30%	33%	.000
	not too worried	44%	51%	44%	33%	44%	.350
	not worried at all	33%	18%	7%	26%	20%	
	Total	175	92	190	27	484	

Note: 5 respondents couldn't be successfully typed into one of the four response strategies and are deleted from this analysis.

CONCLUDING REMARKS

This study contributes to the fields of tourism and hospitality in two ways. First, it looked into the perceptions of travelers and their response strategies to a major hazard—the terrorist attacks in 2001. The general understanding of policy-makers including managers is that people react to hazards or other disasters in an irrational and inconsistent manner (Perry, 2003; Perry & Lindell, 2003). This notion is also reinforced by public media that consistently portray the panic reactions of people in times of crisis. However, the results in this study indicate that travelers tend to behave in a manner consistent with their risk perception. Behaviors do vary, but they vary because people differ in their perceptions of risk. Behavior is rational and consistent, given how an individual perceives the overall level of threat. Hence, tourism managers in times of crisis should focus on providing information that enables the prospective travelers to make informed decisions about the overall level of risk.

The second contribution made by this study is in the field of crisis/disaster management for the hospitality and tourism industry. Researchers such as Faulkner (2001) have indicated that crisis/disaster management is a line of research which has been relatively ignored in hospitality and tourism studies. Although Richter and Waugh (1986) argued that the symbiotic relationship between terrorism and tourism needs to be understood and acted on in terms of not only security and marketing but also factors such as planning, site development, employment policies, political risk analysis, and emergency management, the amount of effort that has been invested into finding the right disaster and crisis response strategies for stakeholders in the hospitality and tourism industry is still considerably sparse. Particularly lacking are studies that advocate new methodologies for examining the relevant issues from travelers' point of view. The findings of this study demonstrated the usefulness of mental model approaches. In the future similar studies may help extract travelers' tacit knowledge and strategies in other travel-related hazardous situations.

In this study, the behavioral model developed in Figure 1 provides a theoretical understanding of the travel behavior of individuals based on the individuals' perception of travel risk and on their response decisions and styles. Future studies can validate the model by measuring the role of individuals' perception of travel risk on predicting actual travel behavior. Future studies that test the model can contribute significantly in increasing our understanding of travelers' response to terrorism as a hazard.

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MEET THE PACKAGED TOURIST: A JAPANESE AND AMERICAN PERSPECTIVE

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ABSTRACT

Japan Travel Bureau recently reported that 46% of Japanese oversea travelers, in 2003, were part of a packaged tour, while 42% arranged their own travel. Interestingly, very little is actually known regarding demographic and consumption differences between Japanese packaged and independent tourists, especially regarding their shopping behaviors, or how Japanese -package tourists differ from another segment, such as packaged tourists from America.

The objective of this article is to address this chasm by exploring demographic and consumption differences between, and among, Japanese and American packaged and non-packaged tourists who are vacationing in Honolulu.   The sample includes 198 and 127 Japanese independent and packaged tourists, respectively, as well as 383 and 76 American independent and packaged tourists, respectively.

INTRODUCTION

A recent study completed by Japan Tourism Marketing Company (JTM, 2004) revealed that 46% of Japanese oversea travelers, in 2003, participated in packaged tours, while 42% of them traveled independently. This study suggests that the gap between packaged and independent tourists is closing. In fact, between 1986 and 1988, the number of Japanese tourists partaking in oversea tour packages declined from 80% to 60% (Yamamoto and Gil, 1999). Although interest in packaged tourism among Japanese tourists is waning, Yamamoto and Gil (1999) emphasize that packaged tourism will always be important to tourists who seek to save money and to those who have little experience traveling abroad (see Wong and Kwong, 1999). Other researchers continue to emphasize that packaged tours are still popular among tourists who seek to engage in pre-arranged tours during their sojourns, including nature tours (Bowie and Chang, 2005; Roper, Jensen, and Jergervatn, 2005)

JTM also reported that package tours remain extremely popular with women. For example, in 2003, nearly 60% of elderly women and married housewives, 58% of middle-aged women, 57% of employed married women, and 51% of single women participated in package tours during their oversea travels (see Hashimoto, 2000 for literature review). This statistic is quite interesting and worthy of exploration because Japanese tourists are the best-known shoppers of all traveling nationalities (Timothy, 2005). Given that shopping remains a popular option among Japanese tourists abroad, especially a desire for luxury brands and duty-free shopping (Rosenbaum 2006; Rosenbaum and Spears 2006a, 2006b, 2005), understanding consumption activities among Japanese packaged tour group participants is worthy of exploration (Ahmed and Krohn 1992; Mak, 2004; Oh et al., 2004; Reisinger and Turner, 2002 regarding Japanese).   Fueled by the propensity of Japanese oversea travelers to engage in shopping during their oversea jaunts, the importance of Japanese tourism to shopping destinations such as Singapore, Hong Kong, Honolulu, Dubai, Guam, and Los Angeles cannot be overstated (Ambler, 1992; Timothy, 2005 for review).

Although Yamamoto and Gill (1999) presented one of the first empirical articles that highlighted consumption differences between Japanese packaged and non-packaged oversea tourists, they did not explore differences regarding their shopping behaviors. This knowledge can be useful to marketing/tourism planners in major cities that depend upon Japanese tourists for retail sales and to academics who explore tourism shopping behaviors, which still remains an under-researched topic in the literature (Hobson, Timothy, and Kim, 2004).

The objectives of this article are to uncover demographic and consumption differences between Japanese packaged and independent tourists in Hawaii. Given that Hawaii remains a popular destination among Japanese travelers, including female office-ladies who have a propensity to shop overseas (Pigliasco, 2005), the choice of this sample site for these objectives is ideal. More specifically, we compare and contrast differences between Japanese and American packaged and independent tourists who are vacationing in Honolulu, Hawaii. The plan for this article follows. First, we discuss demographic differences among the groups and then we discuss consumption differences based upon three logistic regression analyses. Second, we conclude the article with a discussion of managerial and theoretical implications.

METHOD

Research Instrument

The goal of the questionnaire was to uncover product and service consumption differences among tourists based upon their country-of-origin and their tourist status (i.e., packaged or independent). Therefore, the questionnaire asked respondents whether they plan to engage in services, including recreational, cultural, and shopping activities during their stay, by indicating "yes" or "no." To ensure the content validity of the questionnaire, items were obtained from two reliable sources in tourism and retailing; these are the 2003 Hawaii Visitor Satisfaction Survey (State of Hawaii, 2003), and Carol Pregill, Executive Director, Retail Merchants of Hawaii. Each response was binary coded (1 = yes, 0 = no). In addition to product and to service consumption, other questions were probed gender, age, education, employment status, planned expenditures (dollar amount) on products and services, length of stay, and the purpose of the trip.

The questionnaires were available to the respondents in English and Japanese. The double translation (back translation) method was utilized in designing the questionnaire. This process has been described as one of the most adequate translation processes, even though issues of literal translation and missing information may arise. The procedure for this method follows; first, an English version of the questionnaire was created. Second, the English version was translated into versions in each of the aforementioned languages by two independent bilingual individuals for each language and were then compared for any inconsistencies, mistranslations, meaning, cultural gaps and/or lost words (of which there were few). Third, two different independent bilingual individuals back translated the questionnaires to English. Lastly, the English version was translated again addressing those inconsistencies, mistranslations, meanings, cultural gaps and/or lost words identified in the second and third phases to ensure accurate interpretation (see Marin and Marin, 1991; McGorry, 2000). It is also worth noting that the questionnaire administrators included native speakers from Japan and they were able to communicate with the respondents in Japanese.

Sample & Procedure

A pilot test was conducted on 44 visitors in Waikiki Beach (not included in the main sample) and minor adjustments were made to the questionnaire and layout. The researchers utilized a convenience sample of 1,056 domestic and international respondents, aged 18 years and older, which were vacationing in Honolulu, Hawaii during March and April of 2004. The researchers set up survey stations at various locations in Waikiki at three various locations on the main thoroughfare in Waikiki and at Queens Beach. Tourists volunteered to participate in the study. Respondents received a small gift worth $2.00 (e.g., macadamia nuts, Hawaiian bookmark) for their participation. Nine respondents were removed from the study due to failing to indicate their origin.

In an ideal situation, the questionnaire would have been administered to respondents at a point of departure in order to assess the products that tourists actually purchased and the activities that they actually did. However, due to heightened security concerns, authorities at Honolulu International Airport denied the researchers request for access. Although intentions may not reflect actual behaviors, the results uncover significant differences in purchase intentions, which correspond to their actual behaviors.

RESULTS

800 respondents indicated that they were either from American or Japan. 383 (48%) of the respondents were American independent tourists and 76 (9%) were American packaged tourists. 209 (26%) of the respondents were Japanese packaged tourists, and 132 (17%) were Japanese independent tourists. Table 1 provides a demographic profile of the respondents.

Table 1
Demographic Profile

	USA Packaged	USA Independent	Japan Packaged	Japan Independent
Number of Respondents	383	76	209	132
Percentage	48	9	26	17
Gender				
Male	34	186	69	39
Percentage	45	49	35	31
Female	42	197	129	88
Percentage	55	51	65	69
Average Age (years)	45	40	32	33
Age (%)				
18-30	28	34	58	54
31-50	30	39	24	33
51-70	35	18	10	7
71-+	7	9	8	6
Purpose of Trip (%)				
To Vacation/Leisure	87	77	81	74
To Honeymoon	0	4	12	5
To Get Married	0	1	5	5
Won an Incentive Trip	1	1	.5	1
To Attend Sport Event	1	1	2	0
To Attend a Convention	0	3	0	2
To Conduct Business	0	7	0	4
To Visit Family/Friends	3	17	1	8
To Attend a Wedding	0	4	3	5
To Attend a Meeting	0	1	.5	2
To Attend School	0	1	.5	7
For Military Purposes	0	.5	0	1
Highest Level of Education:				
High School	21	10	31	29
Some College	23	26	23	21
Associate Degree	9	10	15	11
Bachelor's Degree	27	28	27	33
Some Graduate School	5	4	2	2
Graduate School	15	22	2	4
Additional Trip Details:				
First Time Visitor (%)	57	42**	53	29***
Number of Trips taken to HI	2	5***	2	6***
Planned Expenditures on Products ($)	440	687*	1,666	1,007*
Length of Stay in Hawaii (days)	8	11**	6	9***

Note. *** $p < .01$, ** $p < .05$. * $p < .10$.

Gender. A two-way contingency table analysis was conducted to determine to evaluate whether packaged and independent tourists differed in terms of gender. Gender and tourist status were found to be significantly related, Pearson χ^2 (3, $N = 784$) = 17.82, $p < .001$, Cramer's V = .15. Overall, the data reveals that 65% of the Japanese packaged tourists in Hawaii are likely to be female, compared to 55% among American packaged tourists.

Age. A one-way analysis of variance (ANOVA) was conducted to evaluate the relationship between age (measured in years) and tourist status. The ANOVA was significant, $F(3, 762) = 23.47$, $p < .001$. Follow-up tests were conducted to evaluate pairwise differences among the means. Because the design had unequal cell sizes and homogeneity of variance assumptions could not be assumed, post-hoc comparisons were conducted with the Games-Howell test (Stevens, 1999). This test is robust to unbalanced designs and does not assume equal variances among

the groups. Overall, the results reveal that the mean ages between American independent (*M* = 40) and packaged (*M* = 45) and between Japanese independent (*M* = 33) and packaged (*M* = 32) do not differ. However, there are significant differences in age between American and Japanese respondents. Thus, Japanese respondents tend to be younger than American respondents, regardless of their tourist status.

Purpose of Trip. A two-way contingency table analysis was conducted to determine whether a relationship existed between the primary purpose of a trip and tourist status. In terms of respondents who plan to vacation, the results reveal a mild relationship, Pearson χ^2 (3, *N* = 800) = 6.39, *p* < .10. Cramer's V = .09. However, the relationship between respondents who are in Hawaii to vacation and their tourist status was stronger among American respondents, Pearson χ^2 (1, *N* = 459) = 3.81, *p* =.05, Cramer's V = .09. For example, 87% of American packaged respondents reported that they were in Hawaii primarily to vacation or to engage in leisure activities, compared to 77% of American independent respondents. In contrast, although 81% and 74% of Japanese packaged and independent respondents were in Hawaii to vacation, these proportions did not significantly differ.

In terms of honeymooning, the results illustrate significant proportional differences, Pearson χ^2 (3, *N* = 800) = 22.25, *p* < .001, Cramer's V = .17. Two additional tests were probed this relationship in more depth. 12% of Japanese packaged respondents reported that they were in Hawaii to honeymoon, this percentage is significantly less than the 4.5% of Japanese independent who are in paradise to honeymoon (Pearson χ^2 (1, *N* = 341) = 5.38, *p* = .02, Cramer's V = .13. In contrast, none of the American packaged respondents were in Hawaii to honeymoon, while 3.9% of independent American respondents were in Hawaii to do so.

Education. A two-way contingency table analysis was conducted to determine to evaluate whether packaged and independent tourists differed in terms of education. Education and tourist status were found to be significantly related, Pearson χ^2 (18 *N* = 774) = 92.85, *p* < .001, Cramer's V = .35. The data reveal that Japanese respondents are significantly less educated than the American respondents are. For example, 31% of Japanese packaged tourists reported that the highest education level completed was a high school degree, compared to 21.3% of American packaged tourists. In addition, whereas 13% of American packaged respondents have a master's degree, only 2% of Japanese packaged respondents attained a similar level of education. Two follow-up tests indicate the proportional differences do not significantly between American and Japanese packaged/independent tourists, respectively. Therefore, Japanese respondents are less educated than American respondents, regardless of their tourist status.

Planned Expenditures. An ANOVA was conducted to explore the relationship between planned expenditures on products and services, excluding lodging expenses, and tourist status. The ANOVA was significant, *F*(3, 741) = 6.56, *p* < .001.   Follow-up tests were conducted to evaluate pairwise differences among the means with the Games-Howell test. Among planned expenditures among all four groups, spending among Japanese packaged respondents spending was highest at $1,666, with Japanese independent respondents next at $1,007. In contrast, planned spending among American packaged respondents was the lowest at $440 and below that of spending among American independent respondents at $687. The results of the pairwise comparisons reveal that the mean differences between American and Japanese respondents significantly differ, while the mean differences among American and Japanese respondents are the same.

Length of Stay. Not only do Japanese packaged respondents spend the most, they are also on vacation the shortest time compared to the other respondents. The ANOVA results, *F*(3, 769) = 19.51, *p* < .001, reveal significant differences between length of stay among the four groups. The results of a post-hoc analysis, using the Games-Howell test, reveal that the length of stay among packaged Japanese respondents (*M* = 6) is significantly less than the planned stay among Japanese independent (*M* = 9), American packaged (*M* = 8), and American independent (*M* = 12) respondents.

Planned Consumption
Given that each statement regarding the likelihood to engage in services was binary coded, it is possible to interpret the means among, and between, the four groups, as shown in Table 2. Overall, the findings are interesting to marketing planners, and to academics, in the sense that they illustrate key differences between American and Japanese respondents.

Table 2
Analysis of Planned Activities During Hawaii Vacation

Planned to Engage in the following (0 = No, 1 = Yes)	U.S. Packaged	U.S. Independent	Japan Packaged	Japan Independent
Services: Tours				
Helicopter or Airline Tour	.17	.17	.02	.01
Boat/Submarine Tour	.51	.41*	.21	.21
Tour Bus Excursion	.66	.25***	.31	.15***
Private Limousine/Van Tour	.11	.10	.14	.16
Own (self-guided) Tour	.54	.75***	.42	.63***
Services: Water Activities				
Swim/Sunbath at Beach	.86	.89	.75	.81
Surfing/Body Boarding	.28	.43**	.17	.24*
Scuba Diving/Snorkeling	.41	.50	.19	.21
Jet ski/Parasail/Windsurf	.12	.18	.11	.06
Services: Land Activities				
Golf	.08	.19**	.04	.08*
Tennis	.00	.09**	.02	.08**
Running/Jogging/Fitness Walking	.33	.44*	.07	.14**
Health Spa/Gym	.17	.23	.08	.11
Backpacking/Hiking/Camping	.22	.33*	.04	.08
Sport Event or Tournament	.05	.08	.02	.02
Services: Entertainment				
Lunch/Dinner Cruise	.62	.54	.37	.24**
Lounge Act or Stage Show	.45	.36	.16	.16
Nightclub/Dancing/Karaoke	.26	.44***	.08	.18***
Fine Dining	.55	.61	.05	.14***
Movies/Plays/Concerts	.17	.30**	.03	.13***
Services: Shopping				
Department Stores	.43	.54*	.63	.68
Designer Boutiques	.34	.36	.65	.50***
Hotel Stores	.47	.49	.40	.28**
Mall Stores	.61	.64	.73	.76
Swap Meets or Flea Markets	.46	.47	.11	.24***
Discount/Outlet Stores	.24	.24	.47	.48
Grocery Stores	.39	.47	.50	.69***
Convenience Stores	.62	.67	.63	.75**
Duty Free Stores	.25	.24	.78	.72
Services: Cultural				
Cultural/Historic/Sacred Site	.54	.59	.29	.24
Museum/Art Gallery	.30	.37	.14	.21*
Polynesian Show/Luau	.71	.58**	.18	.13
Art/Craft Fair	.12	.21*	.03	.03
Festival	.20	.19	.03	.11**
Parade	.17	.19	.02	.14***

Note. *** *p* < .01, ** *p* < .05, * *p* < .10.

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In order to probe specific consumption differences between packaged and independent tourists, three logistic regression analyses were conducted. Te first analysis focuses on planned consumption differences between American packaged and independent respondents. The second analysis focuses on consumption differences between Japanese packaged and independent respondents. The third analyses focuses on consumption differences between American and Japanese packaged respondents.

American Packaged vs. Independent. Logistic regression was employed to predict the probability that a respondent was either part of a packaged tour or an independent traveler from America. The predictor variables were the respondents expressed likelihood to engage in a variety of services and activities, as shown in Table 2, during their stay. The model was able to successfully classify 85% of the respondents, and the Hosmer and Lemeshow test indicated that the null hypothesis regarding overall model fit could not be rejected, $\chi^2(8) = 4.78$, $p = .78$.

Table 3 shows the logistic regression coefficient, Wald test, and odds ratio for each of the significant predictors. Employing a .05 criterion of statistical significance, only two of predictors had significant effects. The odds ratio illustrates that American packaged respondents are 6 times more likely than independent respondents to take a tour bus excursion and about half as likely, compared to independent travelers, to shop at department stores during their stay.

Table 3
Logistic Regression Coefficients

Predictor	β	Wald χ^2	p	Odds Ratio
America: Independent (0) vs. Packaged (1) respondent				
Tour bus excursions	1.84	29.13	.000	6.28
Shop at department stores	-.75	.37	.04	.47
Japan: Independent (0) vs. Packaged (1)				
Jet ski/Parasail/Windsurf	1.50	5.14	.02	4.47
Designer Boutiques	.98	7.82	.01	2.66
Hotel Stores	.72	4.78	.03	2.05
Swap Meet/Flea Markets	-.91	4.17	.04	.40
Parade	-2.08	6.72	.01	.13
Japanese Packaged (0) vs. American Packaged (1)				
Fine Dining	2.78	20.07	.000	16.17
Swap Meet/Flea Markets	2.16	13.66	.000	8.64
Polynesian Show/Luau	1.99	14.81	.000	7.28
Own (self-guided) tour	1.94	9.50	.00	6.97
Tour Bus Excursion	1.57	9.77	.00	4.79
Discount/Outlet Stores	-1.31	5.21	.02	.27
Duty-Free Stores	-3.99	31.35	.00	.02

Japanese Packaged vs. Independent. Logistic regression was employed to predict the probability that a respondent was part of a packaged tour or an independent traveler from Japan. The predictor variables were the same as above. The model successfully classified 76% of the respondents, and the Hosmer and Lemeshow test indicated the model fit the data well, $\chi^2(8) = 4.13$, $p = .79$ Table 3 shows the logistic regression coefficient, Wald test, and odds ratio for each of the significant predictors. Employing a .05 criterion of statistical significance, only five predictors were significant. The odds ratio indicates that Japanese packaged respondents are over four times as likely as independent respondents to engage in jet ski, parasail, or windsurfing activities. Perhaps, these activities are part of the pre-planned package. In addition, Japanese packaged respondents are over two and half more times likely than independent respondents to plan to shop at designer boutiques, and two times more likely to shop at hotel stores, during their Hawaii vacation. Interestingly, Japanese packaged respondents are considerably less likely than independent respondents to travel to swap meets/flea markets or to see parades during their stay. Given their shorter

time duration on the island and their planned shopping activities, packaged tourists probably lack the time to browse flea markets or to attend a parade.

American Packaged vs. Japanese Packaged. Logistic regression was employed to predict the probability that a respondent was part of a packaged tour and was from either Japan or America. The predictor variables were the same as above. The model successfully classified 91% of the respondents, and the Hosmer and Lemeshow test indicated the model fit the data well, $\chi^2(8) = 2.97$, $p = .94$ Table 3 shows the logistic regression coefficient, Wald test, and odds ratio for each of the significant predictors. Employing a .05 criterion of statistical significance, seven predictors were significant. Overall, American packaged respondents are 16 times more likely than Japanese packaged respondents to engage in fine dining during their stay. In addition, American packaged respondents are about nine times more likely than Japanese respondents to attend swap meets/flea markets, seven more times more likely to attend a luau and to take a self-guided tour, and nearly five times as likely to take a tour bus excursion during their Hawaiian vacation. In contrast, Japanese packaged respondents are 54 times more likely than American packaged respondents to engage in duty-free shopping during their stay and about four times as likely to engage in discount/outlet store shopping during their stay. Thus, while American packaged tourists seem to engage in fine dining and to attending luau, Japanese tourists are content with duty-free shopping.

CONCLUSION

The goal of this article was to uncover demographic and consumption differences between Japanese packaged and independent travelers, as well as to compare and to contrast these differences to American packaged and independent travelers. Based upon questionnaire data obtained from 800 American and Japanese respondents vacationing in Honolulu, we were able to achieve this goal and to fill an apparent void in the marketing/tourism literature.

In terms of demographics, the data reveals that Japanese travelers in Hawaii are younger, less educated, and more likely to be female, compared to American travelers, regardless of their status as either a packaged or an independent tourist. Perhaps, Hawaii represents one of the first international destinations for younger-aged Japanese travelers. The results also show that 12% of Japanese packaged respondents were in Hawaii to honeymoon, compared to less than 4.5% for Japanese independent respondents. Marketing planners, especially those in the bridal and related industries, should take not of this finding. Plentiful opportunities may exist for bridal-themed packages that target not only the bridge and groom, but also, for friends and family members.

Marketing planners should also note that Japanese packaged tourists spend about $600 more on products and services, other than lodging, compared to Japanese independent tourists during their stay. In contrast, American packaged tourists spend about $250 less than American independent tourists. This finding indicates that Japanese packaged tourists may be an economic boon for international destinations, especially those that taut shopping opportunities. Indeed, free from having to allocate monies to lodging, to tours, or to food during their stay, Japanese packaged tourists may relish the opportunity to spend heavily on designer merchandise.

The results from a series of logistic regression analyses support the propensity among Japanese packaged tourists to engage in shopping. In fact, packaged tourists are over two and half more times likely than independent tourists to plan to shop at designer boutiques and two times more likely to shop at hotel stores. It is worth noting that hotel stores in Hawaii that cater to Japanese tourists tend to be high-end boutiques. Once again, marketing planners, especially those in shopping destinations should use this knowledge to actively encourage Japanese packaged tour groups to visit their sites. Along these lines, research opportunities exist for academics to probe the designer-oriented shopping habits among Japanese packaged tourists.

The results between American and Japanese packaged tourists were astounding. The data reveal that Japanese packaged tourists are 54 times more likely than American packaged tourists to engage in duty-free shopping and 4 times more likely to shop at a discount/outlet store during their stay. In contrast, American packaged tourists are 16 times more likely than Japanese packaged tourists to engage in fine dining, seven times more likely to attend a luau, and five times more likely to take a bus tour. Whereas American packaged tourists plan to engage in leisure activities during their stay and to partake in cultural related activities and tours during their stay in Hawaii, the Japanese packaged tourist is in paradise primarily to shop.

In reality, not only are Japanese tourists seen shopping at luxury boutiques in Honolulu, they can also be seen shopping at the new Wal-Mart in Honolulu, which is in walking distance from the exclusive Ala Moana Shopping Center. Interestingly, the Japanese tourists typically purchase multiple boxes of Hawaiian chocolates and macadamia nuts; most likely for omiyage upon their return to Japan. In sum, Japanese packaged tourists seem to relish in shopping at both designer boutiques and discount mass-merchandisers. Again, future researchers are urged to explore tourism shopping behaviors among Japanese packaged tourists in more depth.

Limitations to this study exist. First, all of the questionnaires were administered in Waikiki. On the one hand, the Waikiki area is a prime tourist destination for a wide variety of tourists; however, it is extremely popular among the Japanese as a shopping destination. Therefore, the findings of this study may only generalize to shopping destinations in Waikiki and potentially to other destinations with major concentrated shopping areas that also attract Japanese tourist shoppers. In addition, although the researchers employed measures to correct their unbalanced research design, it would have been optimal to have an equal number of respondents. Lastly, in an optimal situation, the researchers would have conducted the survey at the respondents' departure; however, access to Honolulu's airport was denied due to security issues.

Despite its limitations, this article represents an initial attempt to illustrate demographic and consumption differences between and among Japanese and American packaged and independent tourists. Hence, academics can use the findings in this chapter as a foundation for many future research endeavors. Additionally, both practitioners and marketing planners can use the findings to develop program aimed at targeting Japanese packaged tourists.

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MODERATING ROLE OF PERSONAL CHARACTERISTICS IN FORMING RESTAURANT CUSTOMERS' BEHAVIORAL INTENTIONS - AN UPSCALE RESTAURANT SETTING

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ABSTRACT

This study attempted to investigate the relationships among overall service quality (OSQ), customer satisfaction (CS), and behavioral intentions (BI), such as repeat visit intention (RVI) and word-of-mouth intention (WOMI), by considering the moderating role of personal characteristics (gender and age) in an upscale restaurant setting. Structural equation analyses showed that OSQ was an antecedent of CS, and CS was a significant predictor of RVI and WOMI. In addition, metric invariance test revealed that the strength of the relationships among study constructs was generally strongly influenced by personal characteristics.

Key Words: overall service quality, customer satisfaction, behavioral intentions, personal characteristics.

INTRODUCTION

Over the past years, researchers and practitioners have become increasingly concerned about customer retention and switching. It has been demonstrated that the total cost of bringing a new customer to a level of profitability comparable to that for a lost customer is approximately sixteen times greater (Lindgreen *et al*., 2000), and customer switching has deleterious effects on firms' market share, profitability, viability, and future revenue stream in today's competitive marketplace (Ganesh *et al*., 2000; Keaveney, 1995; Rust *et al*., 1995). Given this evidence and the situational facts in today's competitive restaurant industry (e.g., competition is severe; product/service differentiation is low; and customers are sophisticated and demanding) (Jang and Mattila, 2005), it is no surprise that a fundamental aim of restaurant firms is to retain customers by implementing customer retention programs (e.g., monetary/non-monetary loyalty reward program). Increasing customer retention by investigating and managing its major determinants can contribute to long-term success for restaurant firms.

It is widely understood that in the existing literature on the marketing of services, a major determinant of long-term customer behavior is service quality and customer satisfaction (CS) (Cronin and Taylor, 1992; Taylor and Baker, 1994). Customer retention (Anderson & Sullivan, 1993), positive word-of-mouth (WOM) (Schneider and Bowen, 1999), and financial benefits to firms (Bowen and Chen, 2001) can be all regarded as outcomes of service quality and CS. Thus, it is no wonder that every restaurant firm is highly concerned with managing and increasing overall service quality (OSQ) and CS, which have critical roles in the formation of behavioral intentions (BI), such as repeat visit intention (RVI) and word-of-mouth intention (WOMI).

Recently, however, many researchers have agreed that the links between customers' BI and its antecedent variables (e.g., CS) are not as straightforward as they may seem (Evanschitzky and Wunderlich, 2006; Henning-Thurau and Klee, 1997; Homburg and Giering, 2001). Even many satisfied customers occasionally switch to a new service provider (Kahn, 1995). One of the primary reasons would be that personal characteristics (i.e., gender and age) influence the strength of the relationship between retention and its antecedent variables (Evanschitzky and Wunderlich, 2006; Homburg and Giering, 2001). Younger customers and male customers dynamically seek new information or alternatives even when they are satisfied with the current provider (Homburg and Giering, 2001). Additionally, in the relationship between OSQ and CS, it may be true that higher perceived service quality does not necessarily result in higher levels of satisfaction because customers' satisfaction ratings should vary according to differences in customer characteristics (Mittal and Kamakura, 2001).

Despite the focus of prior research on consumer behavior on the relationships among service quality, CS, and BI, the specific nature of the relationship between service quality and CS and their influence on customer RVI and WOMI have remained unclear (Lee *et al*., 2000; Oliver, 1997; Ting, 2004), particularly in the restaurant industry. In addition, the specific role of personal characteristics in understanding customer post-purchase behaviors has rarely been examined. Thus, investigating the relationships among OSQ, CS, and personal characteristics in the formation of BI is strongly needed to gain a better understanding of customer behavior in the restaurant industry. The objectives of this study were to develop a model of BI (i.e., RVI and WOMI) involving OSQ, CS, and personal

characteristics (i.e., gender and age). Specifically, this study attempted to provide additional insight into the relationships between CS and RVI/WOMI and the relationship between OSQ and CS by examining the moderating effects of personal characteristics on these relationships in an upscale restaurant setting.

LITERATURE REVIEW
Overall Service Quality as an Antecedent of Customer Satisfaction

Many researchers have attempted to verify the specific nature of the relationship between service quality and CS in the formation of BI. However, the direction of causality between service quality and satisfaction is an unresolved issue in consumer behavior research (Lee *et al.*, 2000). In distinguishing service quality from CS, Parasurama *et al.* (1988) described customers' perceived service quality as a long-run overall evaluation of services. CS, on the other hand, was conceptualized as a transaction-specific evaluation in their study. However, many researchers' empirical findings showed an alternative ordering of the service quality and CS constructs (Cronin and Taylor, 1992; Taylor and Baker, 1994; Ting, 2004). In their structural analysis of the casual relations among OSQ, CS, and BI, Cronin and Taylor (1992) demonstrated that OSQ is an antecedent of CS in the formation of BI. The casual relations among study constructs were all significant when OSQ led to satisfaction. Consistent with these findings, in their recent investigation of consumer behaviors in the service industry, Ting's (2004) findings showed that service quality explains CS better, and the coefficient of the path from service quality to CS is greater than the coefficient of the path from CS to service quality. Hence, in this study, it was more logical to use OSQ as the antecedent of CS.

H1. OSQ has a significant influence on CS.

Relationships between Customer Satisfaction and Repeat Visit Intention / Word-of-mouth Intention

The linkages between CS and BI (RVI and WOMI) have been supported in many studies. In their study of switching barriers and repurchase intentions, Jones *et al.*'s (2000) findings showed that core-service satisfaction is a critical determinant of higher repurchase intentions, and switching barriers (e.g., switching costs and relationship investment) had a insignificant influence on repurchase intentions when CS was high. Additionally, Kandampully and Suhartanto's (2000) findings in the service industry indicated that CS and service performance are significantly related to customer intentions to revisit and to recommend. Satisfied customers are more likely to refuse competitive offers from competitors and repurchase the product or service from the current provider, generating positive WOM (Anderson and Sullivan, 1993; Cronin and Taylor, 1992; Zeithaml *et al.*, 1996).

H2. CS has a significant influence on RVI.
H3. CS has a significant influence on WOMI.

Personal Characteristics

The impact of personal characteristics on customers' buying behavior has attracted a good deal of research interest. Findings in a substantial body of research have shown that personal characteristics, such as gender and age, are the key moderating variables generally influencing consumer buying behaviors (Homburg and Giering, 2001; Mittal and Kamakura, 2001).

The impact of gender on the links between Customer Satisfaction and Repeat Visit Intention / Word-of-mouth Intention

Although little research has been conducted on gender and the relationships between CS and outcome variables (i.e., repurchase behavior/intentions and loyalty), there is both theoretical and empirical support for moderating the role of gender in such relationships. A research finding showed that the link between satisfaction and repurchase behavior was significantly influenced by gender, with the link being stronger for men than for women (Mittal and Kamakura, 2001).

Changing a service provider requires a perceived risk. That is, consumers perceive uncertainty or undesirable consequences when buying a new product/service from an alternative (Dowling and Staelin, 1994). In addition, customers may lose benefits from relationship-specific investments, including confidence, social, and special treatment, by changing providers (Berry and Parasuraman, 1991). Thus, it could be inferred that the links between CS and BI (RVI and WOMI) would be stronger for women than men because female customers would be more likely to remain loyal to a current service provider and less likely to take a risk by switching a provider.

H4. Gender has a significant moderating role in the relationship between CS and RVI. Specifically, the relationship will be stronger for female customers than for male customers.

H5. Gender has a significant moderating role in the relationship between CS and WOMI. Specifically, the relationship will be stronger for female customers than for male customers
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The impact of age on the links between Customer Satisfaction and Repeat Visit Intention / Word-of-mouth Intention

In the early study of information processing, some researchers found that younger customers were more likely to search for information (Gilly and Zeithaml, 1985; Moskovitch, 1982). Ratchford (1999) also found that older customers and less educated customers are more loyal to a brand/service provider, and they are less likely to be engaged in information searching and brand switching. In contrast, younger people actively seek alternative information that may influence their post-purchase behavior based on their information processing capacities (Evanschitzky and Wunderlich, 2006). That is, young customers' information processing capacities provide them more opportunities to find and try a new alternative although they are quite satisfied with a current provider. Accordingly, the link between customer satisfaction and behavioral intentions would be lower for younger people than for older people. Based on these theoretical and empirical supports, the following hypotheses are proposed:

H6. Age has a significant moderating role in the relationship between CS and RVI. Specifically, the relationship will be stronger for a high age group than for a low age group.

H7. Age has a significant moderating role in the relationship between CS and WOMI. Specifically, the relationship will be stronger for a high age group than for a low age group.

The impact of customer characteristics on the link between Overall Service Quality and Customer Satisfaction

Empirical research on the impact of gender and age on the linkage between OSQ and CS has been lacking, especially in the service industry. However, several points of logic support the moderating effect of personal characteristics on this link. In commercial satisfaction surveys, satisfaction ratings vary based on customer characteristics (i.e., gender, age, education). Specifically, Bryant and Cha (1996) found that many differences in rating satisfaction were due to customer demographics. That is, customers' satisfaction ratings on the same service quality/performance would differ (be higher or lower) according to gender, age, or other demographic characteristics. Accordingly, it can be supposed that the relationship between OSQ and CS will be influenced by gender and age.

H8. Gender has a significant moderating role in the relationship between OSQ and CS. Specifically, the relationship will be stronger for female customers than for male customers.

H9. Age has a significant moderating role in the relationship between OSQ and CS. Specifically, the relationship will be stronger for high age group than for low age group.

METHODOLOGY

Using a convenience sampling approach, a survey was conducted at three upscale restaurants in Midwest and Northwest states. Customers were given surveys at the end of their main entrée and asked to participate in the study. A total of 319 surveys were completed by restaurant customers. After eliminating unusable responses, 301 responses were coded for data analysis. Most of the theoretical constructs were measured using multi items and a 7-point Likert-type scale from 1 (extremely disagree) to 7 (extremely agree) adapted and modified from a review of the extant literature (Taylor and Baker, 1994; Zeithaml *et al.*, 1996). Specifically, three items were used to measure OSQ (e.g., "I believe this restaurant offers excellent service"). Three items were employed to assess CS (e.g., "I am very satisfied with the overall service at this restaurant"). RVI was evaluated by assessing respondent willingness to revisit the restaurant. Two items were used to measure RVI (e.g., "I would like to come back to this restaurant in the future"). Two items were employed to assess respondents' recommendation and positive WOM intentions (e.g., "I would recommend this restaurant to my friends or others"). Finally, the two moderator variables (i.e., gender and age) were assessed by single-item measures.

RESULTS

Measurement Operationalization

The primary concern relating to the measures of study constructs was multicollinearity stemming from high correlations between OSQ items and CS items (Taylor & Baker, 1994). Thus, a multicollinearity check was conducted by examining the correlation matrices. While the correlations between two CS items (CS2 and CS3) and OSQ items ranged from ±.67 to ±.72, which is below the problematic level of 0.80 (Hair et al., 1998), the first satisfaction item (CS1) strongly correlated with the whole range of OSQ items (.82, .86, and .89), showing the presence of a multicollinearity problem. These values are greater than their correlations with other satisfaction items

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(.69 and .72). Additionally, the results of the reliability analysis showed that the consistency of the measurement increases to the excellent level if the item is deleted. Thus, the problematic measurement item for CS was removed.

Following Anderson and Gerbing's (1988) two-step approach, a measurement model was estimated before the structural model using AMOS 4. The chi-square value (χ^2) of the measurement model was 39.987 ($df = 21$, $p < .01$). Other practical fit indices demonstrated that the measurement model fits the data very well (RMSEA = 0.055; CFI = 0.998; NFI = 0.996). Cronbach's alpha values were satisfactory for all four constructs (OSQ = .96; CS = .93; RVI = .95; WOMI = .88), indicating acceptable internal consistency (Nunnally, 1978). Further, all standardized factor loadings ranged from .88 to .97, which exceed Ford *et al*.'s (1986) suggested cut-off of .40. The measurement model was assessed for construct validity. All indicator loadings for constructs were significant (p < .01). Also, all average variance extracted estimates in each construct (AVE; $\rho_{ve\,(\eta)}$) exceeded .50, indicating adequate convergent validity (Hair *et al*., 1998). These AVE values were greater than the square of the coefficient representing its correlation with other constructs, showing evidence of discriminant validity (Fornell and Larcker, 1981).

Modeling Comparisons

Prior to examining the structural model, modeling comparisons were conducted. In the first competing model, the direct paths from OSQ to RVI/WOMI were added because numerous researchers in marketing had verified the direct relationship between service quality and BI (Parasuraman *et al*., 1991; Zeithaml *et al*., 1996). The result of χ^2 was 39.987 with 21 degrees of freedom (χ^2 /df = 1.904, p < .01; RMSEA = .055; CFI = .994; NFI = .982), suggesting that the model fits the data. In comparing this model to the original model, there was no significant chi-square difference ($\Delta\chi^2 = 1.843$, $\Delta df = 2$). The added paths were not significant ($p > .05$) because of the mediating effect of CS. In addition, the original model had a slightly better fit with the data (χ^2 /df = 1.819). Thus, the proposed model remained.

In the second competing model, an alternative ordering of OSQ and CS constructs was tested by switching the positions of two constructs in the theoretical model (CS → OSQ → RVI/WOMI). For the competing model, the Chi-square (χ^2) value was 155.08 ($df = 23$, $p < .01$). The CFI and NFI were .956 and .949, respectively. RMSEA was .138. In comparing this to the original theoretical model, it was clear that the proposed model fit was better than the competing model. This finding implies that OSQ should be used as an antecedent of CS in the structural model. Accordingly, the original theoretical model was used in further analysis.

Structural Model Analysis

Structural equation modeling was used to assess the proposed conceptual model, following the maximum likelihood estimation method. The overall model fit was satisfactory ($\chi^2 = 41.830$, $df = 23$, $p < .01$, $\chi^2/df = 1.819$). Other goodness-of-fit indices also revealed that the measurement model fit the data well (RMSEA = 0.052; CFI = 0.994; NFI = 0.986). OSQ explained approximately 63% of the variance in CS. CS explained about 71% of RVI and 54% of WOMI, indicating the model could predict and explain customers' BI fairly well.

Hypothesis 1 was tested. As hypothesized, the relationship between OSQ and CS was significant ($\gamma_{11} = .79$, t = 16.65, p < .01), thus supporting Hypothesis 1. This result was consistent with the previous findings that service quality is a significant predictor of CS (Cronin and Taylor, 1992; Ting, 2004). That is, once customers perceive that a restaurant provides excellent service, their satisfaction level increases. In addition, the results of the Sobel test showed that OSQ significantly affected RVI and WOMI through CS ($\beta_{OSQ\text{-}CS\text{-}RVI} = .748$, t = 11.77, p < .01; $\beta_{OSQ\text{-}CS\text{-}WOMI} = .745$, t = 8.57, p < .01). Thus, it can be concluded that CS has a significant mediating role in the relationship between OSQ and RVI and in the relationship between OSQ and WOMI. A restaurant firm should enhance CS level as well as service quality to maximize the impact of service quality on increasing customers' BI.

Hypotheses 2 and 3 were tested to investigate the causal relationship from CS to RVI/WOMI. The regression paths from CS to RVI ($\beta_{21} = .84$, t = 18.75, p < .01) and to WOMI ($\beta_{31} = .73$, t = 13.41, p < .01) were significant, supporting Hypotheses 2 and 3. These findings imply that increasing CS level contributes to enhancing customers' likelihood of returning to the restaurant and their willingness to be engaged in WOM behaviors, such as recommending the restaurant and providing positive WOM to family, friends, or others. The results were consistent with previous findings that increasing CS level plays a significant role in forming customers' positive BI (Oliver, 1997). Additionally, the beta linking CS and RVI ($\beta = .84$) was relatively greater than the casual path linking CS and WOMI ($\beta = .73$). This indicated that the influence of CS on RVI is stronger than its influence on WOMI.

Empirical Testing of Moderating Effects of Personal Characteristics
    Grouping. To investigate the moderating effect of gender, the respondents were divided into groups of men and women. The number of cases in each group was 155 (male group) and 146 (female group), respectively. Additionally, to assess the moderating effect of age, the cases were split into two groups. This grouping was done according to median split based on the values of the moderator variable (age). The median value was 39 years. For a more rigorous test, subjects at the median were removed (3 cases). The first group was labeled the high age group (150 cases), and the second group was named the low age group (148 cases).

    Test for measurement invariance. Before comparing key paths between groups, a measurement invariance test was conducted to assess whether a measurement model is invariant across groups. If measurement invariance was not supported, findings based on the measurement are uncertain or mistaken (Steenkamp and Baumgartner, 1998). A non-restricted model, in which the factor loadings of the four constructs were relaxed to vary across groups, was first assessed, and then the equality of the factor loadings between the two groups was assessed.

    For gender groups, a non-restricted CFA model yielded a reasonable fit to the data ($\chi^2 = 76.024$, $df = 42$, RMSEA = 0.033, CFI = 0.997, NFI = 0.993). A chi-square difference test is the general way of testing measurement invariance across groups, and the measurement model is invariant when the chi-square does not show a significant difference (Yoo, 2002). Thus, the significance of the chi-square difference between the non-restricted model and the full metric invariance model was tested for gender groups. Since the chi-square difference between the non-restricted model and the full metric invariance model was not significant ($\Delta\chi^2 (5) = 10.144$, p>.01), full metric invariance was supported. That is, factor loadings were equivalent across male and female groups. Accordingly, this full metric invariance model for gender was used in subsequent analyses. For age groups, a non-restricted CFA model also fits the data well ($\chi^2 = 57.808$, $df = 42$, RMSEA = 0.036, CFI = 0.999, NFI = 0.995). There was no significant chi-square difference between the non-restricted model and the full metric invariance model ($\Delta\chi^2 (5) = 3.809$, p>.01), supporting full metric invariance. This full metric invariance model minimizes the effect of probable variation across groups in measurement structure (Bagozzi and Yi, 1989). Therefore, a full metric invariance model for age was used to run the structural equation modeling and in further analyses.

Test for structural invariance. The next step was to test structural invariance to assess whether groups were significantly different. After adding paths among constructs rooted in the full metric invariance model, the entire structural model was run to generate the baseline model for structural invariance. Table 1 shows the results of the structural invariance test for two moderator variables (gender and age). The cross-group test of the structural model was designed to ensure the equality of path coefficients (Yoo, 2002). To test invariance of all paths simultaneously, the baseline model was compared with the constrained model in which all causal paths were fixed to be invariant across groups. In a similar manner of testing measurement invariance, the significance of the chi-square difference between the baseline model and the constrained model was tested.

Table 1
Structural Invariance

	Models	χ^2	df	RMSEA	CFI	NFI
Structural Invariance for Gender Groups	Full Metric Invariance of Structural Model (L(X)Y=IN*)	92.927	51	.052	.986	.970
	Full Path Invariance [a] (L(X)Y=IN, GA=IN, BE=IN)	101.366	54	.054	.984	.967
Structural Invariance for Age Groups	Full Metric Invariance of Structural Model (L(X)Y=IN)	62.587	51	.028	.996	.978
	Full Path Invariance [b] (L(X)Y=IN, GA=IN, BE=IN)	79.972	54	.040	.991	.972

Note. * IN = Invariance
[a] Chi-square difference test: $\Delta\chi^2 (3) = 8.439$, p <.05 (significant), thus full structural invariance is not supported.
[b] Chi-square difference test: $\Delta\chi^2 (3) = 17.385$, p <.01 (significant), thus full structural invariance is not supported.

    Full structural invariance was not supported for gender groups and age groups. Specifically, for gender groups, the chi-square difference between the baseline model and constrained model was significant ($\Delta\chi^2 (3) = 8.439$, p <.05)—thus, paths across male and female groups were not equivalent or at least some of the coefficients differed across gender groups. For age groups, a significant chi-square difference was found ($\Delta\chi^2 (3) = 17.385$, p

<.01), indicating significant difference in high/low age groups. However, this overall cross-group test of the structural model does not allow us to investigate invariance in the specific parameter of interest between groups. Thus, to assess the invariance of a specific path, the more rigorous test was conducted by constraining the particular parameter of interest in the nested model to be equal in sequence, and all paths in the baseline were allowed to be freely estimated. The chi-square difference test, by comparing the baseline model with the nested model computed for 1 degree of freedom, allows invariance to be tested for the specific parameter of interest across two groups.

Table 2
Invariance Tests of Hypothesized Paths

	Paths	Fit of the Model with the Path		Test of Invariance
		Baseline Model (Freely Estimated)	Nested Model (Constrained to be Equal)	Chi-square Difference Test
Gender	OSQ→CS	$\chi^2(51) = 92.927$	$\chi^2(52) = 95.032$	$\Delta\chi^2(1) = 2.105, p > .05$
	CS→RVI	$\chi^2(51) = 92.927$	$\chi^2(52) = 97.695$	$\Delta\chi^2(1) = 4.778, p < .05$
	CS→WOMI	$\chi^2(51) = 92.927$	$\chi^2(52) = 95.968$	$\Delta\chi^2(1) = 3.051, p > .05$
Age	OSQ→CS	$\chi^2(51) = 62.587$	$\chi^2(52) = 68.037$	$\Delta\chi^2(1) = 5.450, p < .05$
	CS→RVI	$\chi^2(51) = 62.587$	$\chi^2(52) = 63.645$	$\Delta\chi^2(1) = 1.058, p > .05$
	CS→WOMI	$\chi^2(51) = 62.587$	$\chi^2(52) = 67.823$	$\Delta\chi^2(1) = 5.236, p < .05$

Note. OSQ: Overall Service Quality, CS: Customer Satisfaction, RVI: Repeat Visit Intention, WOMI: Word-of-mouth Intention.

Figure 1
Results for Male and Female Groups—Standardized Path Estimates (t-values in Parentheses)
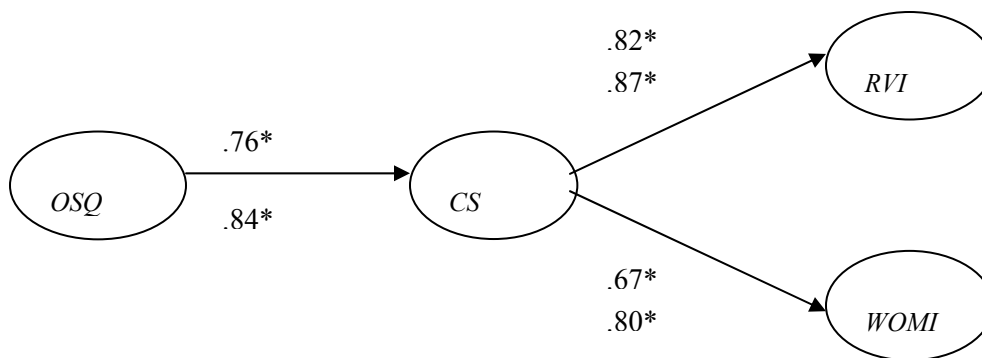
Note. OSQ: Overall Service Quality, CS: Customer Satisfaction, RVI: Repeat Visit Intention, WOM: Word-of-mouth Intention. Male group on top (*n*=155), female group below (*n*=146); **p* < .01

Figure 2
Results for High Age and Low Age Groups—Standardized Path Estimates (t-values in Parentheses)
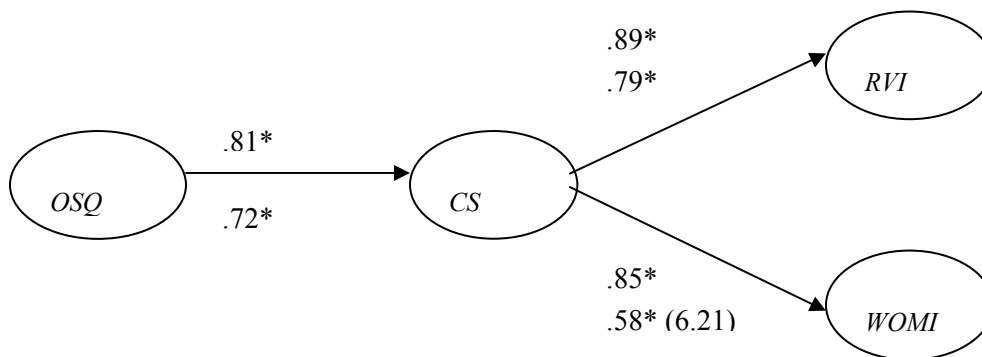
Note. OSQ: Overall Service Quality, CS: Customer Satisfaction, RVI: Repeat Visit Intention, WOMI: Word-of-mouth Intention. High age group on top (*n*=150), Low age group below (*n*=148); *p < .01

Invariance tests for key paths. The findings for the invariance tests of key paths are presented in Table 2. The standardized path estimates with t-values for gender and age groups are shown in Figures 1 and 2, respectively. First, invariance in the path coefficient from CS to RVI was assessed by constraining the CS-RVI path to be equal across gender groups. A significant chi-square difference was found ($\Delta\chi^2$ = 4.778, Δdf = 1, p < .5), revealing gender to have a significant moderating role in the relationship between CS and RVI. As shown in Figure 1, the coefficient values in the CS-RVI relationship in both gender groups were significant (male: β_{21} = .82, t = 12.13, p < .01; female: β_{21} = .87, t = 14.64, p < .01). As expected, the coefficient value of female was higher than the value of male, thus supporting Hypothesis 4. This finding implies that once female customers are fully satisfied, they are more likely to return to the restaurant than male customers. Next, the equality of the parameter estimate from CS to WOMI across male and female groups was tested. As shown in Table 2, an insignificant chi-square difference was detected ($\Delta\chi^2$ = 3.051, Δdf = 1, p > .5). Thus, Hypothesis 5 was not supported.

For the CS-RVI relationship across high/low age groups, the coefficient values were significant (high group: β_{21} = .89, t = 17.26, p < .01; low group: β_{21} = .79, t = 10.82, p < .01). This demonstrates that the customers' (both high and low age groups) decision to revisit a specific restaurant is strongly determined by their satisfaction. However, the results of the invariance test revealed that the relationship between CS and RVI for high and low age groups was not significantly different. As shown in Table 2, there was no significant chi-square difference across two groups ($\Delta\chi^2$ = 1.058, Δdf = 1, p > .5). Thus, Hypothesis 6 was not supported. This result indicated that age, as a moderator variable, does not have a significant effect on the linkage between CS and RVI. The analysis of a moderator effect of age on the link between CS and WOMI revealed that the relationship was stronger for the high-age group (β_{31} = .85, t = 11.11, p < .01) than for the low-age group (β_{31} = .58, t = 6.21, p < .01). A significant chi-square difference was found ($\Delta\chi^2$ = 5.236, Δdf = 1, p < .5). Hence, Hypothesis 7 was supported.

Further, the invariance in the effect of OSQ on CS across male and female groups was assessed. The path from OSQ to CS was constrained to be equal for the two groups. The chi-square test revealed that the chi-square difference is 2.105 with one degree of freedom, which was not significant at the .05 level. Thus, Hypothesis 8 was not supported. This finding indicated that gender does not have a moderating effect on the relationship between OSQ and CS. Finally, the invariance in the effect of OSQ on CS across high and low age groups was assessed. The OSQ-CS path was constrained to be equal across age groups. A significant chi-square difference was found at the .05 level—5.450 with one degree of freedom. The estimates for path coefficients were compared between groups. For the path from OSQ to CS, the estimate was higher in the high-age group (γ_{11} = .81, t = 11.85, p < .01) than in the low-age group (γ_{11} = .72, t = 9.55, p < .01) (see Figure 2). Thus, Hypothesis 9 was supported.

DISCUSSION

This study attempted to investigate the relationships among OSQ, CS, and BI (RVI and WOMI) by considering the moderating role of personal characteristics (gender and age) in an upscale restaurant setting. The results showed that OSQ was a significant antecedent of CS, and CS was a predictor of RVI/WOMI. From the analysis of the competing models of the formation of BI, it was demonstrated that OSQ should be conceptualized as the antecedent to CS in the upscale restaurant industry. In addition, the Sobel test demonstrated that the indirect effect of OSQ on RVI and WOMI through CS was significant. This indicated that improving satisfaction level is essential in maximizing the impact of service quality on increasing BI. Accordingly, managers in the restaurant industry should try to find and effectively manage the factors (e.g., price, convenience, or availability) that may not be strongly related to service quality but strongly related to satisfaction (Cronin and Taylor, 1992), as well as enhance service quality to increase CS level and RVI/WOMI (Lee *et al*., 2000).

This study also extends previous research on the OSQ-CS-BI link by including the moderating effect of personal characteristics. Previous research in marketing has largely neglected the issue of the moderating role of personal characteristics on this link. With the use of the test for metric invariances, a significant difference was found across genders concerning the CS-RVI link. As hypothesized, the link was stronger for women than for men. Consistent with the social role theory which indicates that different socialization behavior across genders causes different behaviors in society (Saad and Gill, 2000; Sarbin and Allen, 1968), male and female customers showed dissimilar post-purchase behaviors. Specifically, female customers showed a stronger intention to revisit the restaurant when satisfied than did male customers. The results of the test for metric invariance also indicated that the OSQ-CS link was significantly different across age groups, which was consistent with Bryant and Cha's (1996)

findings that customers' satisfaction evaluation of the same service quality/performance differed between age groups. Specifically, the OSQ-CS link was stronger for the high age group than for the low age group. Further, although the CS-RVI link was identical, the CS-WOMI link differed between the two age groups, with the link being stronger for the high age group than for the low age group. This implies that once customers have a pleasant experience at a specific restaurant and are satisfied with superior service, customers in the high-age group are more likely to be engaged in WOM behaviors than customers in the low age group. They are more likely to actively spread positive WOM and recommend the restaurant to acquaintances and others.

Unexpectedly, the OSQ-CS-WOMI link did not differ significantly across genders. One possible reason would be that from the male customers' perspective, services (or food) in the restaurant could be regarded as low involvement products. In investigating customer behavior in the automobile industry, Mittal and Kamakura (2001) found a significant gender difference in customer loyalty. Male customers' satisfaction with product performance more strongly affected their loyalty. Since for most men, automobiles are considered a high involvement product that leads to extensive interest in and search for product-related information (Homburg and Giering, 2001; Mittal, 1989), male customers' loyalty could be more strongly influenced by its antecedents (Evanschitzky and Wunderlich, 2006). With regard to restaurant services as low involvement products, male customers might be unlikely to sensitively evaluate the services they experienced in the restaurant and to allocate time (or effort) toward being engaged in WOM behaviors. Thus, against our expectations, the QSQ-CS-WOMI link did not differ significantly across gender groups.

Although researchers insisted that other personal characteristics reflected by demographic variables, such as income, education, nationalities, and ethnic backgrounds, play a significant role in explaining consumer behaviors (Godsmith and Goldsmith, 1996; Im *et al*., 2003; Mittal and Kamakura, 2001), it is currently not known whether the proposed links are consistent across the personal characteristics of restaurant customers. The potential effects of these personal characteristics should be also measured to rigorously explain the formation of behavioral intentions. Additional investigation of these issues would make an interesting extension of this study. Future research should also examine other influencing factors on the OSQ-CS-BI link, such as perceived value and switching barriers, which would lead to a deeper understanding of customer behaviors in the restaurant industry.

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EMOTIONAL INTELLIGENCE DIFFERENCES IN CULTURALLY DIVERSE POPULATIONS

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ABSTRACT

Emotional intelligence (EI) appreciably influences success in the hospitality industry work place. Recognizing the differences in EI related to the diversity in the workforce can be beneficial in developing training programs in an effort to aid individuals in adapting and adjusting their behavior to achieve positive results at both work and in their personal life. This study found significant differences in EI levels of hospitality undergraduate students based on their cultural backgrounds indicating a need to tailor training specifically to different cultures based on their belief systems and ingrained values.

Key Words: emotional intelligence, hospitality industry, cultural differences

INTRODUCTION

With hospitality being a diverse industry, in terms of the clientele and employees, managers with high emotional intelligence (EI) are more likely to effectively interact with socio-economic, multicultural, and educationally dissimilar populations. EI is often the difference in success or failure in managing encounters with both internal and external guests. The EI skills needed for leadership success include empathizing with subordinates; accurate assessment of their own and others' emotions, as a tool for choosing strategies to maximize results and produce positive outcomes; communicating vision and enthusiasm; and creating constructive relationships with followers (Ashkanasy, C.E.J. Hartel, & Daus, 2002; Carmeli, 2003; R. K. Cooper, 1997). While most of these behaviors are not considered unusual in western cultures, they are not typically the norm in eastern cultural behaviors.

BACKGROUND

Emotional Intelligence

Mayer and Salovey (1997), who coined the term emotional intelligence, define it as "the ability to perceive emotions, to access and generate emotions so as to assist thought, to understand emotions and emotion meanings, and to reflectively regulate emotions in ways that promote emotional and intellectual growth" (p.22). It is the relationship between individuals receiving information, assessing the data, internally reacting to it and then acting upon it based on those reactions. This process is influenced greatly by sources found both in their past experiences and their culture.

To be successful, managers must know their strengths, weaknesses, and limitations, and must be adaptable, conscientious, persuasive, collaborative, high performing, and possess the ability to see things from others' perspectives (Carmeli, 2003; R. K. Cooper, 1997; Goleman, 1998). These are the traits associated with high EI. Based on these skills and traits, many researchers and authors divide EI into subsets or dimensions (Bar-On, 1997; Goleman, 1998; Mayer & Salovey, 1997). The instrument used in this study divides the construct of EI into three levels. The first level is the Overall EI, a cumulative score. Behavioral and Knowledge are a subset of Overall Emotional Intelligence, while Emotional Insight into Self, Goal Orientation and Motivation, Ability to Express Emotions, and Social Insight and Empathy are sub-sets of the Behavioral and Knowledge scores. Figure 1 illustrates the relationships of the sub-groups to each other and to Overall EI as well as further explains the individual

Figure 1
Relationships between Subsets of Emotional Intelligence
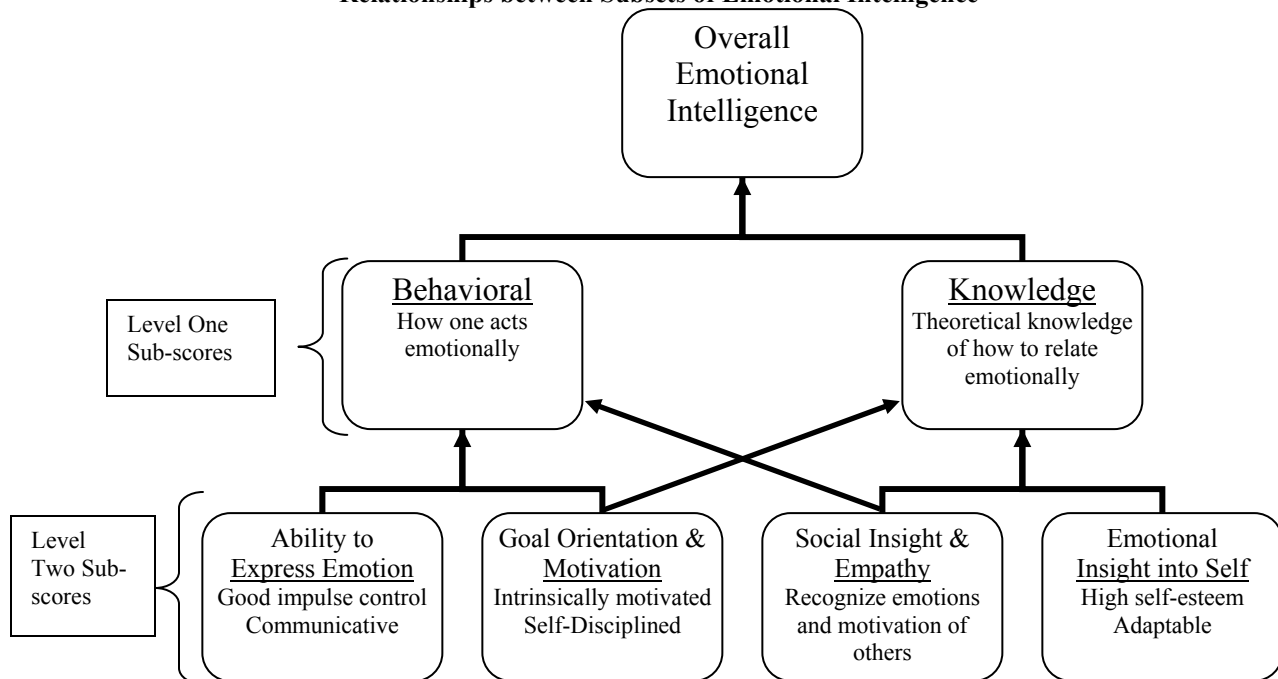
(adapted from Jerabek, 2003 and Mayer & Salovey, 1997)

Cultural Impact

Cultural beliefs and traditions impact a way an individual thinks and reacts to the stimuli around them. It almost always affects their relationships and behaviors when communicating and relating to others. Kluckhophn (1951) stated:

> Culture consists in patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values. (p.86)

Markus and Kitayama (1991) identified that in the American and Western Europe cultures independence is valued, as is self preservation. Western cultures appreciate their uniqueness from others, and feel assertiveness is important. In Japanese, other Asian, African, Latin-American, and Southern European cultures emphasis is placed on fitting in with and adapting to others. They referred to this behavior as "harmonious interdependence" (p. 224).

Hofstede and McCrae (2004) defined culture as "the collective programming of the mind that distinguishes one group or category of people from another" (p. 58). This implies that culture is an individual attribute, behavioral in nature and is common to a culture of people but not necessarily indicative of a specific individual. Hofstede (2001) identified five dimensions of national culture: power distance (PDI), individualism (IDV), masculinity (MAS), uncertainty avoidance index (UAI), and long-term orientation (LTO).

PDI refers to the extent to which society accepts and expects that power is unequally distributed. This concept is apparent in both social class distinctions as well as seniority at both work and home. Some areas with high PDI include Eastern Europe, Hispanic, Arab and Asian countries. Areas with low to moderate PDI include Australia, Western Europe, the United States, and Scandinavian countries.

IDV refers to a society in which people are responsible for themselves and their immediate family only. In contrast, individuals in a collectivism society view themselves as part of a larger entity which provides protection as a reward for loyalty. Some areas with high IDV include Australia, the United States, and Western Europe while low IDV scores were found in Central and South America, as well as Asian regions.

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MAS refers to the role that gender-based qualities play in a society. In a masculine society assertiveness and competition are valued. In a feminine society, nurturing and caring are the norm. These traits in both societies transcend actual gender. Areas with high masculine tendencies are Japan, Slovakia, and Hungary, with the highest level of feminine scores coming from the Scandinavian countries.

UAI is a society's tendency to avoid unpredictability with the implementation of strict laws and regulations. These tendencies also manifest themselves in the lack of acceptance of differing views and opinions in their citizens. Greece, Portugal, Uruguay and Guatemala had the highest levels of UAI while Jamaica and Singapore were found to have the lowest.

LTO was Hofstede's attempt to "distinguish the difference in thinking between the East and West" (Geert Hofstede cultural dimensions, n..d, para. 1). Traits associated with long term orientation include observed status among citizens and having a sense of shame. Short term orientation traits include saving "face," respect or tradition, and reciprocity for gestures of others. Aside from Thailand, Asian countries' scores were appreciably higher than those in the majority of the western world.

A study by Kim, Atkinson and Yang (1999) created the Asian Value Scale which identified six Asian cultural value dimensions. They were expanded, with definitions, by Kim, Yang, Atkinson, Wolfe and Hong (2001). The identified values are:
1. *Collectivism* refers to the importance of thinking about one's group before oneself, considering the needs of others before considering one's own needs, and viewing one's achievement as the family's achievement.
2. *Conformity of Norms* refers to the importance of conforming to familial and social expectations… (and) not deviating from familial and social norms….
3. *Emotional Self-Control* refers to the importance of having the ability to control one's emotions,…and not outwardly expressing parental love.
4. *Family Recognition Through Achievement* refers to the importance of not bringing shame to the family by avoiding occupational or educational failures….
5. *Filial Piety* refers to… knowing that elders have more wisdom than younger people.
6. *Humility* refers to the importance of being humble, not being boastful, and having modesty.
(p. 345-346)
These values are often quite different from how most western cultures raise their children.

Markus and Kitayama (1991) postulated that people in different cultures have strikingly different concepts of the self, of others, and of the interdependence of the self with others. Further, western cultures value personal achievement and individual feelings where eastern (Asian) cultures value the interdependent of the self and their specific group.

Fry and Ghosh (1980) studied success and failure attributes between Asian Indian and Canadian Caucasian children. They found that Caucasian students took greater personal credit for success and attributed failure to luck. Conversely, Asian students assumed more personal responsibility for failure and attributed success to luck.

In direct terms of emotional expression and EI, Parker, Saklofske, Shaunghnessy, Huang, Wood, and Eastabrook (2005) found that the most widely used cultural variability in models of EI is the ability to recognize emotion from facial expressions. Matsumoto (1993), studied emotional stimuli of American born undergraduates of Hispanic, Asian, Caucasian, and African backgrounds. Significant differences were found among the ethnic groups on emotion judgments and self-reported emotional expressions. The study found that Asian students stress collectivism and intra-group harmony more strongly than the cultures of Caucasians, Black, or Hispanic groups. Matsumoto (1993) further suggested that Asians feel a greater need to suppress emotional reactions, so as not to offend others in the group.

METHODOLOGY

Sample

The population of interest for the study was hospitality undergraduate students in the United States. A convenience cluster sampling method was employed for the group. The students were identified through faculty at four universities who offer undergraduate degrees in hospitality management. The sample was comprised of 266 students. By gender, participants were 62.8 percent female and 37.2 percent male. In terms of age, 90.97 percent were traditional students (18 to 24) and 9 percent were non-traditional students (25+). The two largest groups in terms of classification were 127 students or 47.70 percent who reported being juniors and 104 students or 39.10 percent who reported being seniors. By cultural backgrounds, 154 students or 57.89 percent reported being from a western cultural background and 112 students or 42.11 percent being from an eastern cultural background.

Instrument

The measurement instrument was the Emotional Intelligence Test – 2nd Revision developed by Plumeus (Jerabek, 2001). The online instrument is comprised of 70 multiple-choice questions. The test takes approximately 30 to 45 minutes to complete. The online instrument measures Overall EI along with theoretical Knowledge, a Behavioral aspect, Emotional Insight into Self, Goal Orientation and Motivation, Ability to Express Emotions, and Social Insight and Empathy.

The Study

The study sought to answer questions regarding the EI levels of the students. Results were compiled regarding their Overall Score, Level One Sub-scores, and Level Two Sub-scores. The study further analyzed whether significant differences existed in their EI scores based on cultural backgrounds. Table 1 details the socio-demographic characteristics of the students by cultural group.

Table 1
Socio-demographic Characteristics of Hospitality Students by Cultural Group

Trait	Frequency		Percent	
	Eastern (n = 112)	Western (n=154)	Eastern (42.11%)	Western (57.89%)
Gender				
Male	31	68	11.65	25.56
Female	81	86	30.45	32.33
Age				
Traditional (18 – 24)	95	147	35.71	55.26
Nontraditional (25 and over)	17	7	6.39	2.63
Classification				
Unknown	3	2	1.13	0.75
Freshman	3	4	1.13	1.50
Sophomore	3	20	1.13	7.52
Junior	78	49	29.32	18.42
Senior	25	79	9.40	29.70

The cultural backgrounds of students served as the independent variable in the study. Meanwhile, the dependent variables were the EI test scores of the students in the 3 levels; 1) Overall Score, 2) Level One Sub-scores (Behavioral Score and Knowledge Score), and 3) Level Two Sub-scores (Emotional Insight into Self Score, Goal Orientation and Motivation Score, Ability to Express Emotions Score, and Social Insight and Empathy Score. The determination of eastern or western heritage of the students was based on the ethnicity findings in the demographic data. Students were determined to be of an eastern culture if they indicated Asian-Chinese, Asian-Filipino, Asian-Japanese, Asian-Korean, Asian-Pacific Islander, or Asian-Other. Students were determined to be of a western culture if they indicated Caucasian-North America, Caucasian-European, Caucasian-Other, African American or Native American.

Table 2 shows the distribution of the EI scores of the students based on cultural group. Developers of the test provide three cutoff points for researchers: a score of 75 or below is low; a score of 100 is average; and a score of 125 or greater is high. One standard deviation away from the mean is 15 (Jerabek, 2003). As demonstrated in the

table, the mean score in the Overall as well as dimension scores is above average in all areas for the western culture but only above average in only the Goal Orientation and Motivation area for the eastern students.

As shown in Table 2, the mean Overall EI score, Level One Sub-scores, and Level Two Sub-scores of the western culture students were significantly higher than those of the eastern students. The mean Overall EI score of eastern students was 98.10 while the mean Overall EI score of the western students was 107.15. For Level One Sub-scores, the mean Behavioral score, of both eastern and western students, was higher than their mean Knowledge score. The mean Behavior score of eastern and western students was 98.80 and 106.66 respectively while the mean Knowledge score was 96.16 for eastern and 105.82 for western. In terms of Level Two Sub-scores, Emotional Insight into Self was the highest for western students with mean value of 105.56, while Goal Orientation and Motivation has the highest mean value of 100.72 for eastern students.

Table 2
Emotional Intelligence Test scores of Hospitality Students

EI Test score	Cultural Backgrounds							
	Eastern (n = 112)		Western (n = 154)		Diff	%	*F*	*P*
	Mean	SD	Mean	SD				
Overall EI Score	98.10	11.23	107.15	11.85	9.05	8.45	31.51	0.001*
Level One								
Behavioral Score	98.80	10.76	106.66	12.01	7.86	7.37	30.28	0.001*
Knowledge Score	96.16	14.68	105.85	13.68	9.69	9.15	30.58	0.001*
Level Two								
Emotional Insight into Self	99.13	10.37	105.56	11.28	6.43	6.09	22.51	0.001*
Goal Orientation and Motivation	100.72	11.37	105.25	12.74	4.53	4.30	8.97	0.003*
Ability to Express Emotions	98.88	11.21	104.68	13.44	5.80	5.54	13.84	0.001*
Social Insight and Empathy	89.50	12.66	101.19	11.52	11.69	11.55	61.50	0.001*

* Significant at $p \leq 0.001$

The one-way Analysis of Variance (ANOVA) was utilized to test the differences in the Overall EI scores of the students according to their cultural backgrounds. The results were found to be significantly different ($F(1,264) = 39.51, p < .001$). Multiple Analysis of Variance (MANOVA) tests were used to assess the difference between student groups for Level One and Level Two Sub-scores. The Wilks' lambda, F-value and p-value indicated that there was a statistical significant difference in student Level One Sub-scores. A significant effect was found (*Lambda*(2,264) = .85, p < .001). For Level Two Sub-score, (*Lambda*(2,264) = .795, p < .001) also indicated statistically significance differences.

The result of between-subjects effects tests in Table 2 revealed that there were variations by cultural background in both Level One and Level Two Sub-scores. Statistically significant differences were found in all areas indicating differences between groups based on the cultural backgrounds of the students.

DISCUSSION
The findings of the study reveal that a significant difference exists between the EI levels of hospitality students from eastern and western cultural backgrounds. Specifically, the students from eastern cultural

backgrounds score significant lower than western students in both the overall and all sub-test EI scores. Even the highest mean sub-test score of the eastern students was lower than the lowest mean sub test score of the western students.

The goal orientation and motivation score of the eastern students supported the Asian cultural value dimensions on Family Recognition Through Achievement of Kim et al. (1999). This stated that Asian cultures value the importance of not bringing shame to the family by avoiding occupational or educational failures and by achieving academically. Perhaps the results show that this drives their motivation to succeed. It also supported Hofstede's (2001) long-term orientation which indicates a need to "save face."

The differences in Emotional Insight into Self, Ability to Express Emotions and Social Insight and Empathy support previous finding by Matsumoto (1993) that indicated that Asians had consistently lower intensity-judgments and display rule appropriateness rating. Also that they stress collectivism and intra-group harmony more strongly than the cultures of Caucasians, Black, or Hispanic groups. In collective cultures, there is greater need to suppress one's emotional reactions, so as not to offend others in the group. Hofstede's (2001) individualism construct is also supported in that the individuals view themselves as part of a larger entity which provides them with security in exchange for loyalty.

LIMITATIONS

The generalizability of the results from the study to all hospitality undergraduate students is limited by two major factors. The first is the sample participants were limited to selected universities and participation was limited to students who voluntarily chose to participate. The second limitation involves the possibility of self-selection bias in the sample. It is possible that results of those who responded to self-administrated survey may based on answering the questions with what they believe is correct answer and not as they truly feel.

CONCLUSION AND IMPLICATIONS

The results of the study provide useful information for practical application. Significant differences exist between the hospitality students from eastern and western cultural backgrounds. In conjunction with previous research this may indicate a generalizabilty to cultural behavior as a whole. The results indicate that people from different backgrounds perceive, behave, and respond to situations differently. Since EI is important in any workplace, it is important that people become more socially and emotionally competent. This study provides insight into areas that educators and trainers might emphasize in effort to improve EI levels of students, employees and managers from both eastern and western cultures. In addition, it can provide valuable information in terms of how best to serve guests from different cultures based on their beliefs and values. Hospitality is a global industry and this knowledge could be instrumental in the success of companies who choose to expand into global markets.

The nature of service sector has a high element of human contact with the customer, and indeed the provider of that service becomes "part of the product itself" (Langhorn, 2004). The hospitality industry especially involves activities dealing with internal and external customers from different cultural backgrounds. The recognition and understanding of EI traits based on cultural plays a vital role in assisting employees and managers for success in their hospitality career. With an understanding of the affect of cultural differences on EI, leaders are more able to provide better training, education and communication to their employees from different cultures. As a result, the hospitality industry could increase their service quality which would in turn increase customer satisfaction and customer loyalty.

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STUDENT PLAGIARISM: CAN 'TURITIN.COM' TURN IT OFF?

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ABSTRACT

This paper examines a problem increasingly seen in academia: students submitting plagiarized work as their own. The article reports findings of an evaluation of university student work using an electronic plagiarism detection service "Turnitin.com." Discussed is a comprehensive definition of plagiarism, the culture of plagiarism, the use of detection software and the value of the software as a teaching tool.

Key words: plagiarism, detection, evaluation, scholarship

INTRODUCTION

"Plagiarists are always suspicious of being stolen from." Samuel Taylor Coleridge (Bartlett, 2002)

Many times students are confused as to what plagiarism is or is not. In this article, a comprehensive definition of plagiarism is provided along with a description of the different types and interpretations of plagiarism, the culture of plagiarism and tools used to combat plagiarism in academia.

PLAGIARISM DEFINED

There are many unclear areas in the application of plagiarism as to what constitutes ownership of intellectual property and the misrepresentation of academic credit, through fraud, and deception. Not every instance of using another person's original work constitutes plagiarism, as in the work of another for the purpose of satire or the case of similar creative work that occurs simultaneously by different authors. An example of simultaneous creation can be found in science with Leibniz and Newton both creating a new math formula, calculus, at approximately the same historical time. Plagiarism may result from a person influenced by "cryptominesia," which is the state of recalling memories and thinking they are original and not remembering experiencing the original source (Liddell, 2003). However, most commonly is the instance where students will place their name on work that was written by someone else and claim it as their own original work. Plagiarism takes place in a broad spectrum of ways, some intentional and some unintentional, and some purely by mistake.

In the case of cryptominesia, a famous example is of Helen Keller who was accused in 1892 for plagiarizing her short story *The Frost King,* which was very close in structure to another short story by Margaret Canby, *The Frost Fairies.* In her 1903 autobiography, Keller said she may have read the Canby story but had forgotten it and "remained paranoid about plagiarism ever after" (Keller, 1903).

In a case of "unconscious" infringement, and not one of cryptominesia, songwriter and musician George Harrison admitted to the Second Circuit Court of Appeals (*Abkco Music, Inc. v. Harrisongs Music, Ltd., 1983)* that his song "My Sweet Lord" was similar to the plaintiff's composition of "He's So Fine." The case was based on a melody, which was considered by the court as a "partial theft" and an unconscious infringement, as Harrison's song did not directly replicate the work of Abkco Music, Inc. "He's So Fine."

Therefore, plagiarism can be construed as taking ideas from a novelists work, basing a song on another's melody, or copying an artist's original work. Exceptions can be made under copyright law for "fair use" in quoting portions of published work, or using work for satirical and parody purposes (Hoad and Zobel, 2003). Additionally, it is not plagiarism if facts are common knowledge, i.e. the American Civil War ended in 1865, do not need a source

citation. Facts that are specific to a field of study, and are not considered common knowledge, must be cited. In most cases, plagiarism of an individual's own work, used by the individual who created it are largely ignored, as the individual owns the work has the right to use it as they wish. In addition, it is not viewed as plagiarism when an organizations collective work which are not referenced to an individual. An example of this is found in an encyclopedia or technical manual that do not cite their sources (Galus, 2002).

Common law contends that plagiarism is not a crime; the crime of plagiarism is found in the infringement of copyright laws that are part of the civil code. To be a criminal offense, plagiarism must be used as a way to gain significant monetary benefit or advancement. The Plaintiff in a plagiarism case must show the defendant had access to work which was copyrighted and presented the work as their own intellectual property.

ACADEMIC CONCERNS OF PLAGIARISM

In academia, and in particular the university, the problem of plagiarism is approached as a serious one. In the view of many universities, plagiarism is seen as a form of deception or fraud. To deal with the problem of plagiarism, universities have established strict codes of academic ethics and have written policies, which deal with plagiarism. One Western university's plagiarism policy is typical:

> Plagiarism is intentionally or knowingly presenting words, ideas, or work of others as one's won work. Plagiarism includes copying homework, copying lab reports, copying computer programs using a work or portion of a work written or created by another but not crediting the source, using one's own work completed in a previous class for credit in another class without permission, paraphrasing another's work without giving credit, and borrowing or using ideas without giving credit. (Catalog, Cal Poly Pomona. 2001-2003, p.59).

Typically, instances of plagiarism are reported to the Office for Judicial Affairs, or a similar university entity for consideration and appropriate administrative action. The concern of the university regarding plagiarism is that students who plagiarize are not distinguishing their analysis of a subject or assignments from what has been created by another and that they are not referring to sources to support their independent ideas. In doing so, the plagiarizer has defrauded the original author of the rights to a form of intellectual property and has compromised an academic ethical code that in the view of the university may be a punishable offense.

THE CULTURE OF PLAGIARISM

Universities are concerned with the ease in which student work may be "copied and pasted" from the internet and represented as original work. The culture of plagiarism is changing with students becoming more perceptive in how they go about creating original "non-original" work. Students are learning how to construct work that will not trigger a reaction from detection software and in doing so "beat the system" (Bean, 1996). The reasons for student plagiarism are varievyd3\; some have poor time management skills, while others are looking for the easiest way to complete course assignments (Harris, 2000). Others see the World Wide Web as a source that is easy to access original documents from which they can cut and paste or create a pastiche of statements from different sources creating an "original" work (Bugeja, 2000). Many students will collaborate with other students on assignments and will "copy a few paragraphs without acknowledgement" (Dordoy, 2002). Most often students plagiarize written submissions and project reports (Franklin-Stokes and Newstead, 1995).

PLAGIARISM DETECTION SOFTWARE

Electronic plagiarism detection software is seen by many schools and universities as a way to combat and deter instances of overt student plagiarism. What an electronic detection software program can and cannot do to prevent plagiarism is widely debated. The discovery of "unfair practices" is the intended purpose of such software programs. However, many times it is a case of "poor scholarship" with students unaware of how to properly place a citation or give due credit to an outside source (Evans, 2006). Other methods used to detect plagiarism are the use of a Boolean search in which specific phrases are entered for comparison in works found on the internet (Barlow., 2006). The use of software, which can compare key phrases and "styleometrics" a method of studying literary style, frequency of word use and statistical analysis of a text, aided by software, is becoming increasingly popular.

Turnitin.com, an internet electronic plagiarism detection service developed by John Barrie, has become a popular method to detect "digital fingerprints" of papers in three different databases (Barlow, 2006). Many schools and universities have subscribed to the service and have resorted to checking student essays with the plagiarism

detection software (Warn, 2006). Using detection services, the goal is to change student behavior and cultural perception towards plagiarism through a response to increased scrutiny resulting in a marked decrease of instances of plagiarism (Warn, 2006). Studies have shown that the use of detection software helps to lower the occurrence of plagiarism, and can be predicted based on attitudinal considerations (Bennett, 2005). In one study, 25-90% of students interviewed admit to participating in some form of plagiarism (Franklin-Stokes and Newstead, 1995). Many students feel they will not be caught, and others are unaware that such detection services are being used to evaluate student work (Liddell, 2003).

METHODOLOGY

To measure plagiarism and the effects of anti-plagiarism tools, 195 students in three undergraduate hospitality classes out of a total population of 750 took part in this research project. The first two classes were two sections of the introductory hospitality course, totaled 151 students. They were primarily entering hospitality freshmen with less than ten percent transfer students. They were informed from the beginning of class that their one written research assignment would be submitted to Turnitin.com, an anti-plagiarism program. The third class of 44, primarily juniors, had five written assignments and were only informed after the third assignment that the final two assignments would be submitted to Turnitin.com. None of the classes allowed collaborative work. After cross-checking, none of the students were found to be in both sets of classes.

Turnitin.com counts the total number of words in submitted papers, cross checks with the papers in its database and returns a number representing the percentage of words that it suspects of being plagiarized. The figures in the tables below represent the percent that Turnitin.com judged to be plagiarized.

RESULTS

Classes one and two were informed at the beginning of their assignment that they would be submitting their research papers to an anti-plagiarism program. Class three was informed only after their first 3 assignments that their last two assignments would be submitted to an anti-plagiarism program. As is apparent in Table 1, the students who were told repeatedly and consistently that an anti-plagiarism would be used, had a remarkably low incidence of plagiarism.

Table 1
Results Of Student Plagiarism With Consistent Message

Students	No knowledge of Turnitin.com	Knowledge of Turnitin.com
Class one (n = 77)	n/a	3.5%
Class two(n = 74)	n/a	3.9%

As noted in Table 2, the first column represents the averages of the first three papers when the students did not know that their work was being sent in to Turnitin.com. The second column represents the average of two papers when they did know that their work was going to be submitted to Turnitin.com. While there was a drop in plagiarism, the decline was not dramatic.

Table 2
Results Of Student Plagiarism With Inconsistent Message

Students	No knowledge of Turnitin.com	Knowledge of Turnitin.com
Class three (n = 44)	14.7%	10.1%

DISCUSSION

It is evident from our study that the anti-plagiarism software appears to be more effective as a deterrent when students are told from the beginning that assignments will be submitted to an anti-plagiarism program. When the expectations regarding plagiarism are explained and emphasized from the very beginning, students seem to respond to the reinforcement. Otherwise, the plagiarism aspect will be lost due to the students perception that it is merely an afterthought, even though knowing that their work will be subjected to an anti-plagiarism program.

The objects of any anti-plagiarism tool are to emphasize and encourage the skills of research, the synthesis of knowledge and the ownership of original ideas. University professors would rather spend their time teaching and establishing a learning environment rather than policing their students. It is evident that anti-plagiarism tools, such

as Turnitin.com, if administered in the proper manner, can play a significant role in assisting professors to do just that.

RECOMMENDATIONS

- Educate students as to what plagiarism is and what it is not
- Spend time explaining how to research, how to synthesize their research and how to paraphrase
- Inform students upfront that they will be submitting to an anti-plagiarism program

FUTURE RESEARCH

Continuing to periodically test the students in the research for a longitudinal study would provide more data to discover if the results would be strengthened or weakened over the academic careers of the students. Additionally, future research testing the recommendations with control groups would be beneficial to discover whether this research is generalizable.

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A QUALITATIVE INVESTIGATION OF CUSTOMER EQUITY IN THE CONVENTION INDUSTRY

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ABSTRACT

This study explores the constructs of customer equity (value equity, brand equity, and relationship equity) in the convention industry. Qualitative in-depth interviews with show managers were conducted to clarify the concepts of value, brand, and relationship equity specific to the convention industry. Quality and price influenced the perception of value equity and reputation and awareness influenced the perception of brand equity. Personnel interaction, responsiveness, and special treatment influenced the perception of relationship equity. Analyzing customer equity, the drivers and sub-drivers of customer equity provides convention centers with strategic initiatives that will have the greatest financial impact from their customer base.

Key Words: convention industry, customer equity, value equity, brand equity, relationship equity

INTRODUCTION

This study explores the constructs of customer equity (value equity, brand equity, and relationship equity) in the convention industry. These equity types (value, brand and relationship) have been established in other service industries as the drivers of customer equity (Rust, Lemon, Zeithaml, 2004). The term 'driver' refers to the influence value equity, brand equity and relationship equity has on the value of customer equity. Since customer equity can be quantified, value equity, brand equity or relationship equity influence customer equity to increase or decrease. The change in customer equity can be attributed to what influenced the customer to purchase or continue to purchase from a firm based on the factors that are important to that specific consumer, referred to as 'sub-drivers.'

Rust, et al. (2004) and Blattberg & Deighton (1996) posit that sub-drivers change from industry to industry; therefore, it is important to establish sub-drivers that are specific to given industries. To date, there has not been empirical support that determines the drivers and sub-drivers of customer equity from the show manager's perspective in the convention industry. A Show Manager is the specific person responsible for all aspects of planning, promoting, and producing an exhibition and is also called an Exhibition Manager, or Meeting Planner. For the purpose of this paper, the term Show Manager will be used. The aims of this study are to: 1) investigate the drivers of customer equity, (value equity, brand equity and relationship equity) in the convention industry and, 2) investigate and identify the sub-drivers of customer equity in the convention industry by considering the show managers as the convention center's primary customers.

Figure 1, Rust, Zeithaml, and Lemon's (2002), Customer Equity Model is the theoretical framework for the current study and represents the relationships between the drivers and customer equity. The three drivers of customer equity: 1) value equity, 2) brand equity, and relationship equity.

Figure 1.
Customer Equity Model (Rust, Zeithaml, and Lemon, 2002)
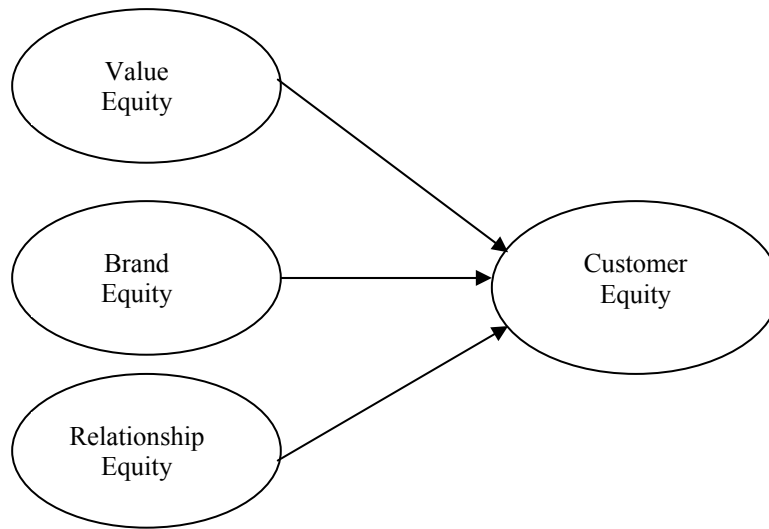
MAJOR CONCEPTS
The following is a list of concepts pertinent to the understanding of the research presented:

1) Brand equity: The customer's subjective view of the organization and/or convention center and its offerings (perception of brand awareness, and attitude towards the brand) (Rust, Zeithaml, & Lemon, 2002).
2) Customer equity: Defined as "the total of the discounted lifetime values summed over all of the organization's potential customers," (Rust, Lemon, & Zeithaml, 2004, p.110).
3) Relationship equity: The customer's view of the strength of the relationship they have with the organization having the event and/or the convention center.
4) Show: An industry term used to denote a tradeshow, convention with or without a tradeshow, meeting, special event, or event held in a convention center.
5) Value equity: The customer's objective evaluation of the value offered by the organization having the event and/or the convention center. The value could be derived through convenience, price and quality of offerings (Rust, Lemon, & Zeithaml, 2004, p.110).

LITERATURE REVIEW
Customer equity has been defined by Blattberg and Deighton (1996) as "the measure of each customer's expected contribution toward offsetting the company's fixed costs over the expected lack of that customer. In their article, they suggest that companies ask the following question when determining new products or services, "Will it increase customer equity?" If it will, the marketing effort is justified. If not, then it will not benefit the company or the customer and should not be implemented.

Hansotia (2004) explains why companies should learn to manage customer equity. First, companies should consider the financial ramifications of understanding and implementing customer equity strategies. Financial theory tells us that the net present value (NPV) of its projected cash flow may estimate the value of the company (Van Horne, 2001). Second, companies should also determine which marketing programs will increase cash flow and evaluate those programs to maximize the utility. One of the most straight forward explanations of customer equity is presented in Rust, Zeithaml, and Lemon's (2002) book, *Driving Customer Equity*. They identify the drivers of customer equity as being, value equity, brand equity, and retention equity. Value is important to all customers because their choice to select the product or service is influenced by their perceptions of value the organization or the firm has to offer.

Value equity represents the customer's objective evaluation of what the organization or firm has to offer. Value equity is defined as "the customer's objective assessment of the utility of a brand based on perceptions of

what is given up for what is received," (Rust, Lemon, & Narayandas, 2004, p.24). Research in the area of customer's perceived value has defined three key drivers of value to include: convenience, price and quality (Gale, 1994; Parasuraman, 1997; Woodruff, 1997; Zeithaml, 1988). Convenience is a term used by consumers to express their perception of value. Sometimes convenience may mean location (proximity of the grocery store from where one lives) while others may perceive convenience as easy access or contact (such as email, fax, or phone). Some people view convenience as more important than price or quality. Companies compete with price in many different ways. Rust, Zeithaml, and Lemon (2002) refer to three ways of price differentiation: 1) offer discounts and sales, 2) offer the "everyday low prices," or 3) offer payment plans to reposition the price at a future time. Selecting the right pricing strategies is critical because price is not always the most important attribute of the customer's perception of value. For example, in Lockyer's (2000, 2002) studies he found that 'price' or 'room rate' was not rated highly by potential guests as a decision for selecting accommodations. The concept of quality has been used in marketing as a deferential tool between one company and another company and/or between one service and another service.

In recent years, there has been some confusion and debate between brand equity and customer equity. According to Amber, Bhattacharya, Edell, Keller, Lemon, and Mittal (2002) some business trade publications posit that "brand" should be the main focus of firms while other posit that firms should do everything possible to increase and sustain their customer equity position. In the current study, brand is a construct of customer equity and for some customers brand is what drives an increase in customer equity. Brand equity is defined as; "the customer's subjective view of the organization and/or convention center and its offerings (perception of brand awareness, attitude toward the brand) (Rust, Zeithaml, Lemon, 2002). A customer's perceptions of a brand tend to be emotional and subjective. According to Keller (1993), customers who associate with a particular brand have positive brand equity, meaning they respond more to marketing activities when a brand is mentioned.

The field of marketing has taken a change in both theory and practice toward relationship marketing (Morgan & Hunt, 1994). The basic principle behind relationship marketing is the creation and maintenance of a long term relationship between customers and a company. In the past, many businesses survived through transactional relationships. Currently, businesses understand to be competitive in the market, they must go beyond the transactional relationship and understand the needs of their customers and create a relationship that will exist beyond the transaction. The advances in technology have certainly played an important role in the implementation of systems which help manage customer information.

To date, a customer equity approach has not been applied to the convention industry. This study makes the initial investigation into the actionable drivers of customer equity related to the convention industry. For the purpose of this study, show managers are considered the primary customers of the convention center.

METHODOLOGY AND RESEARCH DESIGN
This study was supported by the second largest convention center in the United States. Qualitative in-depth interviews were selected for the data collection process to meet the objective to investigate and clarify the concepts of value, brand, and relationship equity specific to the convention industry. This technique is referred to by Rubin and Rubin (2005) as concept clarification. All interviews were digitally audio-taped and then transcribed for the purpose of conducting content analysis.

The interview process used both open-ended and closed questions. The supporting convention center provided a list of show managers who were current members of their Client Advisory Board (CAB). The mission of the Client Advisory Board is to work closely with the convention center and the Convention and Visitors Bureau staff to enhance the city-wide meeting and convention experience. This, in turn, supports the convention center's mission of economic development through strategic planning.

The Client Advisory Board membership encompasses a broad range of convention and tradeshow managers such as representatives from the American Academy of Family Physicians; to the International Association of Amusement Parks & Attractions/IAAPA. This sample was determined appropriate due to the participants' experience with top tier convention centers within the United States and their commitment to the industry by serving on a Client Advisory Board for a leading convention center. The majority of the show managers interviewed produce shows ranked in the top 100 shows in the United State by one of the industry trade publications.

The convention center's research department made initial contact with the Client Advisory Board members and encouraged support for the study by indicating the results would assist the convention center in better serving their customers. From the 43 Client Advisory Board members, a random sample of 22 was selected and asks to participate in the study. Twenty one of the 22 selected board members participated in the study. Since the average number of shows produced at the convention center each year average is 115 shows for conventions with exhibits, tradeshows, and conventions without exhibitions, the 22 interview participants are representative of the overall population of customers for the convention center. The average time to conduct an interview was 47 minutes and ranged from 22 minutes to 1 hour and 17 minutes.

The following research design was used to conduct the qualitative interviews. The first step was to send an initial email to the participants to introduce the researcher, indicate the purpose of the research, the timeframe of the interviews, and thank the participants for their time and sharing their expertise to improve and advance the convention industry. The second step was to phone each of the interviewees to schedule a telephone interview. The third step was to conduct the telephone interviews. Since the participants were located around the United States in different locations, telephone interviews were selected to meet the data collection criteria. The fourth step in the qualitative process was to transcribe each of the interviews. The transcription documents for the 21 interviews and interview notes comprised 231 pages of qualitative data.

The final step in the qualitative process was analyzing the qualitative data using the qualitative software program NVivo7. NVivo7 was used to sort data and assist in the investigation of themes and patterns within the data. The analysis took a systematic approach of identifying key words and key phrases among the responses. This process allowed the researcher to meet validity and reliability issues that can arise in qualitative research.

DATA ANALYSIS

Eleven participants were male and 9 were female. All of the interview participants had more than ten years industry experience and produce some of the leading shows in the United States. Interviews were conducted between July and September of 2006. The interviews used a semi-structured format containing seven questions. The first three questions pertained to the decision making criteria they use as show managers before, during, and after a show which will be addressed in future research. The remaining questions were aimed to clarify drivers and sub-drivers of value, brand, and relationship equity specific to the convention industry.

To better identify key words and phrases, the researcher grouped responses for each question and then analyzed by individual questions. To validate coding and categorization, five upper level university students read the interview responses which were grouped for each particular question and identified key words and phrases used by each respondent in answering the specific question. The researcher went through the same process and then grouped analysis of seven people to determine the repetitiveness of key words and phrases. This process was validated using NVivo7 software.

RESULTS

The following section includes each interview questions, concepts summary obtained in the data, and key statements from the interviewee to support sub-driver clarifications.
Question 1: When you think of the value a convention center provides, what do you think is most important about value?

The most reported concepts of value were location, quality, and then price. Quality and price are further discussed in subsequent interview questions. The prominent theme of value was the overall package of the show based on what was paid. Price is extremely important but it is not everything to consider. What the destination has to offer plays a vital role in the perception of show value for all shows discussed in the 21 interviews, ranking location as the primary determinant of value. It was evident that show managers are highly sensitive to the value perceived by their customers, exhibitors and attendees. Many of their decisions are based on feedback provided by their customers. The value a location provides includes: hotel room rates, food, and transportation cost. These are highly important in the site selection process because they are all related to the convention experience. If registration costs are low but transportation, lodging and food cost are perceived as high, it effects attendance. Attendee's perception s of value has a strong impact on show manager's perceptions of value a convention center provides.

Convenience, such as ease of move-in and move-out did not appear to be as important as quality and price but location appears to be the most important factor of the three themes. Since many shows are market driven, location for some types of shows are critical to their success. An example is consumer shows which rely on attendees in the surrounding area. The appeal of the destination also plays a key part in attracting attendees to a convention.

Key Interview Statements:
- ➢ "The whole package is what is important. Like you have a great center but if you don't have the hotels nearby, and the restaurants nearby, it doesn't matter. You have to consider everything. It's not about the price you pay but what you get"

- ➢ "Well, value comes in a number of different ways. I think the value to a show manager is one thing but the show manager is more interested in what's the value to the show manager's customer, the attendee and the exhibitor."

- ➢ "I think value has to do with the fact that we had a positive experience. We can't necessarily negotiate our building cost that much so I think the value is that we've had a positive experience."

Question 2: When you think about quality of the product and services that the convention center provides, what influences your perception of quality at a convention center?

Two concepts that were revealed in the data pertaining to quality were: the importance of building aesthetics and services provided by the convention center. The quality of the building is important to show managers for several reasons: 1) the appearance of the building must be appealing to the attendees, 2) safety issues and flow of traffic is important when moving thousands of people from one location to another, and 3) maintenance of the building influences the perception of the show not just the convention center.

Services the convention center provides also influences the perception of quality. Many shows take months to plan and only a couple of days to execute. Show managers, the convention center staff, convention service contractors are all on a time compression when producing a show. It is important to show managers that they receive the answers they need from the convention center staff in a timely manner. Additionally, it is important that what was planned will be executed at the time of the show. Services provided seem to be most important to the respondents who have recently experienced poor service quality from convention center staff.

Key Interview Statements
- ➢ "I think honestly when you bring thousands of people to a place; the place needs to be in excellent condition."

- ➢ "Actually for us, I think quality is more a matter of customer service"

- ➢ "When I think of quality, I think of service and friendliness."

- ➢ "If the service is there, everything else falls into place. That's quality."

Question 3: What is your perception of price? What is the most important about price when you are considering booking a show in a particular convention center?

"Convention centers are not cheap," said one respondent. However, price is not everything either. The overall theme in the responses was that the prices need to be competitive and fair across the board. Another respondent said, "It doesn't serve us all that well if the trade show company or association is given a really low price but then the convention center makes up for it by really socking it to the exhibitors, such as exorbitant internet connections fees and to the attendees by charging exorbitant parking fees."

Sixteen of the 21 interviews made a comment that price is important but most importantly it must be competitive with similar convention centers. Other important issues of price are flexibility in contract terms and discounting.

Key Interview Statements
- ➢ "Convention centers need to be competitive and they need to be compatible with the prices that I can charge my customers."

- ➢ "If you're looking to book a facility for multiple years for the same event, are they willing to discount the rental for the space or give you other incentives to sign a long term contract?"

- ➢ "Facility pricing varies from facility to facility, so you look at the overall value that you're getting for your dollar."

Question 4: Do you think convention centers are branded? If so, what do you think of when you think of branding in relationship to your convention center experience?

This question was not only thought provoking for the respondents but their answers proved to be quite varied. The major concern about branding of a convention center is that it is difficult for show managers and they thought attendees and exhibitors as well to differentiate the brand of a destination with the brand of a convention center. While the majority of the respondents (12 out of 21) said convention centers are branded within the convention industry professional network, by reputation, image, awareness and attitude, they did not feel convention centers are branded in a way that products are branded. In fact one respondent commented that he did not want the convention center to have a brand because it was his responsibility to put the brand of the show on the convention center. He viewed it as owning the space and putting the brand on the convention center to meet the objectives of the show without competing with the brand of the convention center. The two prominent themes of convention center branding were reputation and awareness.

Key Interview Statements
- ➢ "It's the overall view of the destination; the city, it's everything encompassing. I normally don't think of the convention center as being a brand."

- ➢ "From an industry standpoint, I think they do have a brand. I mean, being an operations director I know Orange County Convention Center versus Georgia World Congress Center versus Las Vegas Convention Center but I don't know necessarily that folks that are coming to a trade show…I mean, they are coming to Orlando."

- ➢ "Convention centers definitely have an image."

- ➢ "I mean what popped into my mind when you asked that question was that the meeting planning world is not that big of a world, even though there's all these trade shows. If a center has a few bad shows that don't go well, that word gets out pretty quick. So, there is an image if they want it or not."

- ➢ "I think part of the branding comes from the destination and the city itself and the perception of the city such as climate, safe, family oriented, and clean."

Question 5: What is the most important thing about your relationship with the convention center?

Show managers indicated that the people they work with at the convention centers play a critical role in the success of their shows. The most important themes were responsiveness, personal connection and trust, and special treatment.

Key Interview Statements
- ➢ "I mean for us, being limited on where we're going, you know, price becomes a little bit less of a negotiating point. It is some of the perks that we get along the way that makes a big difference."

- ➢ "Being responsive is critical, you know are they easy to get a hold of, do they respond back to you timely, can they answer your questions, and how many different people do you have to go to get the answer you need?"

> ➤ "I think I'm particularly influenced by the willingness of the convention center staff to listen to and try to solve my needs."

> ➤ "I think the convention centers staff's attitude and it's not just the management but the little people too. If it's a good atmosphere, everybody's going to have a good attitude and that reflects to the exhibitors and the attendees."

Based on the qualitative analysis, The Customer Equity Model for the Convention Industry is presented in Figure 2. The drivers of customer equity are value equity, brand equity, and relationship equity and are represented in blue while the sub-drivers identified from the qualitative interviews are represented in yellow. The organizational model presents the sub-drivers of the identified drivers of customer equity that are specific to the convention industry and represent the addition to the convention research literature. These sub-drivers are actionable drivers that convention centers can focus their marketing strategies on to increase customer equity.

Figure 2.
Customer Equity Model for the Convention Industry
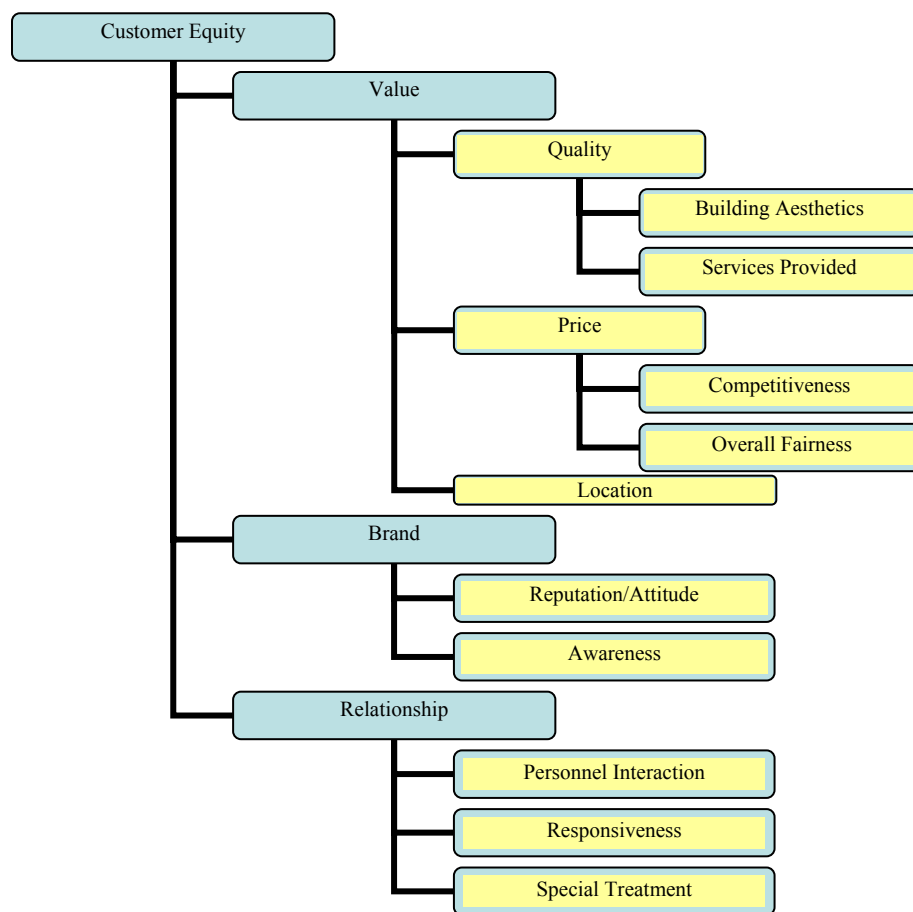
IMPLICATIONS

Several implications can be drawn from this study. First, by applying the customer equity model to the convention center's strategic planning process, a roadmap is provided for increasing customer equity in terms of value, brand and relationships. This could improve market position and meet the long term goals of adding significant economic impact which convention centers are expected to generate. More specifically, the specific needs of customers can be met by addressing the customer relationship according to value needs, brand needs and relationship needs. The ability to increase customer equity depends greatly on: 1) how well a company understands their customers, 2) the competitiveness of the market, 3) how well a company targets their marketing investments,

and 4) at how mature the company may be (Blattberg and Deighton, 1996; Blattberg et al., 2002; Rust, Lemon, and Zeithaml, 2004; Rust, Lemon, and Narayandas, 2004; Rust, Zeithaml and Lemon, 2002). Understanding the importance of customer equity and how it pertains to the convention industry is the first step in realizing the power of measuring customer equity for an organization.

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NEW PRODUCT DEVELOPMENT PROCESSES IN TOURISM CLUSTERS: A KNOWLEDGE MANAGEMENT APPROACH

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ABSTRACT

Intense global competition and sophisticated tourism markets force tourism firms to increase their new product development processes in order to survive. Tourism firm's competitiveness also depends on destinations' ability to continually update their product, since destinations represent the major factor attracting tourism demand. Although knowledge is a competitive resource for developing new products, little is known on how knowledge management can contribute to New Product Development (NPD) processes in general and at the level of tourism destinations. This paper discusses the links between NPD and knowledge management, and then proposes a framework for evaluating the effectiveness of knowledge-based NPD activities of destination tourism clusters.

Key Words: new product development, knowledge management, tourism, cluster, and destination

INTRODUCTION

The increasing demands of customers concerning quality and innovativeness of products and services put companies under a great pressure. In addition, globalization, technological advances, intense competition, short product life cycles and sophisticated and demanding tourism markets also force tourism firms to increase their new product development processes in order to survive. As destinations and their resources represent the major factors creating and attracting tourism demand, it becomes evident that tourism firm's competitiveness heavily depends on destinations' ability to continually refresh and update their products. NSD has also been proposed as a competitive necessity and an important ingredient for moving firms to the experience economy, attracting and boosting long-term customer relationships and for enhancing business profitability (Storey and Easingwood, 1999; Gustafsson et al. 1999). This is also true if even more important in the tourism sector, whereby destinations compete with each other in terms of the experiences that their visitors can live. The necessity of destinations to engage in continuous product innovation processes has also been highlighted in the case study of AlpNet, whereby the members of the knowledge network of the tourism suppliers at the Alps (Pechlaner et al. 2002) stressed that new product development is one of the most fundamental activity whereby the network should utilize its knowledge resources for enhancing the competitiveness of its members. Indeed, knowledge is nowadays regarded as a source of competitive advantage for destinations and indispensable factor for developing new products. Lebe (2006) argued that destinations with a poor level of destination knowledge management concentrate solely on marketing campaigns and neglect other vital, knowledge-bound aspects of destination management, such as the continuous creation and engagement of customers through experiences.

However, although knowledge is widely recognized as a competitive resource for developing new products, little is known on how knowledge management can contribute to New Product Development (NPD) processes in general as well as at the level of tourism destinations and clusters of tourism firms. In this vein, this paper aims to discuss and elaborate the links between NPD and knowledge management. Based on the findings, the paper further develops and proposes a framework that it can be used by destination management organizations in order to evaluate the effectiveness of the knowledge management activities of their tourism clusters for engaging and developing NPD processes.

KNOWLEDGE MANAGEMENT & NEW PRODUCT DEVELOPMENT AT DESTINATION CLUSTERS

Research in the tourism literature already exist demonstrating the importance of applying knowledge management processes at destination level and tourism clusters for achieving enhanced business performance and competitive advantage. So, for example, Woods and Deegan (2006) demonstrated the importance of establishing a destination wide quality assurance programme and the role of knowledge sharing amongst the tourism suppliers for successfully implementing it. Clark and Scott (2006) highlighted the need to incorporate knowledge management in the strategic planning of a destination, while also provided a model that destinations can use to assess their knowledge-based strategic planning competence. Producing and distributing knowledge within a destination cluster

helps to better plan for the future, which is a basic first step to increasing competitiveness as a destination. Earlier, Pechlaner et al. (2002) have discussed the design of an information system for enabling knowledge exchanges within the AlpNet network of tourism suppliers at the Alps, which in turn could have been used for developing several collaborative practices such as marketing, training, procurement, new product development etc. Finally, Lebe (2006) discussed how knowledge sharing amongst four regions helped in establishing a quality destination brand based on the health tourism offering. However, she (2006) stressed the need to further expand the utilization of knowledge exchanges for fostering collaborative activities such as tourism offering development and new market penetration. In other words, although the importance of knowledge management for enhancing destinations' competitive advantage is widely argued, previous research have primarily focused on examining the exploitation of knowledge exchanges for branding, promotional and quality purposes rather than for new product development.

On the other hand, nowadays, forces such as experienced based tourists, coopetition and globalization increasingly require tourism suppliers to share knowledge aiming to identify ways and develop strategies for growing overall tourists' numbers rather than competing directly. This is because competition in the new economy has moved from a firm level to a network level, implying that the best and only way that firms can survive is by joining and developing networks (Bessant et al. 2003). Given the relatively small size (and so limited resources) of many firms in tourism destinations, the need to compete within networks for tourism firms is stressed further. Earlier, Skyrme (1999) has discussed the benefits of knowledge networks for enhancing firms' performance as follows:

o   It helps reaction to market requirements: identification, gathering and generation of new knowledge amongst members and the network gives insights to development tendencies and enables an innovative provision of activities in time;
o   It facilitates the development of new core competencies by combing knowledge with other resources of the network members;
o   It enables actions despite limited resources and without a firm loosing its independence;
o   It assists in avoiding undesirable trends
o   It supports the achievement of more customer satisfaction at destinations;
o   It fosters the development and use of synergies.

Overall, it becomes evident that the urgency to further investigate the implications of knowledge management for NPD at destinations and tourism clusters is granted.

NEW PRODUCT DEVELOPMENT (NPD) AND KNOWLEDGE MANAGEMENT

In the NPD context, information clearly is a necessary resource (Zahay et al. 2004). Indeed, the use of business information and market intelligence in identifying and developing new product ideas in the very early phase of NPR is widely acknowledged (e.g. Flint, 2002; Kohn, 2005). Reducing uncertainty and risk is a central element in NPD (Carlile, 2001). Reduction of uncertainty is made through information collection and its incorporation and utilization into the NPD process. The fundamental role of business information is to reduce uncertainties regarding the market conditions, including customer expectations and needs, and other competitive issues. When being at the idea generation stage, the focus in information collection shifts on reducing uncertainty moves towards the identification of opportunities. Sources of external organisational knowledge for organisations or firms' clusters include friends, customers, suppliers, other business partners, government agencies, industry and trade associations, universities, competitors and in the case of multinational firms, subsidiaries and parent companies (Sigala and Chalkiti, 2007; Hawkins, 2006) .

However, in reviewing the literature, Sigala and Chalkiti (2007) found that although most authors argue for the importance of the amount of information collected, others argue that more critical is the sharing and use of this collected information. On the other hand, their research findings demonstrated a very low capability of Greek hotel firms to internalize and absorb the collected information for exploiting it in NPD processes. In this vein, it was concluded that tourism firms would need to shift their focus from data collection and analysis towards more on trend identification and interpretation. This conclusion is also consistent with the resource-based theory of the firm which also suggests that management capabilities relating to information adoption and use will be important in NPD success (Mata at al. 1995). Nevertheless, although the importance and role of information and knowledge for NPD is well known, what is not known and it is very limited researched are the specifics of how to firms and particularly clusters can: a) identify and search appropriate information sources and b) embed and internalize knowledge during the NPD processes in order to achieve their organizational goals.

Moreover, several authors (e.g. Alavi and Leidner, 2001) also advocate that in order to engage in NPD processes, it is not only important to gather a significant amount of relevant knowledge, but it is also important that a firm has an ability to effectively apply the existing knowledge to create new knowledge. This is because a firm's innovation capability heavily depends on its organisational learning and organisational knowledge management processes (Albino et al., 2001). In other words, the literature broadly recognizes that a critical component of innovative firms' capabilities is the capacity of an organization to expose "receptors" to the environment in order to collect, "absorb" and exploit external knowledge. Cohen and Levinthal (1990) introduced the concept of "absorptive capacity" to suggest the idea that the ability to evaluate and utilize outside knowledge is largely a function of the level of prior related knowledge. The firm's absorptive capacity depends on the individuals standing at the interface between the firm and its external environment as well as at the interface between subunits within the firm (e.g. cross-functional roles, boundary spanning, gate-keeping roles). In the knowledge management field, von Krogh et al. (2000) used the term "knowledge activists", as "people who trigger and coordinate knowledge-creation processes" for describing the same concept. Star (1989) described boundary objects as objects that work to establish a shared context that "seats in the middle". "Effective" boundary objects (Carlile, 2001) facilitate knowledge management processes by: 1) establishing a shared syntax or language for individuals to represent their knowledge, 2) providing a concrete means for individuals to specify and learn about their differences and dependencies across a given boundary, 3) facilitating a process where individuals can jointly transform their knowledge.

Overall, it becomes evident that all knowledge management creation modes (as identified by the spiral model of Nonaka) are indispensable and necessary for informing and enabling NPD processes. In particular, according to the spiral model, new organisational knowledge is created through four interplay processes between explicit and implicit knowledge: a) socialisation (occurring by working in the same environment or task, spending time together, informal social meetings) which yields new tacit knowledge through information interaction exchange of tacit knowledge between individuals from the internal and external environment of a firm; b) externalisation is the act of codifying or converting tacit knowledge into explicit knowledge occurring in more formal interactions (e.g. expert interviews, research-surveys); c) combination which involve the making of sense and new knowledge through the relation and synthesise of previously unrelated knowledge; and d) internationalisation reflecting the process (e.g. learn by doing, simulation etc) of absorbing explicit knowledge and creating new individually held tacit knowledge. In addition, Andriani and Hall (2002) identified three more knowledge management processes adding to the four well-known basic processes that are very much related to the knowledge management processes for firms' clusters and their innovation capability: "locating and acquiring external explicit knowledge new to the group", "locating and acquiring external tacit knowledge new to the group" and "inventing knowledge new to the group".

On the contrary, firms' failure to utilize, absorb and create new knowledge leads to the continuous high failure rates of new products, which are mainly attributed to (Cooper et al. 1994): the lack of an efficient development process (De Bretani, 1991; Drew, 1995; Edgett, 1994); the lack of a market understanding and orientation (Gronroos, 1994; Martin and Horne, 1995); and the focus of the majority of NPD models to the design of successful service encounters as opposed to delivering experiences (e.g. Menor et al. 2002). The latter factor is critically important in the tourism industry and the role of tourism clusters at destinations. This is because tourists perceive and evaluate their tourism experiences at the destination as a gestalt and not as a collection of isolated service transaction with the different and multiple tourism suppliers. As a result, it becomes evident that the importance of tourism clusters to identify, share and use tourism intelligence is critical in order not only to become market oriented but also to continually create and deliver memorable holistic experiences to their visitors. Other researchers also stress as major limitations of NPD processes the non-existent integration and communication between firms' departments and firms' customers and partners (Sigala and Chalkiti, 2007; Alam and Perry, 2002). In this vein, in order to take a more active role in NDP processes, tourism clusters should aim at facilitating and boosting knowledge collection, transfer, utilization and creation amongst their networks and members. Fostering knowledge exchange amongst firms' networks is a critical task of tourism clusters, since previous studies (e.g. Tallman and Jenkins, 2002) also showed that the success of some geographical clusters is tied to the interaction of member firms that evolved in some loosely defined manner, but without prior planning.

A FRAMEWORK FOR ASSESSING TOURISM CLUSTERS KNOWLEDGE-BASED NPD PROCESSES
Based on the above mentioned it becomes evident that NPD processes can be greatly enhanced and facilitated through knowledge management spiral activities. In this vein, tourism clusters engaged in NPD need to ensure that they posses and they support capabilities aiming at knowledge search and collection as well as at

knowledge internalization and absorptive processes. As concerns knowledge search and collection processes, one can assess the geographical as well as the social dimensions of a cluster's' knowledge management activities. First, knowledge search should aim at both internal and external knowledge sources. Pavitt (1984) demonstrates the importance of internal technological knowledge, as opposed to external technologies by citing that "59 percent of 3013 significant innovations in the United Kingdom from 1945 to 1979 were based on knowledge from within innovating firms" (cited in Garud and Nayyar 2004: 138). The literature has shown that the external environment (e.g. customers, suppliers, universities etc) within which a firm or cluster exist plays an important role in its innovation capability. Secondly, one can further investigate the social dimension of knowledge search, i.e. whether such activities occur by informal (day to day activities, friendships etc) or formal (formal networking, competitor analysis, alliances, collaborative projects, mergers and acquisitions, environmental scanning techniques etc) mechanisms. For example, Ingram and Robert's (2000) study on friendship in the context of the Sydney hotel industry shows how cohesive networks of competing managers have a positive effect on hotel performance, these informal friendships among competitors benefit organisations through collaboration, the mitigation of competition, increased information exchange (Uzzi 1996) and encourage a level of conformity to group norms and central tendencies. Informal friendship networks appear most effective when cohesive in nature (Ingram and Roberts 2000) as opposed to the higher performing non-redundant networks as put forward in Granovetter's (1995) 'strength of weak ties' theory.

Because of the above, the position of a cluster within the economy as well as its links with the external environment can crucially affect the amount and quality of information it can collect. Indeed, Tsai (2001) found that better performance can be achieved if organizations occupy central network positions, as the latter provides them access to knowledge created by other firms (Kalling, 2003). In investigating stocks and flows of organizational knowledge within the biotechnology industry, Decarolis and Deeds (1999) concluded that a firm's geographical location can reliably predict its performance, as geographical location can either hinder or foster knowledge diffusion and the ability of the firm to capture knowledge (Kalling, 2003). In other words, depending on the relational links and centrality of a tourism cluster within a destination, firms have different levels of accessibility to knowledge regarding its quantity, quality, timeliness and exclusivity. The more knowledge a cluster has access to, the more NPD capabilities the cluster can further develop. Overall, the cluster's centrality and relations (internal and external, formal and informal) determines' its identification and assimilation capacity (i.e. its potential absorptive capacity that it enhances its ability to process further knowledge and create new products.

Furthermore, the success of knowledge networks and clusters are likely to be due, in part, to the enhanced absorptive capacity attributed to collaborating entities with similar knowledge bases (Cohen and Levinthal 1990), the perceived ease of mobility ascribed to knowledge flowing within cohesive and non-redundant networks (Maskell 2001), as well as a reduction in the ability to imitate knowledge resources due to the idiosyncratic nature of network creation and development (Andersson et al 2002). In other words, the cohesion of the cluster and its inter-cluster social links and culture play an important role for its innovativeness and competitive capacity. The more cohesive the cluster is, the more actors are connected between them, the more trust and social norms will develop, and the more efficiency in coordinating and controlling the collective actions developed by the group. Thus, the more embedded in the local environment the actors in the cluster are, the lower the transaction costs of the collective activities of transforming the available knowledge and exploiting it in the form of NPD. In other words, cohesion of clusters increases their transformation and exploitation capacity, i.e. the realized absorptive capacity (Zahra and George, 2002).

CONCLUSIONS AND IMPLICATIONS FOR FUTURE RESEARCH

Although knowledge has been identified as an indispensable resource for developing new products and achieving competitive advantage, little is known as to the specific processes that knowledge management can contribute to NPD at destination cluster processes. This paper aimed to elaborate the links between NPD and knowledge management and then propose a framework for assessing tourism clusters knowledge-based NPD processes. The literature review demonstrated that effective NPD processes require not only the identification and collection, but also the appropriate internalization, use and exploitation of knowledge. The concept of absorptive capacity has been proposed in the literature for indicating firms' and clusters' ability to assimilate and create new knowledge. In this vein, in order to assess clusters' knowledge-based NPD, the study proposed the use of a two dimensional model. One dimension assessing the clusters' potential absorptive capacity reflecting clusters' ability to identify and assimilate knowledge. The literature showed that the cluster's characteristics affecting potential capacity are its centrality and relational links, since they directly influence the amount and quality of knowledge that

the cluster and its members are exposed to. The second dimension assesses the cluster's realized absorptive capacity referring to its capacity to transform and exploit the acquired knowledge. The clusters' characteristic affecting the latter is cluster's cohesion. One has to highlight that the two cluster characteristics (centrality and cohesion) have to coexist in order to improve the innovative capacity of the local destination. This is because firms cannot exploit knowledge without first acquiring it; similarly, firms can acquire and assimilate knowledge, but they might not have the capability to transform and exploit it for NPD. However, since this model is only theoretically based, further research is required for testing its propositions. In order to increase the generisability of research, the study would need to be large scale involving a great number of clusters, in different industries, countries, cultures and sectors.

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COMPARATIVE ANALYSIS OF SMALL HOTEL GEOGRAPHIC CLUSTERS IN TANZANIA

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ABSTRACT

Understanding of small hospitality businesses within a regional and national context remains an intriguing issue for researchers and practitioners. Spatial analysis of small hotel clusters can provide an assessment of factors impacting their economic contribution and performance. Using a combination of survey data and qualitative assessment, this paper tested the hypothesis that economic impact and performance capabilities, developmental policies, and industry and competitiveness environment for small hotels are different in three cities in Tanzania. This paper contributes methodologically through a comparative spatial analysis with implications on entrepreneurship, sustainable development, economic growth, and small hospitality business research in developing nations.

Key Words: Small business, entrepreneurship, hotels, comparative analysis.

INTRODUCTION

The importance of small businesses for economic growth is hardly an issue that can be contested. Still, developing nations continue to focus on attracting foreign direct investment in large and luxury properties. Similarly, research has mostly focused on analyzing larger hotel activity while the economic impact and performance of small businesses remains largely unexplored. At the same time, it is becoming clear that small hotels can be an important element of private sector activity in developing nations by contributing to economic growth and productivity (Sharma, 2006). Small businesses as a conscious approach to development present itself as a relatively new found opportunity for many developing nations. While Tanzania has committed to strengthening its tourism industries, much of this activity remains clustered in the northern region, or around the city of Arusha. Other important tourism hubs are Dar es Salaam and Mwanza. Even though small hotels face different and varying levels of challenges in these three cities, some have been more successful than others. This paper compared small hotel clusters in these three cities to understand factors that are impacting small businesses. Clustering was used in this paper as a mode of inquiry within a spatial context rather than a precise measurement tool (Porter, 1998). To the best of our knowledge, spatial analysis of small business clusters has not been used to study hotel activity, especially in context of economic growth in developing countries. As a consequence, this paper contributes to the literature by providing policy analysis to understand spatial development of small businesses.

LITERATURE REVIEW

There is enough evidence to show that small businesses are an important source of economic development (Thurik & Wennekers, 2001). Furthermore, understanding of small business activity also suggests that they are an important link to entrepreneurial activity, innovation, job creation and influenced by industry dynamics, and (Acs, 1992; Audretsch, 1995); provide progress in the number of firms and their diversity (Cohen & Klepper, 1992); and provide a shift from a managed to an ownership economy (Audretsch & Thurik, 2001). Many other consequences of small businesses have been theorized (Schmitz, 1989) and few of these empirically observed by researchers: lower orientation towards exports; higher demand for capital, consultancy, and related services; and increased variety of supply of products and services (Acs, 1992). Studies also have shown that there is a global shift of industry structures tending towards an increased role of small businesses (Carree, van Stel, Thurik & Wennekers, 2001). However, this shift is heterogeneous and highly dependent on country-specific factors. In general, researchers

believe that countries that are lagging behind in small business activity (and therefore in entrepreneurship) will pay a penalty through lower economic growth (Thurik & Wennekers, 2001). Amongst other factors (like entrepreneurship activity, innovation, etc.) economic growth from small businesses can be derived from their linkages with the rest of the economy (Sharma, 2006). While theoretically it has been shown that social and economic factors have an impact on the formation of industry clusters, few empirical investigations have been conducted to understand how this happens (Feldman, 2001; Krugman, 1991; Saxenian, 1994). Social and economic factors impacting development of clusters in a location include skilled labor, supportive infrastructure, and specialized suppliers on site (Marshall, 1890); knowledge spillovers (Saxenian, 1994); competition between firms for know-how, capital, customers, etc. (Hannan & Freeman, 1989; Porter, 1998; 2000). Furthermore, it has been observed that competitive advantages in clusters can lower entry barriers thereby having a positive effect on entrepreneurship (Krugman, 1991). Therefore, it can be beneficial to study the location and functional clustering of organizations to understand the impact of policy issues, and influence of industry and market characteristics (Perry, 2005); and the impact of other factors such as financial constraints on the level of entrepreneurial activity (Paulson & Townsend, 2004). Spatial analysis within hospitality and tourism is limited so far. Recently Giannone (2002) investigated the emergence of relationship-based spatial tourism activity in contrast to the more traditional tourism spaces that have been defined by administrative units. Mathews (2000) used location as a common factor amongst hotels to investigate factors of competitiveness and rivalry. A cluster analysis approach has been more frequently used in consumer-related studies. For instance, Lee and Pearce (2002) used cluster analysis to investigate community attitudes towards paying higher fees for natural environment settings. Similarly, Inbakaran and Jackson (2005) used a cluster approach to segment tourist hotel resort visitors. Other studies that have used cluster analysis in hospitality literature include analysis of strategic clusters (Edgar, Littlejohn, & Allardyce, 1994) and application of the cluster model to analyze tourism destinations (Jackson & Murphy, 2002). There have been no studies that have investigated the level of small business activity using a cluster or a spatial approach study their relationship with growth and economic development.

Hospitality and tourism in Tanzania

Tanzania is one of these nations that has been successfully marketing and developing its hospitality and tourism sector. Recently, the government of Tanzania recognized the role of small businesses and is attempting to reshape policy to provide a more supportive business and institutional environment for such businesses. In this context, this study is not only timely but can contribute significantly to understanding the nature of small hotel activity in Tanzania's key tourism locations. Data for this study were collected from the Arusha, Dar es Salaam, and Mwanza regions. Even though small hotel activity is scattered in these three cities and in the rest of the country, there is evidence to suggest that these businesses are contributing significantly to the national economic development (Sharma, 2006). While there are success stories, as a whole the small business sector of the hospitality industries do not appear to be prospering and providing quality products and services. Mechanisms learned in other environmental contexts (such as developed or westernized economies) may not provide workable solutions to strengthen small business sector in developing nations. It may be more beneficial to understand how some businesses are becoming successful within the same environment while others are not.

RESEARCH QUESTIONS

Based on the current status of tourism activity in Tanzania, the research hypotheses in this study were:
1. There is a significant difference in factors impacting economic contribution and performance of small hotel activity in Arusha, Dar es Salaam, and Mwanza.
2. There is a significant difference in developmental policies, and industry and competitiveness environment of small hotel activity in Arusha, Dar es Salaam, and Mwanza.

METHODS

A sample of small hospitality business (hotel, restaurant, and tour company) operators, doing business in three areas of Tanzania (Arusha, Dar es Salaam, and Mwanza) participated in the study. Researchers recruited local hospitality business operators by working with local industry volunteers. Further, a list of all hotels and their addresses was obtained from the Ministry of Natural Resources and Tourism, and a letter of invitation to participate was mailed to solicit participation. Personal visits and telephone calls were made by researchers one to two days prior to data collection. Most participants represented small hotels (over 50% of respondents). Therefore this paper only analyzes responses received from small hotel operators. Three short questionnaires were developed for data collection. The first questionnaire was designed to obtain demographic information about participants and their businesses. The second questionnaire included questions about how participants perceived their business and operating environment. Business environment questions included access to financing; access to important infrastructure for operations; quality of infrastructure services; time required to obtain licenses; perceptions about the scale, scope, and quality of hospitality industry products and services; access and quality of equipment and other operating requirements; and importance of developing a competitive advantage through various business strategies. The third questionnaire gathered information about linkages of these businesses, including economic linkages to the local communities, country from which they purchased various products, and government and non-government purchases. Questions were developed based on the literature and the World Bank's Regional Private Enterprise Development instrument (World Bank, 2004). Questionnaires were printed in duplicate on carbonless paper, so that participants could retain a copy and a copy could be submitted to researchers. The research protocol and questionnaires were approved by the Office of Research Assurances prior to data collection. A novel form of data collection was developed for use in this study. A 6-hour workshop was conducted in each of the three cities, and data collection was woven into the workshop format. This approach was taken in an effort to provide an educational opportunity for participants, provide clarification for the data collected, and increase participation and response rate. The workshop was conducted in an area hotel. Approximately 3 hours of instruction was given, and lunch was provided as an incentive. An additional three hours of instruction was given in the afternoon, and certificates were distributed upon completion. Data were analyzed using SPSS (version 9.0, Chicago, IL). Descriptive statistics for ordinal variables, including central tendency measures of median and mode were conducted. Chi-square test of independence and measures of association such as Somers'd, Kendall's tau-b and tau-c were conducted. Kruskal-Wallis mean rank and median tests were conducted as was analysis of variance.

RESULTS

Characteristics of Businesses and Participants

A total of 58 managers participated in workshops and provided useable data. A selected summary of characteristics about the business and study participant is provided in Table 1.

Table 1.
Selected characteristics of businesses and participants (N=58)

Characteristic	n
Location of businesses	
Arusha	30
Dar es Salaam	18
Mwanza	10
Ownership	
Sole proprietorship	42
Partnerships	12
Publicly-held	2
Franchise/management contracts	2
Gender of workshop participants	
Male	48
Female	10

Demographic characteristics

Kruskal-Wallis mean rank test of demographic characteristics suggest that there was a significant difference in education of owners and managers amongst the three cities (Table 2). Education levels were lower in

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Mwanza and Dar es Salaam than in Arusha. Chi-square test showed that location of properties between urban, rural, and resort settings were also significantly different in the three cities. Dar es Salaam had highest number of rooms. However, for the number of single rooms, Mwanza ranked highest followed by Dar es Salaam and then Arusha. This was interesting because Tanzania's tourism sector has a large share of tour or group travelers that result in double occupancies and therefore a greater need for double rooms. It appeared that the other two cities had realized this and accordingly geared toward this need. Arusha ranked highest and Mwanza was the lowest in average capacity of a tent. This was expected because of a higher safari or nature tourism activity originating out of Arusha. Finally, restaurant seats were highest in Dar es Salaam and lowest in Mwanza probably because of a difference in demand from independent and business travelers. In the case of education of the owner and that of the manager, Mwanza ranked lowest. Highest ranking was Arusha. With regard to age of respondents (many of whom were owners) Arusha ranked highest followed by Mwanza. Working experience in the current establishment ranked highest in Mwanza and lowest in Dar es Salaam.

Table 2.
Selected City differences based on Kruskal Wallis Mean Rank Tests

Factors	Arusha	Dar es Salaam	Mwanza	n
Demographic Factors				
Single Rooms**	3	2	1	42
Capacity per Tent**	1	2	3	42
Restaurant Seats**	2	1	3	42
Education of Manager**	1	2	3	38
Economic Contribution Factors				
Vegetables – Locally sourced**	2	3	1	33
Vegetables Imported– Imported**	2	1	3	21
Chicken – Locally Sourced**	2	3	1	33
Fish – Locally Sourced**	2	1	1	30
Prawn – Locally Sourced**	2	1	1	24
Government Policy Factors				
Quality of TALA**	2	3	1	21
Quality of Land Ownership Licensing**	2	3	1	19
Quality of Telephone**	3	2	1	24
Quality of Cell phone**	3	2	1	25
Industry Factors				
Safety of International Tourists**	3	2	1	26
Infrastructure Factors				
Funds from for Access to Financing for Working Capital**	3	2	1	21
Access to Financing for Renovations**	3	2	1	21
Competitiveness Factors				
Access to Internet**	2	3	1	25
Access to Assistance with Website Creation**	2	3	1	24

p-values are indicated as: ***p<.01; **p<0.05

Economic impact potential
The impact that small hotels had on the local economy was explored. Mean rank tests showed that purchase of local vegetables to be highest in Mwanza and lowest in Dar es Salaam (Table 2), whereas buying from within Tanzania was highest in Arusha. Use of imported vegetables was highest in Dar es Salaam. Local chicken was used most in Mwanza and least in Dar es Salaam while exported chicken was used most in Dar es Salaam. Local fish was used least in Arusha and the other two cities ranked equally as the higher users. Total expenditure on prawns was higher in Dar es Salaam than in Arusha; and as expected, Dar es Salaam and Mwanza used more Tanzanian prawns than Arusha. Reasons for such purchasing practices were both demand and supply driven. Arusha would have to import more fish because they are more inland. Also, there are very different customers in the three locations—many more

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international visitors in Arusha than in Mwanza, and tastes may be different. Researchers found that local chicken was fed fish meal and so the meat tasted like fish. Locals might find this acceptable, but visitors probably would not. Local pork was used more often in Mwanza and Arusha ranked lowest in using this product. Expenditure on other local food items was higher in Mwanza and least in Arusha. With regard to other business expenses, legal and consulting expenditures were higher in Arusha than in other two cities (Table 3). Dar es Salaam was a close second. The results of production expenditure analysis suggest that local items were mostly being used in Mwanza and probably their least usage was in Dar es Salaam. Mwanza was not close to an international trading port and moreover national transportation lines were less connected to the city. Therefore this encouraged local purchases, even though from middle-agents trading and selling locally. The other two cities had a long experience of sourcing international products. Therefore, for them importing was a more viable option. Furthermore, road and air transportation lines were better established from and to Arusha and Dar es Salaam facilitating national sourcing. Another interesting result was that businesses in Arusha and Dar es Salaam had a higher demand for business services. This hinted at increasing professionalism of the industry for catering to h business volume.

Table 3.
Selected City differences based on Kruskal Wallis Median Rank Tests

Factors		Arusha	Dar es Salaam	Mwanza	Asymp. Sig.
Legal – Expenditure	> Median	6	0	0	0.09
	<= Median	5	3	0	
Consulting – Expenditure	> Median	6	1	0	0.09
	<= Median	3	4	0	
Quality of Service in Small Hotels and Restaurants	> Median	3	1	5	0.08
	<= Median	6	8	3	
Products and Services Provided in Small Hotels and Restaurants	> Median	4	0	1	0.09
	<= Median	6	9	5	
Safety of Food Supply	> Median	4	2	6	0.09
	<= Median	5	7	2	
Quality of Access to Technology Training	> Median	8	2	2	0.03
	<= Median	2	7	4	
Use of Operations Equipment	> Median	2	2	5	0.03
	<= Median	7	7	1	
Training in Accounting	> Median	1	2	5	0.02
	<= Median	9	7	2	
Training in Finance	> Median	2	2	5	0.07
	<= Median	8	6	2	

Development policies

Mean rank tests show that telephones appear to be more important for businesses in Dar es Salaam and Mwanza than in Arusha (Table 2). All 'quality of infrastructure services' were ranked higher by Mwanza than other two cities. Dar es Salaam ranked them the lowest, except telephone and cell phones where Arusha was the lowest. Interpretation of ranks that relate to days required to obtain various government licenses and approvals is essentially reversed. Days required for getting licenses – business and Ministry of Tourism and Natural Resources - were the higher in Dar es Salaam and Mwanza than in Arusha. K-W M tests also suggest respondents differed in their perception of quality of labor certification service and land ownership certification. For labor certification, Dar es Salaam ranked highest while in land ownership Arusha was ranked first. In both cases, Mwanza ranked third. It is interesting to note that Arusha valued telephone less than the other two cities. Arusha also had a higher percentage of international travelers and, therefore, it is highly likely that a major mode of communication was via email. Respondents from Arusha and Dar es Salaam ranked their infrastructure lower than those from Mwanza. This may be largely because the usage pressure on infrastructure was perceived heavier in these two cities than in Mwanza. It was interesting to note that even though the Minister of Tourism and Natural Resources was located in Dar es Salaam it took them a higher number of days to get a license than in Mwanza and Arusha. Still, respondents in Mwanza needed relatively higher number of days to obtain other licenses.

Industry environment

Mean rank tests showed that respondents from Dar es Salaam and Mwanza felt most positively about the number of hotels in the market being sufficient (Table 2). In contrast, respondents from Arusha ranked third in their agreement that hotels are sufficient in the market. K-W Median rank test show that respondents from Mwanza were most optimistic regarding the quality of service in small hotels, whereas those from Dar es Salaam were least optimistic (Table 3). However, with regard to the quality of small hotel product, respondents from Arusha were most optimistic while those from Dar es Salaam who were least optimistic of small hotel product quality. Respondents from Mwanza and Dar es Salaam appeared most confident about the level of tourist safety in their cities (Table 2). Respondents from Arusha ranked this item lowest amongst the three cities. Availability of small equipment and furnishings were ranked highest in Mwanza than in the other two cities. Arusha ranked second for the availability of furnishings and Dar es Salaam ranked second for the availability of small equipment. K-W Median tests suggested that respondents from Mwanza felt safest regarding the food supply chain while those from Dar es Salaam felt least safe. (Table 3). Overall, with regard to industry factors, it would appear that respondents from Mwanza were most optimistic and those from Arusha least so. This could have been because of the higher demand pressures in Arusha and Dar es Salaam than in Mwanza. For instance, respondents from Arusha did not think that the number of small hotels were sufficient in the market. The other two cities may have already had many small hotels or did not have necessary demand to require additional capacity. In the case of both Dar es Salaam and Mwanza, the type of international travelers that they tend to attract supports the latter possibility. Finally, it was interesting to note that respondents from Arusha felt more optimistic than others about the quality of small hotel product and service. Higher competition and corresponding demand may have encouraged businesses to provide a better product/service offering. With regard to food safety respondents from Mwanza felt safest compared to respondents from the other two cities. It is likely that their perceptions were influenced by the fact that they were mostly buying local products.

Competitiveness environment

Competitiveness questions referred to issues that would assist businesses develop a competitive edge in the marketplace. Mean rank tests show that personal funds invested in businesses or required for initial investments and investments in equipment were higher in Arusha than in other two cities (Table 2). Businesses from Dar es Salaam required least of their personal funds for such expenditures. However, personal funds for working capital were most required in Mwanza. Dar es Salaam was a close second and Arusha third. Friends and family as a source of funding was most important in Dar es Salaam compared to the other two cities. Overall, Mwanza was a close third with regard to the importance of this funding source for investments. Banks appeared to be more important in Arusha and Dar es Salaam than in Mwanza. Overall it appeared that external sources of financing were used more in Arusha and Dar es Salaam. When respondents were asked how easily available were non-personal sources of financing, Mwanza consistently ranked higher than other two cities. Arusha ranked third in all three aspects – working capital, renovations, and investment in equipment. K-W Mean tests show that there was a significant difference between three cities with regard to their use of funds from 'other lending sources' for working capital. Dar es Salaam was ranked higher than both other cities, followed by Arusha, and Mwanza was a close third. Even though Arusha appeared to be mostly using personal funds for investments, banks were still more important there than in the other two cities. Clearly, it seemed that external sources for financing were used more often in Dar es Salaam and Arusha than in Mwanza. However, respondents in Mwanza believed that this source could be available freely if they used it. Other sources of funding also were more freely available in Dar es Salaam and Arusha than in Mwanza. Mean rank tests showed that quality of high use operating equipment was ranked highest in Mwanza than other cities. Where significant, K-W Median tests were supportive of these findings. With regards to technology as a differentiating factor, access to internet was ranked highest in Mwanza. Similarly, assistance in the creation of websites also was ranked highest in Mwanza. Respondents from Arusha ranked these items second and those from Dar es Salaam ranked them third. Importance of accounting training was ranked highest in Mwanza, second in Dar es Salaam, and third in Arusha. This also was supported by the K-W Median tests. Furthermore, the median tests revealed similar perceptions regarding importance of financial management training. K-W Median tests suggested that respondents' perceived access to technology training for employees was most available in Arusha and least so in Dar es Salaam. Respondents from Arusha and Mwanza ranked quality and availability of equipment and services low compared to those from Dar es Salaam. At least in Arusha this may again have been because of higher demand and therefore higher usage pressures. On the other hand it is possible that technology training was of a lesser quality in Mwanza.

DISCUSSIONS

It was clear that there were differences in factors impacting economic impact capability and performance of small businesses between the three cities. These differences were larger in the case of Mwanza compared to those in

other two cities. In context of the *industry's evolution*, Arusha clearly came out to be the traditional hub of hospitality and tourism activity and it was leading the trends in many ways. Dar es Salaam, on the other hand, appeared to be the 'up-coming' center of business activity in these industries. It appeared to be attracting a younger generation of owners and managers who were more aggressive in seeking out funds and possibly even resources internationally. Mwanza, on the other hand, was lagging behind in critical aspects of small business operations. For instance, education of owners and managers appeared to be lower in Mwanza than in other two cities. Because of its lack of access to an international port of entry, while it supported local purchases of inputs, this did not mean sourcing the cheapest and highest quality production resources. Access to financing in Mwanza also appeared to be a constraint for small businesses although this was not absolutely clear. But given observations of the researchers, there is a higher likelihood of this statement to be true. In context of *development policy factors,* such as general infrastructure and provision of government services, it appeared that Arusha and Dar es Salaam were experiencing a demand pressure on such services given the higher level of activity in these two cities compared to Mwanza. As for an overall evaluation of economic impact and performance capability, it certainly appeared that Arusha and Dar es Salaam had a competitive edge over Mwanza. It appears that entrepreneurial activity in Arusha and Dar es Salaam probably would have a higher likelihood of success than in Mwanza. While businesses in all three cities are contributing to local economic linkages, it appears that the pattern of such linkages is dependent upon the industry's evolution in that city. The sourcing of local agricultural inputs is higher in Mwanza however transportation links have been able to strengthen national sourcing of such inputs in the other two cities. Another inference from these results could be that while public services and enhancement of the general business environment could not be ignored in Arusha and Dar es Salaam, special emphasis would be required for Mwanza. Finally, in context of ensuring a sustainable approach to developing hospitality and tourism activity, a strong case could be made to strengthen the industry activity in Mwanza otherwise most of the tourist pressure will continue to be exerted in the northern and eastern regions of the country. This study presented a framework within which policy makers could conduct a comparative assessment amongst three cities to further identify specific gaps in service that support small businesses. Public policy debate could focus on the reasons to ensure a balanced growth of hospitality and tourism activity and how small business could play a crucial role. It could also center on how Arusha and Dar es Salaam found success (and challenges) within an evolving strategy of hospitality and tourism development. A more proactive approach to strengthen small businesses in Mwanza could learn from past mistakes and successes. Industry practices could be enhanced if managers from the three cities could more actively participate in discussions and learning interactions from each other. Each of the cities has something to share with the other two. Given that private sector organizations are beginning to be active in the industry, it could be useful and prudent that these cities learn to interact with each other and share best practices. With regard to research, this paper showed that a comparative assessment could provide important relative measures and assessments of small business activity in hospitality and tourism. Given the dearth of formal assessment of small businesses and the critical gap in data, this paper makes important contributions for future research.

CONCLUSIONS

The purpose of this paper was to conduct a spatial comparative analysis of the three major cities in Tanzania – Dar es Salaam, Arusha, and Mwanza. Some differences were more apparent between the cities than others. The ones that were more obvious indicate a stronger entrepreneurial activity in Arusha and Dar es Salaam. Comparative analysis could be a valuable tool for both policy makers and industry managers. For researchers interested in small businesses and entrepreneurship, it provides a crucial approach for analysis and understanding of this critical activity in our industries. Given a lack of reliable time series data and information on entrepreneurial activity in developing countries, comparative analysis can provide invaluable insights into the development and growth status of such businesses.

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THE INTEREST RATE EXPOSURE OF LODGING FIRMS

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ABSTRACT

The purpose of this study is to investigate the interest rate exposure of lodging firms and whether the use of derivatives reduces this exposure In a sample of 47 lodging firms from the period from 2000-2004, the first stage results show that most publicly traded lodging firms face zero exposure to interest rates. In the second stage, a significant decline in exposure is observed from the use of interest rate derivatives even after controlling for other exposures. Firm size, floating rate debt, interest coverage ratio, and foreign sales ratio are also found to be important determinants of exposure.

Keywords: derivatives, exposure, hedging, notional value, interest rate

INTRODUCTION

Firms in the lodging industry face significant risks from fluctuations in interest rates. Exposure to interest rate risk is costly because it induces volatility in cash flows and earnings, which can lead to financial distress (Smith & Stulz, 1985). If exposure to risk is costly to firms, then lodging firms have incentives to reduce their exposure to interest rate risk. Evidence from lodging firm market risk disclosures suggest that the majority of lodging firms are concerned about volatility of their earnings and cash flows, and borrowing costs to changes in interest rates. For example, LaSalle Hotel Properties, a lodging real estate investment trust (REIT) disclosed that its interest rate risk management objective was to limit the impact of interest rate changes on its earnings and cash flows and to lower its overall borrowing costs. Interstate Hotels and Resorts also disclosed that it mitigates exposure of its earnings and cash flows by identifying and monitoring changes in interest rate exposures that could adversely impact its expected future cash flows, and by evaluating hedging opportunities.

Lodging, casino, and REITs, typically rely on high amounts of debt to finance fixed assets. Given the substantial operating and financial leverage held by lodging firms, these firms are expected to face higher exposure and have more volatile cash flows. For example, a PKF Hospitality Research (2003) examination of over 3,900 hotel financial statements found a significant increase in the number of hotels that failed to cover interest payments from 7% in 1996 to 20% in 2002 compared to 24% in 1992, a time period after the first Gulf war that was characterized by widespread hotel foreclosures and bankruptcies.

Thus far, there is limited research investigating the interest rate exposure of nonfinancial firms. The majority of exposure studies have examined on foreign exchange exposure while a limited number of studies on interest rate exposure have focused mainly on financial institutions. In this study I investigate the level of interest rate exposure of publicly traded lodging firms and determine whether the use of interest rate derivatives reduces the exposure in a sample of REITs, lodging and casino firms for the period from 2000-2004.

My study differs from prior studies in a number of ways. First, I use more recent data and I focus on interest rate exposure in the lodging industry to test the stability in time of previous findings. Most current studies on exposure and derivatives have used pre-2000 data under previous accounting guidelines to perform the empirical analysis (Triki, 2005). Second, unlike prior research, I use the current accounting guidelines and firm disclosures to separate derivatives into those used for hedging and those that are speculative or that fail to qualify for hedge accounting treatment. In this regard, I measure interest rate derivatives that qualify for hedge accounting treatment (excluding foreign currency and speculative derivatives). Third, I control for interest rate exposure from debt and foreign currency exposure to isolate the effect of derivatives on exposure. Most prior studies that examine foreign currency exposure (interest exposure) fail to control for interest exposure (foreign currency exposure) in the analysis. Finally, I analyze explicit market risk disclosures to determine how firms are managing their interest rate risk. My paper contributes to the literature on interest rate exposure and hedging by providing a comprehensive investigation of exposure of publicly traded non-financial firms in the lodging industry. Researchers, industry practitioners, and financial statement users will find this information relevant and informative in understanding the exposures faced by lodging firms and the factors that drive lodging firm choice of risk exposures.

LITERATURE REVIEW

The empirical research on risk management has generally proceeded in two broad directions. One aspect of risk management focuses on characteristics that determine a firm's decision to hedge and level of its hedging, and whether this behavior is consistent with theory. The other aspect of risk management examines the incentives to hedge, the effects of derivatives on exposures, and the choice of debt structure. Empirical research on exposure has generally been focused more on foreign exchange risk while studies on interest exposure have been limited to financial institutions such as banks.

Exchange Rate Exposure

With the increasing internationalization of many firms, surveys have shown that managers are concerned with exchange rate risk exposure (Bodnar et al., 1998). A number of empirical studies have examined the question of whether firms are exposed to foreign exchange risk. Studies by Jorion (1990) have examined the relation between stock returns and exchange rates but fail to find a significant relation. Bartov and Bodnar (1994) reexamined the relation but again fail to find an association between the abnormal stock returns and exchange rates. More recently, studies have focused on the effects of derivatives in reducing foreign currency exposure. Allayanis and Ofek (2001) examine foreign exchange exposure of nonfinancial firms and find that the use of foreign currency derivatives significantly reduces exchange rate exposure.

Interest Rate Exposure

Most such studies on interest rate exposure have focused on the exposure of financial institutions (Schrand, 1997; Anwer et al., 1997). Anwer et al. (1997) provide evidence on the interest rate risk management activities of commercial banks. Their findings show derivative users to have lower exposure than non-users and that the majority of banks use derivatives to reduce exposure. Interest rate exposure has also been examined in a non-financial international setting. In a sample of 490 German firms, Bartram (2002) documents significant firm exposure to interest rates. He finds evidence of a significant negative relation between exposure and measures of firm liquidity but finds no evidence of an empirically significant relation between financial leverage and interest rate exposure.

Hedging, Exposure and Debt Structure

Within the broad context of hedging, there are many studies that investigate the incentives to hedge and the impact of derivatives on interest exposure. Guay (1998) examined the change in risk level for large firms that began using derivatives. Measuring risk in several different ways, his results were consistent with firms using derivatives to lower risk exposure. On the other hand, Hentschel and Kothari (2001) examined the risk characteristics of a panel of 425 financial and nonfinancial firms and find no significant exposure or risk reduction due to derivative use. A number of empirical studies have also investigated the relation between interest rate derivatives and choice of debt structure. The findings of these studies are generally consistent with the theoretical arguments for hedging. Fenn et al (1996) find strong evidence that firms use derivatives (swaps) to hedge interest rate risk arising from their short-term variable debt obligations but no evidence that they hedge interest rate exposure arising from operating income. In a more recent study, Covitz and Sharpe (2005) report that smaller and lower rated firms face greater exposure from their liabilities than larger firms. These firms are consequently more likely to use derivatives to offset this exposure while larger firms mitigate their interest exposure through long-term debt financing.

Hospitality and Capital Structure

Related literature in the hospitality industry has focused mainly on the capital structure of lodging firms and comparing them with firms in other industries (Sheel, 1994). Lodging firms face exposure to interest rate risk when they use debt financing for their capital expenditures. In one study, Andrew (1993) find an estimated 50% to 65% of the capital structure of lodging firms is comprised of debt, implying that lodging firms are heavy debt users. In another study, Upneja and Dalbor (2001) find a significantly positive relation between growth opportunities and long-term debt for lodging firms, indicating that lodging firms are more likely to use long-term debt to finance their growth.

METHODOLOGY

The purpose of this study is to investigate the interest rate exposure of lodging firms and whether the use of financial derivatives reduces this exposure for a sample of lodging firms, casino firms, and REITs, for the period from 2000 to 2004. This section provides a description of the methodology used in measuring the interest rate exposure.

Measurement of Interest Rate Exposure

Based on prior research, I measure interest rate exposure using monthly stock returns. Assuming an efficient capital market, exposure can be estimated empirically using stock returns as an aggregate measure that captures all relevant information. Changes in interest rates can alter the risk of the cash flow and this information should be reflected in the firm's equity return. The standard empirical research design has been to regress firm equity returns on the percentage change in a stock market index and an interest rate or exchange rate (Jorion, 1990; Guay, 1998; Hentschel & Kothari, 2001). Since most firms face exposure from the interest rate sensitivity of their assets and debt including any off-balance sheet transactions, I measure exposure using the augmented Capital Asset Pricing Model (CAPM). In the first stage, I use the following time-series regression of monthly stock returns on the Center for Security Prices (CRSP) equal-weighted market index and the percentage change in the 6-month London Interbank Offer Rate (Libor) over the 2000-2004 period:

$$R_{it} = b_0 + b_1 R_{mt} + b_2 R_{Lt} + e_{it} \tag{1}$$

where R_{it} is the monthly stock return for firm i in month t, b_0 is a constant, R_{mt} is the return on the CRSP equal-weighted index for month t, R_{Lt} is the percentage change in the 6-month Libor rate in month t, and e_{it} is the error term.

Including market returns in the model explicitly controls for market movements and reduces any correlation between the error terms. The 6-month LIBOR is used in the model because it is the benchmark used for most floating rate debt. The estimated beta coefficients (b_2) for each firm measures the percentage change in the rate of return on a firm's common stock against a percentage change in the interest rate. The sign and magnitude of the coefficient measures the direction and degree of the firm's interest rate sensitivity respectively. Once the interest rate exposure is estimated, I test the basic relationship between exposure and derivatives and other control variables using a pooled cross-sectional regression in which I regress the absolute value of the exposure coefficients are regressed on the determinants of exposure:

$$| b_{2i} | = \gamma_0 + \gamma'_1 \text{Derivatives}_i + \gamma \text{ 'Controls}_i + \mu_i \tag{2}$$

where $| b2i |$ is the absolute value of ith firm's interest exposure coefficient estimated in equation (1), γ_0 is a constant, Derivatives is a measure of hedging and Controls is a vector of explanatory variables which I describe shortly, u_i is the error term.[12]

Measure of Derivatives

Prior research has measured derivatives using a dummy variable and as a continuous variable (Guay, 1998; Hentschel & Kothari, 2001). Following prior research, I use the level of hedging as an explanatory variable and define it as the aggregate notional value of all reported non-trading interest rate derivatives that qualify for hedge accounting treatment outstanding at the end of the fiscal year, and scaled by the book value of assets. Unlike prior research, I exclude derivatives that are speculative or those that fail to qualify for hedge accounting treatment, including any foreign currency derivatives. In addition, I also use a dummy variable that is equal to one if the firm is a derivative user and zero otherwise.

Control Variables

Firms also face exposure from the interest rate sensitivity of their debt, a fact disclosed by many sample lodging firms in their policy statements. An increase in interest rate will increase the interest expense on a firm's floating debt which can affect earnings and the ability to service debt payments. I measure exposure from debt by the ratio of floating rate debt to total long-term debt prior to the effect of derivatives to alter this exposure. The desire to manage interest rate risk, if any, through debt financing or through the use of derivatives also depends in a large part on the firm's incentives to hedge the exposure. I include control variables that affect hedging and exposure. The book-to-market ratio (book value of equity/market value of equity) is used to proxy for underinvestment costs based on the assumption that firms with higher growth opportunities (lower book-to-market ratios) have greater incentives to hedge the exposure so they have sufficient internal cash to make value enhancing investments (Guay, 1998; Froot et al., 1993). Financial distress cost is measured using an interest coverage ratio

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[12] Absolutes are used because the interest rate exposure will be either negative or positive. Using absolute values permit an aggregation and comparison across time periods (Guay, 1998)

based on the assumption that firms with higher coverage ratios face lower exposure because of their ability to service debt payments and absorb unexpected shocks. Because economies of scale are an increasing function of firm size, the log of the sales is used to proxy for firm size. Larger firms may be better able to manage risk exposures than smaller firms so larger firms are expected face higher exposures. The quick ratio (cash + marketable securities + accounts receivables) is included as a proxy variable for hedging substitutes because firms with higher amounts of internal funds (higher liquidity) can withstand unexpected shocks and reduce potential financial distress costs, and therefore be less likely to hedge the exposure. Finally to control for foreign exchange exposure, I include the ratio of foreign sales to total sales. Previous research has documented the importance of this variable in the decision to hedge and level of hedging (Allayannis & Ofek, 2001).

Sample Selection and Sources of Data

The sample for this study was chosen from a list of 84 publicly traded lodging firms in the Standard & Poors' *Compustat* database based on their 4-digit Standard Industrial Classification (SIC) code of 7011 (lodging), 6798 (REITs), and 7990 (gaming). My definition of lodging firms includes lodging REITs and casino firms because lodging comprises a significant component of the business of these firms. This initial list of lodging firms were then cross-checked with the Securities and Exchange Commission's (SEC) *Edgar* database to ensure that each firm had on file a complete set of annual financial reports (10-K) filed with the SEC for the period from 2000 to 2004. I choose the five year period from 2000-2004 because new reporting requirements for derivatives were implemented in 2000/2001. Firms with less than five years of annual reports were dropped from the sample, primarily because derivatives data is gathered from these reports. I dropped non-publicly traded firms, firms that were in Chapter 11 bankruptcy and firms that were acquired. Based on these criteria, from an initial set of 84 firms, 37 firms were dropped from the sample leaving a final sample of 47 firms with 235 firm-year observations over the 5-year sample period.

Annual and quarterly financial statement data was obtained from Standard & Poor's *Compustat* database while stock return data is obtained from the CRSP database for the sample period from 2000-2004. Interest rate information was obtained from the U.S. Federal Reserve Board (FRB) H.15 Statistical Release. Comprehensive data on debt and market risk disclosures was hand-gathered by reading the debt and market risk disclosures in the 2000-2004 annual 10K filings of each firm in the SEC's *Edgar* database.

RESULTS

Descriptive Statistics and Univariate Analysis

The descriptive statistics in Table 1 show the average lodging firm held $2.49 billion in assets and generated $1.17 billion in net sales over the sample period. Although a number of lodging firms have expanded internationally, the ratio of foreign sales is still small, representing an average of only 5% of net sales. Among derivative users, total notional value of hedging derivative contracts amounted to an average of $220 million, representing 8% of total assets and 23% of total long-term debt. The data also show that lodging firms are heavy users of long-term debt, which represented an average of $1.18 billion or 50% of total assets. Relative to total long-term debt, the debt structure of lodging firms is comprised largely of fixed rate debt. Floating rate debt comprised of an average of $367 million or 37% for all firms. However, a further breakdown of this figure by users and non-users shows a substantial difference. Floating rate debt (relative to total long-term debt) represented a mean (median) of 41% (36%) of total long-term debt for derivative users prior to the impact of interest rate swaps to alter this exposure. On the other hand, floating rate debt accounted for a mean (median) of 18% (10%) of the debt structure of non-user firms. After incorporating the use of swaps, the mean (median) proportion of floating rate debt for derivative users declined to 36% (31%).

Market risk disclosures of lodging firms reveal that 46 out of 48 firms had policy statements that indicated exposure from interest rate risk, especially from floating rate debt. Of the 38 derivative users, 33 firms managed interest rate exposure with interest rate swaps that qualified for hedge accounting treatment with the remaining firms using swaps or interest rate caps that were speculative. I also find that 16 firms indicated a preference for long-term fixed rate financing and 18 firms used a mix of short-term floating rate and long-term fixed rate debt to manage interest rate exposure. In some cases, firms such as Hilton Hotels disclosed a desired target optimal ratio of 65% fixed/35% floating debt while Host Marriott provided a target range of 70% to 85% fixed rate debt. These preliminary results indicate three key lodging dbet strategies. First, the debt structure of lodging firms is comprised of largely fixed rate debt, more so for non-derivative users. Second, firms use mainly interest rate swaps and to a lesser extent interest rate caps to manage exposure. Third, many lodging firms use a mix of short-term floating debt and long-term fixed debt other than derivatives to manage exposure. A firm could also obtain short-term floating

rate debt and if it desires to hedge against rising interest rates, it could enter into a floating-to-fixed rate swap to alter the exposure from a floating rate to a fixed rate.

Table 1:
Summary Statistics of Lodging Firms

Variable	Mean	Median	Std Dev.	Min	Max
Total Assets ($million)	2,438	1,155	3,162	37	12,668
Net Sales ($million)	1,166	514	1,781	9.74	10,152
Log of Net Sales	6.13	6.24	1.47	2.28	9.23
Book-to-Market Ratio	0.95	0.74	0.80	-0.35	3.67
Interest Coverage ratio	1.73	1.60	2.03	-6.26	10.87
Quick Ratio	0.80	0.65	0.59	0	3.75
Foreign Sales Ratio (%)	0.05	0	0.17	0	0.99
NV of Hedging Derivatives ($million)	220	50	444	0	2,296
NV Hedging/Total Assets (%)	0.08	0.04	0.11	0	0.60
NV of Interest Derivatives	208	50	427	0	2,926
NVIR Derivatives/Total Assets (%)	0.08	0.03	0.11	0	0.60
Total Long-Term Debt ($million)	1,184	465	1,602	19	5,870
Long-Term Debt/Total Assets	0.50	0.49	0.19	0.10	1.25
Floating Rate Debt ($million)	367	125	640	0	3,331
Floating Rate Debt/Total Debt (%)	0.37	0.31	0.32	0	1
Raw Exposure Coefficient	0.16	0.19	0.19	-0.31	0.48
Absolute Exposure Coefficient	0.21	0.22	0.13	0	0.48

Table 1 also presents both the raw and absolute exposure coefficients from the first stage Augmented Capital Asset Pricing Model (ACAPM). Out of 47 firms, 38 firms had positive coefficients and 9 firms had negative coefficients. Of the 38 firms with positive signs, only 13 firm coefficients were significant at the 10% level. In contrast, none of the other nine exposure coefficients were significant at conventional levels. The results show that the majority (34 firms) of lodging firms have zero exposure since none of the coefficients were significant at the 10% level. These findings imply that if firms are hedging their interest rate exposure, then firms with significant positive coefficients should prefer floating rate debt while firms with zero exposure would prefer fixed rate debt. Again the preliminary findings support the largely fixed debt structure.

Tests of mean differences between derivative users and non-users on the relevant firm characteristics are presented in Table 2. Firm size, as measured by the log of sales, the proportion of floating rate debt, and the foreign sales ratio, are significantly higher than non-derivative users. Derivative users are larger firms that face greater exposure from floating debt and face exchange rate exposure from their foreign operations. On the other hand, non-users are smaller firms that are largely financed with fixed rate debt and more likely to focus on generating revenues from their domestic operations.

Table 2:
Tests of Mean Differences between Derivative Users and Non-Users

Variable	Prediction	Users	Non-Users	T-Stat
Exposure	U<NU	0.20	0.23	1.00
Float	U>NU	0.41	0.18	-5.43***
LSales	U>NU	6.40	5.00	-6.69***
BM Ratio	U<NU	0.95	1.26	1.91**
ICR	U<NU	1.70	1.84	0.40
Foreign	U>NU	0.06	0.01	-3.77***
Quick	U<NU	0.79	0.83	0.32

Exposure is the absolute value of the coefficient from the Augmented Capital Asset Pricing Model described in Equation 1. Float is the ratio of floating rate debt/total long-term debt. LSales is measured as the log of Sales. BM Ratio is the book-to-market ratio measured as the book value of equity/market value of equity. The book-to-market ratio is winsorized for two extreme observations. ICR represents the interest coverage ratio measured as income before depreciation/interest expense. Foreign is the ratio of foreign sales/total sales. Quick is the sum of cash, short-term investments and accounts receivables/current liabilities

Multivariate Analysis

The main results of my empirical analysis are presented in Table 3. The book-to-market ratio is winsorized to reduce the influence of extreme observations (less than 1%). I report test statistics based on robust standard error to mitigate any heteroskedasticity in the data. Multicollinearity is not a concern in my analysis since none of the variables exceed a variance inflation factor (VIF) value of 2 (mean VIF = 1.25). I present three alternative specifications of my model (Models 1-3), and for comparative purposes, one model using the raw unadjusted exposure coefficient (Model 4).[13]

Table 3:
Multivariate Regression of Interest Rate Derivatives on Exposure

Independent Variable	Sign	Model 1 Coef. (t-stat)	Model 2 Coef. (t-stat)	Model 3 Coef. (t-stat)	Model 4 Coef. (t-stat)	Model 5 Coef. (t-stat)
Intercept	+/-	.154 (4.55)***	.173 (5.14)***	.095 (0.83)	.166 (4.17)***	.066 (1.24)
NVIR	-	-.139 (-1.82)**	-.047 (2.12)**	-.226 (-1.67)**	-.140 (-1.79)**	-.004 (-0.03)
Float	-	-.071 (-2.86)***	-.069 (-2.87)***	-.060 (-0.90)	-.049 (-1.80)**	-.114 (-2.98)***
BM Ratio	-	-.015 (-2.06)**	-.020 (-2.81)***	-.005 (-0.19)	-.017 (-2.28)**	-.010 (-0.86)
ICR	-	-.016 (-3.69)***	-.016 (-3.97)***	-.015 (-1.95)**	-.019 (-4.04)***	-.012 (-2.16)**
LSales	+	.018 (3.69)***	.020 (4.33)***	.024 (1.60)*	.018 (3.45)***	.022 (3.23)***
Foreign	+	.076 (2.43)***	.075 (2.39)***	.053 (0.68)	.083 (3.13)***	.151 (3.22)***
Quick	+	.021 (1.46)*	.024 (1.63)*	.022 (0.80)	-.001 (-0.03)	.029 (1.66)**
F Ratio		11.03***	12.58***	3.09**	10.46***	8.84***
R2		.1889	.1956	.1723	.2019	.1260
Observations		235	235	47	190	235

Model 3 is for 2004 with continuous hedge variable. Model 4 is for users only with continuous hedge variable. Model 5 is the same as model 1 but the dependent variables uses the raw exposure coefficient. Exposure is the dependent variable and measured as absolute value of the coefficient from the Augmented Capital Asset Pricing Model as described in Equation 1. Float is the ratio of floating rate debt/total long-term debt. LSales is measured as the log of Sales. NVIR is the total notional value of interest rate derivatives used for hedging purposes (excluding foreign currency derivatives and speculative derivatives). BM Ratio is the book-to-market ratio measured as the book value of equity/market value of equity. The book-to-market ratio is winsorized for two extreme observations. ICR represents the interest coverage ratio measured as income before depreciation/interest expense. Foreign is the ratio of foreign sales/total sales. Quick is the sum of cash, short-term investments and accounts receivables/current liabilities. In Model 2, NVIR is a dummy variable that is equal to one if the firm is a derivative user and zero otherwise. Model 3 is a cross-sectional regression for 2004 only. Model 4 is a cross-sectional regression for derivative users only. Model 5 is shown for comparative purposes and uses the raw exposure coefficient from Equation 1 as the dependent variable.

The results show a significant negative relation between the use of interest rate derivatives and interest rate exposure at the 5% level in Models 1-4. Lodging firms use derivatives to reduce exposure and not to speculate or increase exposure as part of their overall risk management program, consistent with prior research. This is an important finding even after controlling for other risk exposures given that few studies that have investigated the effect of interest rate hedging on exposure and provided evidence of a significant risk reduction (Guay, 1998; Allayannis & Ofek, 2001). Exposure from liabilities as measured by floating rate debt is significantly negative in almost all models except Model 3 which is limited by a smaller sample size. In response to concerns about interest rates over the sample period, derivative users reduced their floating rate debt exposure by altering the exposure from a floating rate to a fixed rate through the use of interest rate swaps or interest rate caps. The descriptive statistics on floating debt and the correlation between derivatives and floating debt from the descriptive analysis provide support for this finding. Consistent with prior research, firms with high growth opportunities (low book-to-market ratios) face higher exposure because of the potential for underinvestment costs. The interest coverage ratio is significantly negative suggesting that firms with lower coverage ratios face greater exposure from a higher potential for financial distress costs if they are unable to service their debt. Firm size and the foreign sales ratio are also significant and positively related to exposure implying that large firms and firms with foreign income face greater exposure from

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[13] For an explanation of the differences between the models, please refer to the table 4 footnotes

interest rate changes and foreign exchange exposure. These findings are also consistent with prior research that has documented the importance of firm size and the foreign sales ratio as important determinants of hedging. Finally, the quick ratio, as a substitute for hedging, provides weak evidence that firms with higher liquidity face greater exposure. These firms rely more on internal financing and are better able to withstand unexpected shocks and consequently, have a lower incentive to hedge.

To test the robustness of my results, I rerun Models 1-4 in Table 5 using alternative variables. First I measure derivatives in alternative ways, as the total notional value of all derivatives (including speculative derivatives and foreign currency derivatives), notional value of hedging only derivatives (including only foreign currency derivatives), and the net notional value of hedging derivatives. In all these cases, my results are similar except when I use the total notional value. The coefficient for derivatives is insignificant in Model 1 and Model 4 at the 10% level. It appears that including speculative derivatives in the measure may contribute to noise in the measure since these derivatives increase the volatility of earnings. Second, I perform the analysis over a shorter sample period from 2003-2004. The results are similar for all models but stronger for Model 3 where derivatives, interest coverage, firm size and foreign sales ratio are all significant at the 5% level when the number of observations is increased. Third, I recomputed the exposure coefficient using the CRSP value-weighted market index and rerun my regressions. Again the results are similar but weaker. More specifically, the coefficient on derivatives is significant at the 10% level for Model 2 but insignificant in Model 1 and 3. However, Bodnar and Wong (2003) show that the CRSP value-weighted index may be biased and therefore they recommend the CRSP equal-weighted index to correct for potential bias. Finally prior research has identified a number of incentives to hedge such as managerial risk aversion, information asymmetry, tax incentive, and operational hedging. I measure these incentives using proxy variables including the number of CEO stock option and percentage of CEO share ownership, number of analysts monitoring the firm (information asymmetry), tax loss carry-forwards (tax incentive) and diversification (operational hedging). However, these variables do not add any explanatory power to the regression and are found to be generally insignificant in all regressions. I also attribute this insignificance to sample size limitations.

CONCLUSIONS

The purpose of this study was to examine the level of interest rate exposure among lodging firms and whether this exposure is reduced by the use of derivatives among a sample of lodging firms from 2000-2004. Lodging firm disclosures indicate that almost all firms are concerned with interest rate exposures. The empirical results show that 34 firms face zero exposure and 13 firms faced significant positive exposure. These findings imply that the majority of lodging firms prefer a debt structure that is comprised largely of fixed rate debt. Three key strategies emerge about how firms manage risk exposures. First, many firms disclose that they finance with long-term fixed rates when possible, especially among firms that do not use derivatives. Second, lodging firms use a mix of short-term floating debt and long-term fixed debt to maintain an optimal or desired mix of fixed debt to floating debt. In some cases, the mix may be achieved with the use of derivatives while in other cases through debt refinancing. Third, lodging firms may use interest rate swaps to alter the exposure of existing debt from a floating (fixed) rate to a fixed (floating) rate. Alternatively, firms may use interest rate caps to hedge against rising interest rates. These strategies show that lodging firms do not exclusively use derivatives to mitigate exposure but have other tools to mitigate risk exposure.

The key finding of this study is a reduction in risk exposure from the use of derivatives even after controlling for interest and foreign currency exposure. The results are robust to alternative specifications of the model including the use of several alternative variables. The results confirm prior findings in the lodging industry that derivatives are used to hedge and not for speculation. More importantly, this study makes a significant contribution to the limited empirical studies that investigate the effect of interest rate derivatives on interest rate exposure among nonfinancial firms. Additionally, the findings show the book-to-market ratio (underinvestment costs), interest coverage ratio (financial distress), firm size, proportion of floating debt, and the foreign sales ratio, to be significant determinants of exposure.

Given the rapid growth in the use of derivatives and a reduction in the transaction costs of these instruments, the implications for lodging managers are significant. Lodging managers must implement cost effective risk management strategies in order to mitigate exposure from changes in interest rates. Although derivatives are just one of many tools that firms may have at their disposal, lodging managers should consider using them in combination or in conjunction with other long-term risk management tools such as operational hedging.

Derivatives such as interest rate swaps or interest rate caps are more efficient in reducing short-term risk exposure of lodging firms. The key benefit comes from a reduction in the volatility in cash flows and earnings so firms have sufficient cash flows available to make value enhancing investments (Froot et al., 1993).

A major drawback of this study is the sample size which is a limited by the number of publicly traded lodging firms. Including restaurant firms provide one possibility to increase the sample size. Further extensions of this paper will include an investigation of the relation between the choice of debt structure and derivative position to determine why lodging firms use interest rate swaps and how these instruments and other determinants influence the choice of debt structure. In this regard, the research will also determine whether firms hedge exposure from their assets or liabilities.

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WOMEN'S PARTICIPATION IN ENVIRONMENTAL DECISION-MAKING PROCESS TOWARDS A SUSTAINABLE TOURISM

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ABSTRACT

Environmental Education is particularly important as it can educate and increase environmental awareness of local populations, but also of the tourists/visitors in the areas of tourist interest. Citizen participation in the environmental decision-making process constitutes a fundamental goal of Environmental Education. Women and men are involved differently in the construction and consumption of tourism. Women also report stronger environmental attitudes and behaviors than men. Environmental Education can constitute a dynamic means of stimulating environmental behavior and encourages women to participate in the decision-making process in order to sustain the development of tourism.

Key Words: environmental education, tourism, citizen participation, women

TOURISM AND ENVIRONMENTAL PROTECTION

According to Skanavis et al. (2004), there exist two types of relationships between tourism and the environment, a symbiotic one and a competitive one. In the symbiotic relation the environment and the tourism coexist harmoniously and to an extent they complement each other. Human activities do not degrade the natural environment; on the contrary they strengthen it resulting in mutual benefit. In the competitive relation of tourism and environment, the conflict of these two is presented as economic and anthropogenic activity trying to predominate over the environment and to lead to the degradation of it through the thoughtless growth of activities. Some of the most widespread cases of negative environmental impacts due to the tourist activity are: the sea quality from the marine transport, the quality of aquatic environment from the disposal of sewages, unrefined or defectively processed, the quality of land from the uncontrolled disposal of waste, the geomorphology due to extensive building and creation of infrastructure networks, the flora, fauna and generally in the natural ecosystems from the various land uses, the loss of natural ecosystems, the exhaustive fishery, the removal of fauna, due to noise pollution or deforestation, the exhaustion of available quantity of aquatic potential due to the abrupt and increased consumption combined with the reduction of permeability of grounds (UNEP, 1995).

UNEP in a report on tourism and the environment underlines the need for programs of guidance and education regarding ecotourism, the type of tourism that is most representative in a "friendlier" relation with the environment (built and natural) and all the alternative forms of tourism (agro-tourism, tourism of adventure, tourism in the nature etc.) (Ceballos - Lascurain, 1996). It stresses the necessity for information and education of both the visitors and the residents working in the ecotourism sites and local enterprises, and in general for everyone who is related with this sensitive issue. It also stresses the need for organized action in order to avoid negative effects in the local culture and environment (UNEP, 1995). Environmental education is particularly important as it can educate and increase environmental awareness of local populations, as these are mainly occupied with ecotourism (Ross and Wall, 1999) but also educate the tourists-visitors in the ecotouristic areas as well. Also, there is a need for individuals that provide environmental education in the protected areas and in the regions of particular natural beauty that also constitute tourist destinations. Their role is closely related to the environmental and natural education (Skanavis et al., 2004). In the protected areas of Europe, education is considered as the most important subject following conservation. Their aim is to stimulate the conscience of visitors for nature and to increase their comprehension for values of the natural environment (Bibelriether, 1999). Planners and administrators of national parks and other protected areas face increasing challenges in managing the popularity of these natural areas as tourism destinations while ensuring their ecological integrity. Public and private involvement in tourism and

environmental decision making facilitates environmental and tourism planning which is often a contested political activity involving multiple, interdependent stakeholders with diverse and possibly divergent interests and values with respect to the natural environment (Jamal et al., 2002).

The theory of sustainable tourism emphasizes the critical importance of environmental stewardship (Brander et al, 1995). Environmental Education should play a more active role in order to encourage visitors and local population to alter their inappropriate behavior and to assist the management of environmentally sound tourism development. According to Hungerford et al (1980) the "superordinate goal" of Environmental Education is to aid participants in becoming environmentally knowledgeable and, above all, skilled and dedicated citizens who are willing to work, individually and collectively, towards achieving and/or maintaining a dynamic equilibrium between quality of life and quality of the environment.

Agenda 21 (1992) has most explicitly articulated the need for women to be involved in setting the environmental sustainability agenda,: (a) women have particular environmental concerns and perspectives based on their social and biological roles, and (b) as a group of people, women are disadvantaged and excluded from decision-making compared with men as a group (Buckingham-Hatfield, 1999). The World Summit on Sustainable Development (Johannesburg, 2002), formally recognize women as one of nine major civil groups whose participation is required for effective implementation of the sustainable development agenda (Parris, 2005). This study will examine the special role that women possess in the development of sustainable tourism. In this framework, the relationship between gender and tourism, the role of Environmental Education towards citizen participation and women-environmentalism relationship will be examined.

GENDER AND TOURISM

Tourism, as leisured travel (Kinnaird, et al., 1994) and the industry that supports it, is built of human relations, and thus impacts and is impacted by global and local gender relations (Swain, 1995). In tourism social science research, distinctions among kinds of people and their behaviors in demand and supply roles as leisured consumers (guests) and working producers (hosts) have become basic units of analysis (Smith 1976). Relationships within and between groups of hosts and guests can be analyzed by focusing on a number of characteristics including gender, class, age, ethnicity and race, and nationality (Swain, 1995). These distinctions intersect and affect each other, and form the complex populations studied by tourism researchers (Ireland 1993). For social scientists engaged in tourism research, gender is thus a fundamental category useful in human resource studies, economic development projects, marketing strategies, site and infrastructure planning, and policy development (Swain, 1995). In one of the first published collections on the topic of gender in tourism, Vivian Kinnaird and Derek Hall (1994) take on the task of defining the subject from a tourism development perspective. According to the Kinnaird et al (1994), women and men are involved differently in the construction and consumption of tourism.

Environmental issues in tourism development are a distinct area of research ripe for gender analysis (Swain, 1995). Links between gender, changing environmental perceptions and practices by the providers of tourism services in rural Spain are addressed in a pioneering paper by Garcia-Ramon, Canoves and Valdovinos. Farm tourism development in the rural postproduction economy of Spain is analyzed by Garcia-Ramon et al (1995), for its impact on gender roles and environmental perceptions. Despite regional distinctions in the natural and cultural landscape, and economic conditions in the two study areas of Catalonia and Galicia, this type of domestic tourism development is shown to have similar effects specifically on women providers. The commoditization of domestic work to provide services for tourists has constituted a valuable alternative for women (Shaw and Williams, 1994). Some income and support for continuation of the family farm is possible without major changes to the gender division of labor. Tourism work, seems to contribute to ideological shifts as the women become more integrated with the "outside world" and more concerned about conservation of their landscapes, which have become important to their livelihood (Swain, 1995).

Rural tourism is a field of activation for women in Greece. The development of women's agrotourism cooperatives in Greece could be described as an ongoing story of success and struggle. The running of private or cooperative nature accommodation in rural areas and the establishment and development of the women's cooperatives for the better exploitation of local products, traditions and cultural heritage comprise the main axes of women's involvement in the field of rural tourism activities in Greece (Kazakopoulos and Gidarakou, 2003). Agrotourism is conceived as means of bringing opportunity to areas of natural beauty, traditional culture, and historical interest, by using these resources to stimulate the revitalization of rural economies in decline, while at the

same time preserving cultural heritage and the natural environment (Turner 1993). The concept of agrotourism, as used in Greece, embraces tourism activities carried out in non-urban regions by individuals mainly employed in the primary or secondary sector of the economy. Such activities typically involve small tourism units of family or cooperative type, which offer accommodations, goods, and/or other services and provide a supplementary income for rural families and/or an independent income for women living in rural areas (Iakovidou 1992). Through cooperatives, women have been able to contribute to the income of their families and to bring themselves a measure of economic independence. This has contributed to the recognition of the significant role played by women in the economic and social fabric of rural life. It has also been catalytic in raising their confidence and improving their social position in the local community. The contact of women with people from a diversity of cultures has offered them the chance to move beyond the limitations of their own "small" community, while preserving cultural and natural heritage (Iakovidou and Turner, 1995). The rise of women's role in tourism industry as well as the greater recognition of men and women interdependence, conflicts, and value differences in tourism development is essential, but not enough in order to promote participation in environmental decision making process.

ENVIRONMENTAL EDUCATION AND CITIZEN PARTICIPATION

Environmental Education (EE) was developed in the decades of '60s-'70s, during the evolution of the environmental movement and it was considered as one of the most effective measures for environmental problems. EE questioned the dominant anthropocentric system of values, focused on education of all citizens and it was aiming in fundamental changes in environmental attitudes, behaviors and values of citizens of all age groups. The 1977 Tbilisi Intergovernmental Conference on EE objectives (awareness, sensitivity, attitude, skills, and participation) serves as major guidance for working on building an environmentally effective human behavior. The basic principles of EE mandate that EE (Skanavis and Sakellari, 2005): (a) should be a life long process and accessible to people of all age groups and cultural backgrounds. It should be extended well beyond school systems covered by means of non-formal and informal educational procedures, (b) has to be interdisciplinary, employing concepts from natural, social, political sciences and economics, (c) should be as holistic as possible, emphasizing the interdependence of humans and nature, (d) should empower students with the necessary tools to critically analyse environmental issues and exercise the right to choose the best-case scenario, (e) should invest in the technological based instruction, which allows through simulations from computer based programs, the analysis of environmental conditions, prediction of side effects and understanding of the importance of our active participation in the environmental decision making process.

EE programs focus on developing programs, which will enable citizens to behave in environmentally desirable ways. All these educational attempts focus into promoting responsible citizenship behavior-arming citizens with the appropriate skills for critical thinking and with the ability to actively participate in the environmental decision-making processes. EE has mainly been established in the formal education; however, its importance has been recognized in the forms of non-formal and informal education.

Environmental concern and the resulting environmentally responsible behavior are affected by a complex interaction of attitudes, beliefs and socio-demographic variables. In an effort to detect, which characteristics make citizens participate in the protection and restoration of the environment, several researchers have attempted to develop models and techniques for assessing responsible environmental behavior (Hines et al., 1986, Hungerford and Volk, 1990) and have shown how a behavioral manipulation of many variables can result in people's participation in desirable environmental behaviors. Michaella Zint (2002) assessed three[14] social psychology's attitude-behavior theories' ability to predict science education teachers' intention to act on environmental issues (Zint, 2002). Theory of Planned Behaviour, formulated by Icec Ajzen in 1991, focusing on past environmental behavior, provided the best attitude-behaviour model for predicting science teachers' intention to act. According to the Theory of Planned Behaviour, the human behaviour originates from the intention of the individual to behave in a certain way. As long as his intention to be associated with a certain behaviour is strong, so much more likely is to act this way (Ajzen, 1991). Modifying individuals' intention to act brings behaviour change (Zint, 2002). According to Sia (1984), Sivek (1989) and Marcinkowski (1989) there are five predictors of Responsible Environmental Behaviour: individual and group locus of control, knowledge of and skills in using action strategies and environmental sensitivity. Their findings were supported by Lierman (1996), Hsu (1997) and were included in

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[14] Theory of Reasoned Action (Fishbein and Ajzen 1975, Ajzen and Fishbein 1980, Fishbein 1980), Theory of Planned Behavior (Ajzen, 1985, 1991) and Theory of Trying (Bagozzi and Warshaw, 1990)

''Guidelines for Excellence" of National American Association of Environmental Education (NAAEE), (Marcinkowski, 1998).

EE suggests that people can live in harmony with nature and act in a fair way with each other and that they can make decisions based on interest and care for the future generations. EE aims in a democratic society, where active, environmentally literate citizens participate in a responsible way (NAAEE, 1996). EE prompts citizens to realize the connection between the various policies, their way of life and that of future generations, and the importance of active participation in the political process constituting them catalysts for political change. As active participants, they can recognize, support, educate and raise local issues at national policy planning (Scriabine, 1996).

Going back to the international conferences on EE, environmental participation is presented intensely: In 1975, the declaration of the conference on EE, organized in Belgrade, proclaimed that one of the EE objectives is: *Participation*: *EE helps individuals and social groups to develop a sense of responsibility towards the environment and understand the need for action for the resolution of environmental problems* (UNESCO-UNEP, 1976).
In 1977, the Tbilisi Declaration noted that citizen participation continues to be the main objective of EE providing *social groups and citizens with the possibility to participate actively at all levels towards the resolution of environmental problems* (UNESCO, 1978).
In 1987, in Moscow it *was agreed that EE should simultaneously attempt to increase the awareness, transmit information, disseminate knowledge, develop customs and skills, promote values, and provide criteria and directives for decision-making and resolution of environmental problems* (UNESCO-UNEP, 1987).
In 1992, at Rio Conference it was formulated that "*the environmental issues are better resolved with the participation of all interested citizens, in a relative level" and* the critical role of formal and non formal education was highlighted for *the effective public participation in the environmental decision-making* (UNCED, 1992).
In the World Summit of United Nations for the Sustainable Development, that was organized in Johannesburg in 2002 it was characteristically reported that *sustainable development requires a long-term prospect and wide participation in policy planning, in the decision-making and in their application at all levels* (UN, 2002). Therefore, citizen participation constitutes a fundamental goal of EE.

Citizen participation is usually defined as the involvement of people, outside the official governmental mechanism, in the decision-making process process (Fiorino, 1996, Fulop, 1999, Siouti, 1998, Brohman, 1996, Osler, 1997) with any possible intervention in the processes of decision-making by the Administration, from juridical affairs up to letters of protest, mobilisations of organised groups or the direct action of citizens (Fiorino, 1996). The complexity of environmental problems has elected the process and the methods of citizen participation as important tools for the solution of environmental problems (Beierle, 1999, Monroe et al, 2000). However, although science and available technologies for the solution of environmental problems have presented important progress, citizen participation in the decisions that concern environmental issues is limited (Fiorino, 1996).

According to Beierle (1998, 1999) the outcome of citizen participation is reported in the final main decisions that have been taken and evaluated based on how citizen's participation has achieved the social goals, which surpass the immediate interests of the groups that are involved in the process of decision-making (Beirle, 1998, 1999, Beirle and Cayford, 1999, 2001, 2002, Davies, 1998). Social goals (Beirle, 1998, 1999) as education and information of public, incorporation of values of citizens in the process of decision-making, improvement of essential quality of decisions, strengthening confidence in the institutions, alleviation of conflicts and cost-effectiveness, can lead to the improvement of public programs of participation, support the evaluation of innovative methods, and promote the theoretical comprehension of citizen participation. One of the ways that EE can promote sustainable tourism is to understand the gender differences that exist in environmentalism (Dietz, Kalof and Stern, 2002) and in citizen participant's motivations, preferred participation process characteristics and process evaluation criteria (Anthony et al. 2004).

WOMEN AND ENVIRONMENTALISM

Past studies have consistently demonstrated a higher level of environmental concern among women (Blocker and Eckberg, 1989, Brody, 1984, McStay and Dunlap, 1983, Mohai, 1992, Ozanne et al., 1999, Stern et al., 1993, Stout-Weigand and Trent, 1983), particularly in terms of specific issues where safety is a concern and where issues are local, rather than global, in nature (Davidson and Freudenburg, 1996).
Numerous studies have examined the relationship between demographic variables and environmentally responsible behavior. Two recognized reviews of gender difference in environmental attitudes and behaviors

conducted by Hines et al., (1986-87) and Van Liere and Dunlap, (1980) concluded that research on the relationship between these variables is meager and inconsistent. Zelezny et al., (2000) presented a review of literature on gender difference and environmentalism. This review of recent research, from 1988 to 1998, on gender differences in environmental attitudes and behaviors found that, contrary to past inconsistencies, a clearer picture has emerged: women report stronger environmental attitudes and behaviors than men. Explanations for gender differences in environmentalism were examined by Zelezny et al., (2000). It was found that compared to males, females had higher levels of socialization to be other oriented and socially responsible. In general, females were consistently more likely than males to be empathetic toward a conceptualized other and reported a significantly stronger ethic of care to take responsibility for ameliorating environmental problems (Zelezny and Bailey, 2006). Gilligan (1982) found that women frame problems and design solutions in a different way. Zelezny and Bailey (2006) contend that women, given their strong ethic of care and ecocentric values, may enlighten environmental problem solving that has been traditionally masculine in nature. In addition, because females are socialized to be more caring toward others and the environment, and more interdependent and collectivistic, they are more likely to be adept at teamwork (Zelezny and Bailey, 2006).

Gender differences in ''political engagement''— knowledge, interest, and perceived efficacy in politics — in conjunction with gender differences in access to resources may explain gender differences in political citizen participation (Schlozman et al., 1995, Verba et al., 1997). When women do participate, their participation may be motivated differently than men's. Women may be more aware of their own impacts on the environment and consequently feel motivated by responsibility to help address issues resulting from this impact (Zelezny et al., 2000). Women's concern for the environment may be a reflection of their intent to ''protect'' the public (Shapiro and Mahajan, 1986). The suggested motivations of ''care'' and ''protection'' are ideas echoed in many studies of gender and natural resource issues (Blocker and Eckberg, 1989, Brody, 1984, Kellert and Berry, 1987, Stern et al., 1993). Anthony et al., (2004) compared the motivations and preferences of men and women toward citizen participation in wildlife-related decisions and explored gender differences in motivations for participation, preferred process characteristics, and criteria used to evaluate process success. According to their findings, men's participation was more often motivated by a request from a wildlife-related entity, while women placed more importance on processes having unbiased facilitation and the opportunity for open exchange of ideas and information with the agency (Anthony et al., 2004).

CONCLUSION

Problems of environmental decision-making in tourism development are intrinsically complex and often involve multiple attributes, the relative importance of which needs to be determined. In order to approach issue resolution in an informed and responsible manner, the learner must be able to identify the ecological consequences related to the issues and their proposed solutions (Volk, 1993). There is also rich diversity in tourism experience, and one dimension to acknowledge is gender in behaviors, perspectives, knowledge, and tastes, useful in tourism planning from marketing strategies to environmental impacts. Gender is a primary factor in human interactions, and is thus an important aspect of future tourism social science (Swain, 1995). Gender equity and women's needs must be integrated in the environmental and tourism planning decision making process. Environmental education can constitute a dynamic means of stimulating environmental behavior. This study contributes to an understanding of women place in sustainable tourism issues. Future research is important to look more closely at gender differences as they interact with other demographic factors as age and education level in order to develop successful EE programs for women and promote their participation in decision making process for sustainable tourism planning.

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CAREER PATHS IN HOSPITALITY EDUCATION: DEPARTMENT HEADS AND DEANS

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ABSTRACT
The number of hospitality and tourism programs continues to increase. This growth commands effective leadership in academia to keep up with an industry that is constantly changing. Commonalities identified among academic leaders in hospitality education may assist future leaders on the development of competencies, credentials and experiences that may positively impact employment and marketability as an academic leader for a hospitality and tourism program. This study provides a demographic profile of current leaders, an overview of common traits and experiences and their view on the importance of industry experience in educations.

Key Words: hospitality education; career paths; department heads

INTRODUCTION
The growth in hospitality and tourism college programs reflects the expansion of an ever-changing industry (Rappole, 2000, Riegel, 1999). As of 1999, there were approximately 170 hospitality programs in existence, including universities, community colleges and programs offering specializations or certificates in the field (Riegel, 1999). Currently, there are 121 hospitality and tourism programs offering *four-year* degrees (CHRIE, 2005). This number of programs is projected to increase at a steady rate (Rappole, 2000). Effective leadership is critical for these programs to be successful and provide the necessary education for productive hospitality and tourism graduates.

LITERATURE REVIEW
The head of a department is a crucial member of any academic program, including hospitality and tourism education. Often times this administrative position is filled by a former faculty member who must be prepared for the difficult transition into a directorial role (Achterberg, 2004). The head of a department performs many administrative duties that directly contribute to the success or failure of a program. These duties include crucial decisions such as promotions, tenure, merit salary increases, and course load determination (Maerten, 1991). Other duties, often considered of equal or greater importance, are those including interaction within the department with faculty, staff, and students on a daily basis. Academic unit leaders, often called department heads and deans, are also expected to represent the university to the industry and maintain productive fundraising campaigns to support their respective programs. These duties all depend a great deal on the leader's ability to lead and bring about positive change within the department (Maerten, 1991). Academic leaders must find solutions to a wide range of difficult situations that may arise on any given day. Bragg suggests that deans should "possess democratic leadership, creative management, and finely tuned human relation skills" (Bragg, 2002: 75).

Academic leaders also face many challenges that often lie with implementing change in the department. Heads of departments are under "constant and serious pressures to entertain management perspectives different from traditional structures in an effort to better serve the students for which they are ultimately held responsible" (Boeckmann & Dickinson, 2001). Hearn and Anderson (Academic Unit, 2004) identified other factors that can create conflict and challenges within academic departments, such as instructional loads and program specializations. These leaders must constantly have a future vision in mind while still dealing with the present (DiFronzo, 2002). The hospitality and tourism industry is a rapidly changing industry. It is paramount that the head of department for a hospitality and tourism program effectively face the challenges and remain current on the latest education and industry trends to improve the course curriculum and program as a whole.

METHODOLOGY
Population & participants
The population for this study was the leaders of hospitality and tourism programs that offered a four-year, baccalaureate degree. The population is represented by administrators of various titles that oversee their respective hospitality and tourism program. Some titles included dean, department head, chair, and program director/coordinator. The total population consisted of a 205 leaders/administrators of hospitality and tourism programs at four-year, baccalaureate programs in the United States. Data were collected from professionals in charge of the program at each of the universities which included various titles such as dean, department head, chair, and program director/coordinator. Some programs included more that one leader such as a dean and a program director; however, the majority of programs had one leader. The study received a 51.2% response rate with a sample size of 105 academic leaders. Some surveys were not fully completed and certain questions including specific salary and demographic questions were not answered.

Instrument & data collection
Based on the literature review, a web survey was designed. The research instrument for the study was distributed via the internet to the leaders' publicly located professional email account. The data are both quantitative and qualitative in nature and was collected via a questionnaire survey design. The questionnaire was designed to gain an accurate understanding of the backgrounds of current department heads for hospitality and tourism programs. Validity was ensured through a pre-testing process. The survey was piloted and adjusted based upon the feedback received. The data were collected via a modified dillman (2000) method in order to increase the response rate.

Research Questions
This study sought to explore the following set of research questions regarding the career paths for heads of departments for hospitality and tourism programs:

1. What is the demographic profile of department heads for hospitality and tourism programs?

2. What experiences, competencies and credentials are most common among department heads for hospitality and tourism programs?

3. To what degree do department heads believe industry experience and/or education is important to achieving success in hospitality and tourism education?

RESULTS
Demographics
Over 100 academic leaders responded to this study that was distributed via email during the Spring of 2006. The majority of the respondents were male (62.9%) with only 28.1% being female. The racial and ethnic backgrounds of the respondents were primarily Caucasian or White American (75.3%) followed by African or Black American (3.4%) and Bi-racial or Multi-racial (3.4%). A small percentage (15.7%) declined to identify their racial and ethnic background. Almost two-thirds (62.9%) of the respondents are married and 10.1% are divorced or separated. Over one-fifth (21.3%) of the respondents did not identify their current marital status. Over two-thirds (67.4%) of the academic leaders have children and, of those with children, two is the most popular number of children (60%). The age range of the leaders was from 30 years old to 74 years old with the average age as 56.27 years old. The highest degrees obtained by the respondents included a Ph.D. (68.7%), a Master's degree (15.2%), and an Ed.D. (12.1%). Over one-third (36%) of the respondents are making under $100,000 salary, whereas, 32.6% are making between $100,000 - $150,000; and 14.6% are making between $150,000 - $200,000. There was a small number (16.9%) that declined to answer the salary question.

Program Description
Basic questions inquired about the characteristics of each program. 38.9% of the programs were organized within another department; where as, 23.3% of the programs fell under their own department. Being classified as its own school described a smaller portion of the programs (17.8%). Surprisingly, over one-third (38.2%) of the programs had no special program accreditation. Many programs, however, held the Accrediting Commission for Programs in Hospitality Administration (ACPHA) accreditation at 27%. Another notable is that 13.5% held the American Assembly of Collegiate Schools of Business (AACSB) accreditation. The institutional accreditations were

a tie (28.1%) between North Central Association on Colleges and Schools (NCA) and Southern Association of Colleges and Schools/Commission on Colleges (SACS-CC). Public and non-profit characterized 75.3% of the institutions and 20.2% of them were private and non-profit.

Just under half (48.3%) of the programs were housed on campuses with between 15,000 and 30,000 students. The individual programs were surprisingly smaller than expected. Under half (44.9%) of the Bachelor's Degree were between 1 and 199 students total. Other programs, however, housed over 700 students in the four-year program (15.7%). In regards to the number of Master's Degree students, 42.7% of the programs had between 1 and 19 students. 12.4% of the programs actually had over 50 students in the Master's program. Finally, 47.2% of the programs do not offer a Doctoral degree. Of the 52.8% that do offer a Doctoral Degree, 38.2% of them have between 0 and 9 students. Of the small percentage that offered an Associate's Degree (27%), 22.5% of them had between 1 and 99 students. Finally, the number of faculty that reported to the academic leaders were between 1 and 9 (64%) and between 10 and 19 (16.9%).

Success as a Hospitality Administrator

Respondents were asked a series of questions regarding factors that may or may not contribute to the success of being a hospitality administrator. The scale was from one to five, with one being 'Extremely Important.' Over half of the respondents believe that having a *doctoral degree* is "Very Important" (54.1%, mean = 1.84); where as 60.8% (mean = 1.47) believe that *industry experience* is "Very Important" to the success as a hospitality administrator. In regards to *general* teaching and research experience necessary to be a successful hospitality administrator, the respondents believed teaching experience is "Very Important" (44.3%, mean = 1.66) as opposed to research experience being "Very Important" (32%, mean = 2.00). More specifically, respondents felt 'hospitality teaching experience' was "Very Important" (50%, mean = 2.03) as opposed to 'hospitality research experience' (37.8%, mean = 2.57).

Respondents believe that as a head of a program, it is "Important" to serve on Industry Association Boards (50%; mean = 2.03) and Academic Association Boards (55.6%; mean = 2.31). Interestingly, however, respondents believe it is "Extremely Important" to serve on the industry associations (28.9%, mean = 2.03) as opposed to the academic associations (15.6%, mean = 2.31). Finally, 70% of the respondents had applied for their academic position as opposed to being recruited from the industry (30%). Also, 20% of the respondents were alumni of the university of which they are currently employed.

Experiences, Competencies, & Credentials

Over two-thirds (68%) of the respondents had worked in the hospitality industry prior to entering academia. Eleven to 15 years (24.6%) was the most common amount of time spent in the industry before entering academia followed by 6-10 years (23.2%), 16-20 years (20.3%), and 1-5 years (18.8%). The sectors of the industry that the respondents worked were almost evenly split among Hotel/Lodging (28.4%) and Restaurant/Commercial Food (26.9%). Other respondents (22.4%) noted they had worked in many different sectors of the industry. The respondents gained much managerial experience while in industry. Many respondents spent between 6 and 10 years (32.8%) in a managerial role; whereas, other spent 1 to 5 years (26.9%). Over half (58%) of the respondents also spent 1 to 5 years in another industry working prior to entering academia. These other industries included healthcare/insurance (3.8%), retail (2.8%), banking, chemicals, cooperative extension agency, military, education, farming, and entertainment (each 1.9%). Three-quarters (75.8%) of the respondents have never served in the military. Twenty three point two percent (23.2%) of the respondents did serve in the military; the Army (56.5%) was the most common, followed by the Navy (21.7%).

Nearly 30% of the respondents spent between 6 and 10 years teaching before stepping into the administrator role and 19.8% spent 11 to 15 years before assuming the administrative position. Eighty percent of the respondents continue to teach in their current position. Of the 80% that still teach, 40.8% teach two classes per academic year. Whether respondents continue to actively research is evenly split at 49.5%, however, 78.7% stated they continue to publish in the hospitality and tourism field. The respondents averaged one to five publications (44.7%) followed by six to ten publications (25.5%) in the last five years. The types of publications included journal articles, books, book chapters, edited books, and industry/trade publications.

The respondents' job titles varied to some degree with 21.7% of them holding the title of Dean. This was followed by Program Director/Coordinator (17.9%), and Chair (14.2%). Other notable titles were Department Head,

Associate Dean, Executive Director, and Interim Dean/Chair. Prior to the job currently held, the respondents most commonly held the academic rank of Full Professor (38.3%) before assuming the administrator role. This was closely followed by the rank of Associate Professor (37.2%). Table 1 illustrates how the respondents identified how their time is spent in an administrative role. The respondents were asked to identify what percentage of their time was spent on each activity. Table 2 lists what traits are important to be a successful leader in a hospitality and tourism program. Respondents were asked how important they felt each trait was in being a good academic leader. The scale was from one to five with one being 'Extremely Important.' Table 3 illustrates the factors that the respondents felt were most important in having confidence in an academic leader. The respondents were asked to select one from the five options presented (including the 'decline to answer' option).

Table 1
How Hospitality & Tourism Administrators Spend Their Time

Activity	n	Mean Percentage
Managing faculty & staff	92	22.84
Teaching	92	21.64
Responding to administrative requests	92	14.86
Outreach activities (interacting with community & industry)	92	12.30
Fundraising	92	11.29
Service	92	7.85
Research	92	6.39
Consulting	91	1.99
Other	91	1.15

Table 2
Traits of a Good Academic Leader

Scale	n	Extremely Important % (1)	Very Important % (2)	Moderately Important % (3)	Slightly Important % (4)	Not at all Important % (5)	Decline to Answer % (6)	Mean
Competency								
Honesty & Integrity	90	92.2	6.7	-	1.1	-	-	1.10
Ability to communicate	90	92.2	6.7	-	1.1	-	-	1.10
Creating a vision	90	71.1	24.4	2.2	2.2	-	-	1.36
Ability to cooperate with others	90	70.0	26.7	3.3	-	-	-	1.33
Open-mindedness	90	64.4	28.9	4.4	2.2	-	-	1.44
Ability to take charge	90	54.4	30.0	14.4	1.1	-	-	1.62
Optimism	90	45.6	43.3	10.0	1.1	-	-	1.67
Ability to build consensus	90	38.9	43.3	14.4	2.2	1.1	-	1.83
Decisiveness	90	36.7	51.1	11.1	1.1	-	-	1.77
Intelligence in the discipline	90	35.6	46.7	15.6	1.1	-	1.1	1.87
Empathy towards others	90	32.2	44.4	20.0	3.3	-	-	1.94
Ability to conduct fundraising	90	24.4	37.8	26.7	5.6	4.4	1.1	2.31

Table 3
Factors Relevant in Having Confidence in Academic Leaders

Factors	n	%
Leaders' honesty, integrity, and ethics in their professional life	90	53.3
Leaders' ability to inspire followers' loyalty and enthusiasm	90	22.2
Leaders' knowledge, skills, and abilities	90	14.4
Leaders' honesty, integrity, and ethics in their personal life	90	5.6
Decline to answer	90	4.4

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CONCLUSIONS TO THE RESEARCH QUESTIONS
Question #1:
What is the demographic profile of department heads for hospitality and tourism programs?

The average demographic profile for leaders of four-year, baccalaureate hospitality and tourism programs in the United States is a married, Caucasian or White American male that is 56 years old with two children. He will have obtained his Doctorate of Philosophy degree and is making less than $100,000 salary. This leader will have spent time working in the industry before entering academia and held previous managerial roles. He also believes that honesty, integrity and ethics are traits most important in an academic leader for others to have confidence in him. The average program is between one and two-hundred students on campuses that house anywhere from 15,000 to 30,000 students. The department head, on average, has one to nine faculty members reporting to him.

Question #2:
What experiences, competencies and credentials are most common among
department heads for hospitality and tourism programs?

Department heads for hospitality and tourism programs appear to have similar experiences, competencies and credentials. First, most department heads have some type of industry experience. The majority of experience has been in the hospitality and tourism field, but some have different industry experience including retail, banking, and healthcare. Many served in managerial roles during their time in industry. This practical work experience helps to develop managerial and leadership skills as well as gain a better understanding of the industry and how it operates. This industry experience is critical to developing the leaders' skills and traits that are needed to manage an effective hospitality and tourism program.

Second, department heads spent much time teaching before assuming an administrative role as a department head. Most department heads spent at least 6 to 10 years teaching before their first administrative position. Eighty percent of the department heads continue to teach while in their current position. It is assumed that during these teaching years, individuals can familiarize themselves with the workings of an educational institution and also learn what the program offers its students through the curriculum and activities. It is also during this time that individuals can illustrate their contributions to the field and to the students they teach on their way to earning a higher academic rank. Most department heads held a Full Professor or Associate Professor rank before assuming a leadership role in education. As mentioned before, department heads gained valuable managerial experience while working in the industry. This is important because it was identified that department heads spend an average of 23% of their time managing faculty and staff.

These leaders believe that two major experiences are needed to be able to successfully lead a hospitality and tourism management program. Industry experience and teaching experience are important paths to take when rising to the top of their academic field.. In addition to those experiences these leaders believe that traditional leadership skills are also very important. Many competencies were identified as extremely important by the respondents including honesty and integrity and the ability to communicate. These skills, and many others, are character traits that are found in successful leaders throughout many fields not just in hospitality and tourism academia programs.

Surprisingly, many respondents did not hold many industry certifications. Of those that did hold certifications, they included Certified Hospitality Educator, Foodservice Management Professional, Certified Hotel Administrator, and Registered Dietician. The respondents also believed that serving on both industry and academic association boards were important. This type of service helps to build networks and resources from outside a specific department.

Question #3:
To what degree do department heads believe industry experience and/or education
is important to achieving success in hospitality and tourism education?

Department heads believe industry experience is more important than obtaining a doctoral degree to achieving success in hospitality and tourism education. This is not a surprising finding as the hospitality and tourism industry is primarily an experience-based field as opposed to theoretical. Having experience in the industry can greatly help department heads to better understand the curriculum necessary to best prepare students for a career in the ever-growing industry of hospitality and tourism. This preparation should prepare the students for a job, but also provide them with extensive knowledge and skills to contribute positive change in the industry. On the education

side, the respondents believe that teaching experience is more important than research experience. This may illustrate that the respondents believe in the importance of providing a good education to the students before contributing research to the field and fulfilling requirements for their own personal career paths.

CONCLUSION

Many studies within hospitality and tourism education have primarily investigated faculty members and set administration aside (Woods, 1994; Wikof, 1997; Wachtel & Pavesic, 1983; Rutherford, 1982). The importance of understanding the nature of qualified hospitality and tourism education administrators, such as department heads, deans, and chairs has been shortsighted.

Those faculty and others who seek such a leadership position can learn from those who currently serve as directors, deans and department heads. First, gaining industry experience can prove invaluable for many reasons. Not only does one learn about the industry operations, but he/she can gain tremendous experience in managing people and developing problem solving skills when dealing with customers and employees alike. Second, gaining teaching experience is extremely important along the way to becoming an administrator. It is a way to learn what instructors have to do on a daily basis. Teaching also gives one the ability to think like a faculty member and therefore better appreciate a faculty member's perspective when making important administrative decisions. Having been an instructor will be beneficial when guiding a new faculty member and when managing tenured faculty.

Teaching is also critical in developing communication, collaboration, and listening skills as well as deal with people who continuously ask questions. Most important, teaching helps one to learn the meaning of scholarship including engagement, discovery, integration as well as the essence of teaching and learning. Third, the respondents believed that serving on both industry and academic associations were important. This type of service helps to build networks and resources from outside the specific hospitality and tourism department. It helps a department head to develop an advisory board for their respective program and how they operate. Fourth, professional development activities are important to illustrate dedication to the department's success and learning new skills to better perform the job. These activities may include course development workshops, conflict-resolution workshops, and/or performance evaluation workshops. Fifth, learning all one can about how the organization (academic institution) works will help make the organization work for him/her when they assume an important leadership position.

Reilly (1986) stated "the development, improvement, and success of an organization, [sic] is highly dependent upon, among other factors, effective leadership." Hospitality and tourism education needs to meet the demands of a dynamic industry and changes in academia. These demands are not only met by faculty in the classroom, but also by administrators developing industry relationships, relevant curriculum and an overall effective program. To be successful, the head of a department must foster an environment of learning and engagement to meet the needs of today's hospitality and tourism industry and for tomorrow's hospitality graduates.

LIMITATION & FUTURE RESEARCH

This study was an initial attempt to collect empirical data in order to fill a knowledge gap regarding leadership within hospitality and tourism education. Future research can be completed in many different areas. First, testing a wider population of academic leaders in the United States would assist in validating this initial research. For example, including a larger population such as leaders of community colleges programs and specific training schools (e.g. culinary schools) would lead to an expanded body of knowledge. Also, segmenting the institutions into graduate/research institutions and undergraduate/teaching institutions may yield interesting findings. Second, further segmentation of the data can be completed to identify more detailed information about institutions of specific size, public versus private, and so forth. Third, with the growth of the hospitality and tourism industry internationally, future research could also compare the different types of academic leaders throughout the world. Fourth, employing different methodical methods, such as personal interviews, may give a more in-depth look at the career paths of academic leaders in hospitality and tourism education.

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SOCIAL IDENTITY THEORY: A ROLE IN HOTEL INDUSTRY RESEARCH

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ABSTRACT

This paper addresses the concept of linkage research and proposes social identity theory as an important consideration in managing employee-customer interactions. Following the creation of a conceptual model, this study uses an employee questionnaire, incorporating service climate and employee social identification measures. Service climate factors most closely linked to customer-centric practices were the significant predictors of customer satisfaction, as was employee identification at the superordinate level. The framework proposed and the findings of this study provide management with useful information about how social identity theory can be used to enhance organizational practices in a hotel setting.

Keywords: social identity theory, employee-customer linkages

INTRODUCTION AND BACKGROUND

The *human factor* in service delivery remains one of the great challenges for service managers. It is therefore useful for managers to identify elements of a work environment, as perceived by employees, which are linked to critically important organizational outcomes in order to then be more strategic in specific aspects of people management. A body of research known as *linkage research* examines these links (e.g., Johnson, 1996; Schneider, White, & Paul, 1998; Wiley & Brooks, 2000). Linkage research examines the relationship between how employees describe their work environments against critically important performance success factors. Early linkage research studies were performed in connection with service climate research and confirmed direct correlates between employees and customers (Schneider & Bowen, 1985; Schneider, Parkington, & Buxton, 1980). It was concluded that management could apply a more *indirect approach* to managing employee-customer interactions by focusing on aspects of the atmosphere or climate that provide the circumstances to encourage service-minded behavior.

One consideration which has received little or no attention in relation to important links between employee perceptions and customer outcomes is the notion of groups – and how affiliation and attachment to social and work related groups affects the way employees think, feel and behave (Haslam, 2004). The ways in which workers identify within the context of their work groups have been shown to play a role in their subsequent attitudes and behaviors (Ashforth & Mael, 1989; Haslam, 2004). This paper hypothesizes an important role for employee group identification in the study and management of service enterprises and particularly in the understanding and more effective management of employee-customer interactions. The purpose of this paper is to introduce a conceptual framework that incorporates employee identification as a useful and important measure for predicting and managing customer service outcomes in a hotel setting.

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK
Boundary spanning (front-line) workers and service climate

Service organizations are characterized by frequent encounters between employees and customers. Interactions with service employees are the experiences that customers remember best, and employees who are uncomfortable in dealing with customers, or who lack the training and expertise to meet customer expectations, can cause customers to retain unpleasant memories of a service experience. Service employees are thus the primary resource through which service businesses can gain a competitive advantage (Lovelock & Wirtz, 2004; Schneider & Bowen, 1993).

The study of organizational climate is one that focuses on the way the internal life of the organization functions, with an emphasis on the perceptions of the individuals in the workforce (Schneider, 1973). Climate research is used to study organizations in terms of what employees report they experience in relation to an array of dimensions (Schneider, Bowen, Ehrhart, & Holcombe, 2000). Climate has been described as an organizational approach that views the organization through the perspective of the employees, such that the perspective makes certain assumptions about how employees process the world around them and how they attach varying levels of meaning to the organizational processes (Schneider & White, 2004).

Schneider (e.g., Schneider, 2004; Schneider, Parkington, & Buxton, 1980; Schneider, White, & Paul, 1998), concluded that generic climate measures are too broad and inclusive to be easily understood or interpreted and he proposed that climate questionnaires should not attempt to measure generic organizational climate, but rather should aim to measure a specific kind of climate (Schneider & Reichers, 1983). Schneider and White (2004) argue that a climate for service measure should focus specifically on leadership behaviors directly related to service perceptions by employees.

Service climate might best be described as an employee's view about management practices across a range of disciplines—such as human resources, leadership and marketing. It represents the degree to which all of the functionings of an organization focus on service quality and customer satisfaction. Schneider and White (2004) summarize it this way—

So, when employees perceive that they are rewarded for delivering quality service *and* when employees perceive that management devotes time, energy, and resources to service quality *and* when employees receive the training they require to effectively deal with diverse customers, *then* a positive service climate is more likely to be the theme or meaning attached to these experiences. (p. 100)

Linkage research

Service climate is a vital research area because of the links between employee perceptions of the internal functioning of an organization, and external criterion measures of various outcomes—such as customer perceptions of service quality, customer satisfaction and financial measures. Linkage research has been defined in this way—

Linkage research involves integrating and correlating data collected from employees with data in other key organizational databases. . . the purpose of linkage research is to identify those elements of the work environment – as described by employees – that correlate, or link, to critically important organizational outcomes such as customer satisfaction and business performance (Wiley, 1996, p. 330).

Heskett et al. (1997) labeled the connection between employee and customer experiences the "satisfaction mirror", and related the outcomes of a series of studies that demonstrate the relationships in companies such as Xerox, MCI and Southwest Airlines. The earliest linkage studies were primarily focused on service climate, with the outcome variables such as customer perceptions embedded into the studies (e.g., Schneider, Parkington, & Buxton, 1980).

Alternative views cast some doubt on the simplicity offered by the linkages between internal organizational policies, practices and procedures and customer outcomes. The general acceptability of the service-profit chain and linkage research models have been questioned (e.g., Peccei and Rosenthal, 1997; Dean, 2004). In particular, the antecedents, and specific dimensions of the earliest links in the models that link employee perceptions to customer outcomes. From the perspective of a firms' attempts to create or enhance employee commitment to customer service, Peccei and Rosenthal (1997, p. 68) allude to the simplistic approach taken in this literature, arguing that a "somewhat patchy treatment" has been given in the relevant literatures in relation to the nature, antecedents and consequences of internal organizational factors that create a customer service focus.

Employee identification

Many service organizations consist of working groups, in the form of work teams, departments and shift groups (Baker & Huyton, 2001; Lashley & Lee-Ross, 2003; Riley, 1996). These departments all have interrelated activities. Failing to understand, consider and proactively manage the linkages between departmental functions can often leave "broken chains and tribal warfare" (Gummesson, 1991, p. 65). This negative internal perception by employees can spill across the satisfaction mirror and negatively impact customer perceptions.

Research by social and organizational psychologists suggests that, in order to understand perceptions and interactions in an organizational context, it is important to study how people define themselves in terms of group memberships (Haslam, 2004). Social psychologists are particularly interested in the way the psychological process of individuals are affected by organizational life. Mutual support among and between employees has been suggested

as one essential precursor to the effective provision of a service-quality environment (Berry, 1995; Gummesson, 1991; Schneider & White, 2004). Thus, a bridge is suggested between the study of individuals and organizations.

According to social identity theory (SIT), an individual's concept of self is built on personal identity (one's unique characteristics as an individual) and social identity (derived from memberships in salient social groups and categories). Social identity is defined as the individual's knowledge that they belong to certain social groups together with some emotional and value significance to them of the group membership (Tajfel, 1974). Consequently, an individual's identity is based in part on the groups to which they belong, and identification with these groups forms part of an individual's self-concept. An individual's membership of, and identification with, such social groups is crucial to understanding that person's attitudes and behavior and subsequent work performance (Haslam, 2004; Hogg & Terry, 2000).

Organizations are often hierarchically structured, and work teams and departments with which employees identify are often embedded into a higher order superordinate category—the company or the organization (Jetten, O'Brien, & Trindall, 2002). Previous research has found that employees with strong superordinate identification have a lower likelihood of intention to leave, show better performance and are often more cooperative (Allen, 1996; Ellemers, de Gilder, & van den Heuvel, 1998). Jetten et al. (2002) found evidence that high initial organizational identification protected long-term organizational commitment, and that high subgroup identification created more negative feelings, particularly about change. They also found that higher superordinate identification reduced negative feelings about change.

Many researchers have argued for the value of applying social identity perspectives to organizational studies (e.g., Ashforth & Mael, 1989; Ellemers, Haslam, Platow, & Knippenberg, 2003). The use of this approach has been studied in relation to favorable organizational outcomes such as reduced turnover, lower levels of burnout, increased motivation, job satisfaction and an increased willingness to make decisions that are favorable to the organization (Ashforth & Mael, 1989; Haslam, 2004). However, little attention has been paid to tying social identification to customer and organizational outcomes.

Service climate has been shown to be conceptually and empirically linked to customer satisfaction (Johnson, 1996; Schneider & Bowen, 1985), and employee identification has been linked to employee attitudes and behaviors (Haslam, van Knippenberg, Platow, & Ellemers, 2003; Mael & Ashforth, 1995). Therefore, the following hypotheses are proposed.

> H1: The aggregate measure of service climate will positively predict employee perceptions of customer satisfaction.
> H2: Employee identification will positively predict employee perceptions of customer satisfaction.

METHOD AND MEASURES

To remain consistent with previous research, the measures were selected from previous studies in the relevant disciplines (marketing, management and organizational psychology). Surveys were distributed to approximately 460 employees in four different hotels in Australia. Each of the hotels were either four- or five-star and each belonged to either a regional or international chain. In total, 323 unique responses were received from the employees of different departments in each of the hotels across departments in similar proportion to the population of each hotel. Of these, 314 surveys were usable, representing a response rate of 68.2%. Response rates varied from 52.6% to 83.1%, well within what would be considered a reasonable and representative sample (Tabachnick & Fidell, 2001).

Service climate

In this study, the SERV*OR instrument developed by Lytle et al. (1998) was utilized to measure service climate. SERV*OR was chosen for a number of reasons. First, it is one of the most recent service climate scales comprehensively developed and validated through a fully detailed research program that included focus group interviews, multiple rounds of pretesting, multisampling assessment and multi-industry replication. Another benefit of SERV*OR is that the items purport to measure 10 dimensions, thus the analysis can be facilitated by assessing various aspects of a service climate rather than a global service climate scale. Finally, Lytle et al. (1998) challenged researchers to examine the scale in different international settings.

The service climate measure (SERV*OR) was subjected to an exploratory factor analysis because of the relatively small sample size coupled with the large number of factors and dimensions found in the original application of the SERV*OR instrument, which suggested a low likelihood of factor replication (Tabachnick & Fidell, 2001). The 34 items of the SERV*OR instrument were subjected to a factor analysis using SPSS FACTOR, Principal Axis Factoring. The initial solution yielded a scree plot suggesting between 3 and 5 factors, accounting for between 59.5% and 64.9% of the variance, respectively. A substantive theoretical reading of the factor structures suggested that the 5-factor solution was the most meaningful of the set, indicating that while differing from the original factor set, the differences made conceptual sense. Accordingly, 5 factors were submitted for rotation because the results of factor extraction, if unaccompanied by rotation, are often hard to interpret.

In order to determine which rotation method would yield the most interpretable results, both orthogonal (i.e., varimax) and oblique (i.e., oblimin) methods were applied. Inspection of loadings suggested that the oblique solution yielded the most interpretable and simple structure of the two methods. Table 1 shows the 5 factors along with a sampling of factor loadings, values of Cronbach's alpha for the resulting unit-weighted composites derived from the factors, and the total factor variances. Although the result did not directly replicate the original scale structure found by Lytle et al. (1998), the structure was similar to the original and the 5-factor structure made conceptual sense.

Table 1
Service Climate Factor Analysis (as revised from SERV*OR)

Attribute	Item	Loading	Cronbach's alpha	Factor variance
Service Systems	Customer information is shared with employees	.621	.911	.490
	Internal standards are communicated & understood by all	.591		
	Follow-up calls are regularly provided to customers	.572		
	We use problem solving groups to rectify service problems	.551		
	We have explicit complaint-handling systems	.514		
Customer-centricity	Employees go out of their way for customers	.820	.918	.556
	Employees go out of their way to prevent problems	.804		
	We head off problems rather than react to them	.756		
	Employees provide "first rate" care for customers	.684		
	Employees are noticeably more friendly here	.596		
	Employees actively listen to customers	.573		
	Decisions are made close to the customer	.534		
Service Leadership	Management constantly gives of themselves	.915	.940	.595
	Management provides service quality leadership	.798		
	Management constantly measures service quality	.770		
	Management provides necessary resources for service	.756		
Service Technology	We use technology to support front-line staff	.908	.934	.626
	We use state-of-the-art technology	.889		
	We use technology to help improve services	.872		
Service Training	We use training simulation to improve service quality	.850	.930	.648
	We use exercises to improve attitudes toward customers	.826		
	Employees received personal skills training	.809		

Employee identification

Employee identification was measured using an established, reliable and valid four-item scale developed by Doosje, Ellemers, and Spears (1995). Two of the questions relate to perceived membership of the group of interest and the other two items reflect strength of identification with the group. Two sets of questions were included, each containing four identical questions with a slight word change to reflect the different sources of identification of interest to the study (e.g., "I am pleased to be an employee of this hotel" and "I am pleased to be a member of my department). Although the Doosje et al. (1995) measure was utilized to measure employee identification at two levels (hotel and department), the measure did not function unidimensionally at the hotel level in the present research. Therefore, the measure for assessing employee identification with the hotel was divided into two measures.

Accordingly, two items ("I see myself as an employee here" and "I am pleased to be an employee here") were grouped together on substantive grounds to form a dimension labeled *employee identification — hotel property* (alpha=.799). This dimension appears to measure the way in which employees see themselves as employees of the specific hotel property. The other dimension from these original four items contained two items ("I feel strong ties with others here" and "I identify with others in this hotel") (alpha = .82) and appears to measure the way in which

employees see themselves in relation to the rest of the employees of that particular hotel property. This new dimension was labeled *employee identification —hotel employees*. Subsequently, the present research utilized two measures of employee identification with the individual hotel property. The two distinct scales indicate the degree to which employees identify with (a) the actual hotel property in which they work (e.g., The New York Marriott) and (b) the other employees of that particular hotel. Strength of employee identification with their department (or workgroup) was measured using the same scale as above. The analysis of these items as a set indicated that the four items were unidimensional (in contrast to the same questions above regarding identification with the hotel) (alpha = .894). The level of analysis for this study is targeted at the department level, hence this result was not unexpected. Departmental identification was measured and analyzed using this 4-item measure. In order to ascertain the extent to which employees identified with the parent company that managed the hotel, a further question was asked in relation to the way the respondent identified with the company. This level of identification was ascertained with a single item ("I am pleased to be an employee of this company") (mean = 5.66, *sd* = 1.49).

Customer satisfaction

The survey also included two questions asking employees to estimate levels of customer satisfaction. Similar service quality research has argued for the importance in measuring quality via the workers' own attitudes and perceptions, based on a proximal reasoning philosophy (Lee-Ross & Pryce, 2004). In addition, previous research has shown a positive correlation between employee and customer perceptions of service quality (Johnson, 1996; Schneider & Bowen, 1985). The two questions asking for employee were combined to form a scale to measure employee perceptions of customer satisfaction (alpha = .88).

Data aggregation

In order to check the effect of the multilevel structure of the dataset, in which persons were nested within hotels, a variance components analysis was run using MLwiN 2.0 software. For perceived customer satisfaction, the analysis showed that 16.67% of variance was represented at the hotel level (i.e., ICC = .1667). Conversely, 83.33% of the variance was represented at the person level (i.e., ICC= .8333). These values are well within generally accepted ICC values from the relevant literature (Dietz, Pugh, & Wiley, 2004; Liao & Chuang, 2004). It was therefore concluded that the aggregation of data was justified and the original data was used for the present research.

Results and discussion

Table 2 provides the results of a hierarchical regression analysis of the service climate variables and employee identification variables as predictors of employee perceptions of customer satisfaction. Results indicate that the prediction of customer satisfaction was significantly improved at each step of the analysis (including tenure and sex, although reasons for this are not explored further in this paper).

Table 2:
Hierarchical Regression on Customer Satisfaction

Variables		B	Beta	Sr^2		
Step 1	Age	.03	.03	.007		
	Sex	.37	.14***	.001		
	Department	.01	.05	.000		
	Tenure	-.08	-.10*	.007		
	Employment status	.10	.04	.001	R^2 Change =.064	$F_{5,300} = 4.091***$
Step 2	Service systems	-.04	-.05	.000		
	Customer centricity	.62	.50***	.076		
	Service leadership	.08	.10	.003		
	Service technology	.02	.02	.000		
	Service training	.04	.05	.001	R^2 Change =.473	$F_{5,295} = 60.256***$
Step 3	Identification – workgroup	.01	.08	.000		
	Identification – hotel	-.05	-.04	.001		
	Identification – employees	-.01	-.01	.000	R^2 Change =.033	$F_{4,291} = 5.57***$
	Identification – company	.22	.26***	.027		

Notes:

1. sr^2 = squared semipartial correlation
2. Regression weights when all variables entered in the equation; * $p < .05$; ** $p < .01$; *** $p < .001$,
3. N = 314
4. Betas indicated only after all variables where entered

In relation to Hypothesis 1 (*the aggregate measure of service climate will positively predict employee perceptions of customer satisfaction)*, a major improvement to the prediction over and above demographic variables occurred on the second step when service climate dimensions were entered into the equation (R^2 change = .47). This result is not surprising. The elements of service climate that predict perceptions of customer satisfaction are those that relate directly to aspects of employee contact and the perceptions that employees have about the importance placed on this issue by the organization. The customer-centricity dimension included such customer-related aspects as perceptions of service encounter practices, empowerment, service failure prevention, and service vision. This result highlights the importance that employees place on the way in which the firm focuses and prioritizes customer-centric service factors.

The other service climate dimensions (service systems, leadership, technology and training) did not add to the prediction of employee perceptions of customer satisfaction. This too is explainable, as employees might not see the "process" components of service (such as service systems, technology and training) as direct contributors to customer satisfaction. This may explain why employee perceptions of these dimensions do not predict perceptions of customer satisfaction in this study. It was surprising that leadership perceptions did not add to the perceptions of customer satisfaction. One possible explanation is that the hotel leaders could be one step removed from employee perceptions of customer-centricity.

Hypothesis 2 suggested *employee identification will positively predict employee perceptions of customer satisfaction*. The addition of the employee identification variables to the regression did indeed significantly improve the prediction, although the addition of these variables was modest as a main effect (R^2 Change = .03). The significant beta weight indicates company identification to be the primary significant contributor to this prediction (beta = .26; *p* < .001).

This result is not surprising in that employee identification with various levels of an individual's work organization has been linked with many favorable organizational outcomes in previous research (Ashforth & Mael, 1989; Haslam, 2001; Paulsen, 2003). Although research into employee identification has not previously been applied in a hotel industry context, nor has it been performed with customer outcomes as the target variable, this finding does contradict some previous research which suggests that the *department* is the primary target of identification in organizations (e.g., Paulsen, 2003; van Knippenberg, van Knippenberg, Monden, & de Lima, 2002).

In this study, the degree to which hotel employees perceived themselves as members of their company (e.g., Marriott) made the only significant contribution to the prediction of customer satisfaction perceptions. Thus, it appears that the company identification is a more important source of identification for employees in the context of this particular analysis. This might be further explained by the perceptions that certain brands (e.g., Hilton, Marriott) are equated to high levels of customer service and customer satisfaction. In other words, a person's identity drawn from their belonging to a known successful hotel company or brand appears to enhance that person's perceptions about the satisfaction levels of customers.

CONCLUSION AND MANAGERIAL IMPLICATIONS

The aim of this paper was to introduce a social psychological dimension to existing research which links employee perceptions of internal factors with important business outcomes – in this case customer satisfaction. The present research was underpinned by the challenge of managing employee-customer interactions, and the ongoing need for managers, despite the lack of direct supervision, to improve these interactions.

This research provides further evidence that managers would benefit from the use of regular and ongoing attention to service climate as an important diagnostic tool. Those specific dimensions chosen by a firm to measure its service climate can be utilized as drivers to ensure an unwavering customer-focused organization. Although service climate measures should not be a pure substitute for direct customer research, the linkage research literature and the findings from this study provide evidence of direct links between aspects of service climate and customer satisfaction.

When an organization promotes an atmosphere for its employees that is fundamentally conducive to serving customers, this effort will result in higher levels of positive customer experiences, which in turn will lead to other positive customer outcomes (Schneider & Bowen, 1993). Results from this study support this contention. The findings are consistent with research from the linkage model, which suggests that positive customer perceptions of service quality are found in those organizations that emphasize and demonstrate conviction toward listening to customers and creating conditions where exceeding customer expectations is the norm (Schneider, White, & Paul, 1998).

In relation to employee identification, this research has demonstrated that managers can benefit from understanding the importance that social attachments and identities have on employee attitudes and their subsequent behavior. The literature provides compelling evidence that employee attitudes, behavior, commitment and motivation are all affected by attachment to social groups at varying organization levels. This particular study found significant empirical connections between a persons' identification with their company (superordinate identification) and perceptions of customer satisfaction. Previous research has shown links between a firm's external prestige perceptions and employee identification. Therefore managers can capitalize on this, particularly managers of businesses with positive brand affiliation.

In addition, managers can use employee identification strategically in their internal practices. For example, identity may be conveyed and strengthened by non-verbal means. Uniforms and dress codes may signal status or expertise and can also cement individuals into their roles or work teams. Past research has shown that clothing and uniforms indeed convey normative cues that affect both an audience and the participants wearing them. If managers can understand the way employees identify with various social aspects of their work environment (shift teams, occupational groups, outside interests), they can integrate their actions and their communications accordingly and break down barriers that exist in the workplace.

This research has shown that these considerations should not be ignored by managers of service organizations, particularly when employee-customer contact is an important aspect of service quality perceptions. Managers should interpret the limited role of work group and lower level organizational identification in this study with caution because the predominance of previous research suggests that the role of identity is prevalent on many levels of organizational life. The use of a different measure or a larger sample might have shown closer alignment to previous research, which suggests identification strength at workgroup and organizational levels.

LIMITATIONS AND FUTURE RESEARCH

Some limitations are acknowledged, as the study was limited to hotels in Australia, which might not be generalizable to other markets. However, given that the hotels were from various regions around Australia, and from different hotel groups, it is possible that the results could be generalized across the hotel sector. Another acknowledged limitation is the use of employee perceptions of customer satisfaction rather than responses taken directly from customers. While employees have shown the ability to offer a reasonable assessment of customer satisfaction (Johnson, 1996), the inability to gain direct access to customers made it impossible to make a direct measure of customer satisfaction.

The outcomes of this research suggest a number of possible ways forward. Firstly, further examination could be undertaken to assess the effect of service climate dimensions on various customer outcomes, employee perceptions and, in particular, on firm financial performance. The literature suggests a direct link between customer satisfaction and firm financial performance, but direct tests of this influence in a hotel or hospitality context would make useful further research. Additionally, the lack of hotel industry-specific service climate measures provides an impetus for future research to undertake rigorous scale development and testing of service climate measures specific to the hotel industry. This research framework could also be applied in a longitudinal research design. In such as design, research could examine the nuances of employee perceptions of service climate and employee identification during change processes in order to diagnose the effectiveness of change.

While service climate and employee identification have been topics of research for many years, there has been limited application of these constructs in a hospitality industry setting. Although this paper was primarily a conceptual one, which proposes a useful link for social identity theory to be applied in service organizations, the findings have been one attempt to redress this shortcoming.

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COMPETITIVE BENCHMARKING OF TOURISM DESTINATION WEBSITES: DUBAI CASE STUDY

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ABSTRACT

This paper presents a competitive benchmarking study comparing the website of Dubai to websites of its five direct-competitor destinations. After the introduction, the importance of tourism destination websites is discussed followed by a review of website evaluation approaches. A modified Balanced Scorecard (BSC) was selected for evaluation of site content and usability while automated tools were used for evaluating technical features. The BSC Questionnaires were completed by ten evaluators using a pair-wise comparison method. Singapore's website was rated highest overall suggesting its suitability for best practice benchmarking. Based on the BSC category ratings, suggestions were offered for improving Dubai's website.

Key Words: Competitive benchmarking; website evaluation; tourism destination website; Dubai

INTRODUCTION

Dubai is an ambitious competitor for tourism business. The Dubai Department of Tourism and Commerce Marketing (DTCM) is charged with "… the international promotion of Dubai's commerce and tourism interests …" and "… the planning, supervision and development of the tourism sector in the emirate …" (About DTCM, 2006). DTCM is chaired by His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President and Ruler of Dubai; strong evidence of the importance of tourism to the economy of the emirate of Dubai. Over the last several years, Dubai has experienced double digit growth in tourism with growth statistics of 14% to 30% recorded during the four quarters from October 2005 to September 2006 (DTCM, 2006). The annual number of arrivals in Dubai is rapidly approaching seven million visitors. By comparison the number of "virtual" arrivals or visitors to Dubai's official website greatly surpasses the number of visitors to Dubai. According to Mr. Suhail Buhelaiba, IT Manager for DTCM, the DTCM website (www.dubaitourism.ae) averages 1.5 million visitors a day and plays a "… crucial role in broadening the international profile of Dubai …" (Press release 1218, 2006). Given the ubiquitous reach of the Internet, modern tourism destinations face global competition in cyberspace, competition more intense than experienced by the destination. This competitive phenomenon seems certain to continue. With Virtual Holidays cited as a future social trend (TUI, 2006) the need for destinations to compete electronically will increase. Online competition will drive destinations to continuously evaluate their virtual presence, their website.

Benchmarking is one of the management strategies that an organization can use to measure its performance against "… the products, practices, and services of some of its most efficient global competitors …" (Hill & Jones, 1998, p. 135). While benchmarking is making measured comparisons, competitive benchmarking is making comparisons against self-identified direct competitors. In the DTCM Strategic Plan: 2005-2010, DTCM identified five destinations as direct competitors of Dubai. These five destinations and their corresponding websites are: Egypt (www.touregypt.net), Singapore (www.visitsingapore.com), Mauritius (www.mauritius-info.com), Qatar (www.experienceqatar.com) and Bahrain (www.bahraintourism.com). Given these five destinations were identified by DTCM as Dubai's competitors, their websites formed the competitive set for benchmarking Dubai's website.

ONLINE MARKETING of TOURISM DESTINATIONS

Being one of the largest industries in the world (Oorni & Klein, 2003), travel and tourism quickly staked a place among the most important application domains on the Internet (Werthner & Klein, 1999). Over time the Internet has proved to be an "ideal medium" for the travel and tourism industry (WTO, 2001) with online travel websites disseminating inexpensive, high-quality information about travel, destinations, and product alternatives. Like other service industries, many tourist products are intangible i.e. they cannot be touched, seen, tasted or smelt and are therefore difficult for tourists to grasp and evaluate (Liu, 2000). Furthermore, tourists cannot actually assess

the quality of a tourism product prior to arrival at the destination for the tourism experience. These unique characteristics of the tourism product lead the would-be tourist to seek information about a destination from its brochures and other media in order to evaluate the destination prior to making a travel purchase decision.

According to on-going research and analysis conducted by the European Travel Commission, the Internet has dramatically changed the information gathering behavior of the modern-era traveler. The Internet, with a wealth of information, images and multimedia provides the appropriate stimuli to facilitate the purchase of travel products and services (Baggio, 2003). Its use for gathering destination information and purchasing tourism products and services is expected to continue increasing as Internet penetration rates continually increase (WTO, 2001). About 95% of Web users have used the Internet to gather travel related information and about 93% indicate that they visited tourism websites when planning their vacations (WTO, 2005). This readily accessible information on destinations coupled with increasingly sophisticated search engines to find and analyze the information (Destination marketing, 2006) has greatly increased global competition among tourism destinations. A destination's competitive advantage is therefore increasingly linked to, and driven by, its innovative use of Internet technology. Consequently the role of Destination Management Organizations (DMOs) is changing and web marketing by DMOs has become essential to increase inbound international visitors to their destinations. As per the World Tourism Organization's 2020 Vision, an increasing number of DMOs are developing and using websites as a means of promotion with 60 per cent of all DMOs currently using or intending to use the Internet for marketing in the near future (WTO, 2005).

Web-based technology has redefined the relationship between tourism organizations and tourists. Kotler, Bowen and Markens (2003) suggest that a portal site for marketing destinations provide information on core areas:
- How to get there (e.g., air travel);
- Getting around (e.g., car rental);
- Places to stay (e.g., hotel accommodation); and
- Things to do (e.g., places to see, dining, shopping, shows and events).

But what makes a destination website an effective marketing and business tool? The relationship between a consumer's willingness to browse a website and the business results derived by the organization from the consumer's site visit (look vs. book) has been identified in a number of studies (Corigliano & Baggio, 2006). The performance of destination websites is critical. Websites must deliver customer satisfaction online in order to increase tourism business for the destination. However, tourism websites have been criticized. Many organizations' have simply viewed the medium as an alternative source for displaying printed advertising material rather than developing content to fully utilize the medium thereby providing returns in terms of increasing the number of tourists or improving the destination's image (Stockdale & Borovicka, 2005). Travelers increasingly begin with the Internet to gain information about destinations prior to making their travel decisions. Since destinations compete for visitors via their virtual or online presence, an effective e-commerce strategy is imperative to achieve competitive advantage in the growing tourism market (Baggio, 2004). Consequently, investment in websites by destination management organizations (DMOs) has increased substantially and online marketing activities comprise an important part of the operational programs of many DMOs. Website evaluations are needed to assess website performance against that of competitors and industry peers thereby enabling continuous improvement of one's own website (Morrison, Taylor & Douglas, 2004). Competitive benchmarking is a well accepted process for competitor analysis that enables an organization to compare the quality of its goods or services against those of its direct competitors (Competitive benchmarking, 2006). Given its perceived appropriateness, this study used a competitive benchmarking process to evaluate the website of Dubai against the websites of five competitor destinations. Next approaches for website evaluation are discussed.

EVALUATING DESTINATION WEBSITES
Kasavana (2002) suggested that creating a set of criteria for evaluating a website's effectiveness is difficult. Never-the-less website evaluation has been extensively studied and many research frameworks and models have been proposed (Lu, Lu & Zhang, 2002). Early website studies focused on analyzing site content and features. Content analysis is a technique for gathering and analyzing website content; content can be words, phrases, sentences, paragraphs, pictures, symbols, or ideas (Cooper & Schindler, 2003). Among the early website content analysis studies is a hotel website study by Murphy, Forrest, Wotring and Brymer (1996). In 1999, Countryman, as cited by Morrison et al. (2004) used content analysis to evaluate websites of 50 official US state tourism boards while content analysis was used by Benckendorff and Black (2000) in a study of 16 websites hosted by regional tourism authorities in Australia. Similarly, Blum and Fallon (2002) used content analysis in their study of 53

websites promoting visitor attractions in Wales. Each of these content analysis studies identified a different set of features against which the websites were evaluated. Benckendorff and Black (2000) evaluated site planning, design, content and management characteristics while Blum and Fallon (2002) reviewed product, price, promotion, place, customer relations and technical aspects. Among content analysis studies, several specialized evaluations have focused on specific features of websites. For example: Law and Leung (2000) evaluated the online reservation features of 30 airline websites, Jeong and Lambert (2001) evaluated information quality of eight hypothetical websites, and Holubek (2003) evaluated the content of images that featured on websites.

Other evaluation approaches have been proposed to more comprehensively measure the effectiveness of websites; the Balanced Scorecard (BSC) is one such approach. Sterne (2002) in his book 'Proven methods for measuring website success' acknowledges the growing popularity of the BSC tool for evaluating websites. Developed by Kaplan and Norton in 1992, the BSC is a tool that "… translates an organization's mission and strategy into a comprehensive set of performance measures that provide the framework for a strategic measurement and management system …" (Balanced Scorecard Collaborative, 2002). The BSC measures performance from the four perspectives: customer, financial, internal, and learning and growth. Morrison, Taylor, Morrison and Morrison (1999) modified the BSC tool in order to evaluate the effectiveness of websites of small hotels in Scotland. Adapting the four perspectives they used: customer, technical, marketing and internal. The authors decomposed these four major perspectives into Critical Success Factors (CSF) that a website should meet to be effective. CSF is a term for an element which is necessary for an organization or project to achieve its mission (Critical success factor, 2006). Morrison et al. (1999) based their BSC tool on 25 CSFs for effective websites. Subsequently, other researchers adopted a BSC approach for website evaluations (for a more comprehensive summary of website studies, see Morrison, Taylor and Douglas, 2004).

Content analysis and BSC may be classified as "… heuristic usability methods …" that rely on the subjective judgment of the website evaluators (Corigliano & Baggio, 2006; p. 320). According to Corigliano and Baggio (2006), heuristic methods have been used in approximately 95% of website studies as compared to "automated methods" that use readily available software tools for a more objective evaluation. Automated methods include measures such as download time, browser compatibly and number of bad links. These are common measures that facilitate comparisons across websites. In this study, a combined approach was used. For a detailed and comprehensive evaluation the BSC tool as modified by Morrison et al. (1999) was selected. In addition, the readily available automated methods were used to assess technical features of the websites. The next section discusses the methods used for the competitive benchmarking.

METHOD

The modified BSC approach has been acknowledged to have the potential to provide a standardized approach for the evaluation of tourism and hospitality websites (Morrison et al. 2004). A website evaluation questionnaire based on the modified BSC approach and including perspectives (legal compliance, trip planner assistance and link popularity) was used as the primary data gathering tool. Questionnaires with closed questions, such as those used in this study, make it easier to interpret and compare answers since the data are structured (Cooper & Schindler, 2003). Closed questions are also appropriate for collecting information that can be expressed in statistical formats. The questionnaire had a numerical scale for measuring evaluators' opinion of specific features in the assessed categories. The numerical scale has been defined by Zikmund (2000) as an attitude rating scale that uses numbers as response options to identify response positions rather than verbal descriptions. Numerical scales with numbers to indicate scale positions are often selected when the researcher wishes to assume interval-scale data (Cooper & Schindler, 2003). Unlike an ordinal scale, adopting an interval scale does not limit the statistical techniques that may be used for data analysis. For this reason the numerical scale was preferred to a Likert scale, also an attitude rating scale, that indicates how strongly respondents agree or disagree with carefully constructed statements relating to an attitudinal object. This avoided the main disadvantage of a Likert scale, namely that it is hard to judge what a single summated score means in terms of attitudes of the respondents (Zikmund, 2000).

The seven main categories used in the questionnaire included: technical aspects, user friendliness, site attractiveness, marketing effectiveness, link popularity, trip planner assistance and legal compliance. Technical aspect scores such as link checks, html checks, spell checks and load-time were obtained directly from Net Mechanic (accessible at www.netmechanic.com). These technical aspects were scored on a scale of 1 to 5. All the other categories, excluding link popularity were rated on a scale of 0 to 4, with 0 indicating the absence of that particular feature on the website and 4 representing the highest rating possible. Link popularity was measured by

determining the number of hits on search engines Google, MSN and Yahoo using the free link popularity service offered by www.linkpopularity.com. Only the technical aspects and link popularity of the websites were measured using automated means, other features were assessed by evaluators.

The website evaluators comprised 10 individuals purposively selected for their knowledge of the tourism and/or hospitality industry and their sound web navigation expertise. A paired comparison technique was used for the data gathering wherein each evaluator was assigned two websites (Dubai and one of its five main competitors). This was preferred to having evaluators rate all six websites. Zikmund (2000) defines paired comparison as a measurement technique that consists of presenting the respondent with two objects and asking the respondent to choose the preferred object. A single paired comparison was considered to be a more reliable task than evaluating all six websites. According to Zikmund (2000), as the number of items increase, the number of comparisons increases geometrically; if the number of comparisons is great, respondents may become fatigued and no longer accurately complete the evaluation. In order to decide which evaluator would get which website pair, the blind draw method was used thus it was ensured that every evaluator had an equal and known probability of receiving a particular pair of websites to evaluate. Evaluators were asked to rate the websites by completing BSC questionnaires. In addition to rating each website's features, evaluators ranked the paired websites. Ranking is used to indicate preferred order among certain objects or attributes (Zikmund, 2000). Evaluations were completed between 3 and 11 June 2006.

Ratings from the questionnaires were entered into Microsoft Excel. Descriptive statistics such as mean and standard deviation were computed to present research findings. These data were compiled numerically and graphically. The website rankings were used to assess Dubai's competitive position relative to its main competitors. It is important to note than ranking data are ordinal data and have to be analyzed as such. The next section discusses the research findings.

RESEARCH FINDINGS

The results of the overall rating scores for the websites are shown in Table 1. On the scale used (0 to 100), the 50-mark represents the average attainable score. As is shown, Singapore, at 64% is the only website to exceed this 50-mark and is the highest rated among the six websites. Dubai is rated next best at 45% followed closely by Qatar at 43%. The overall rating distribution has a mean of 38 and a standard deviation of 16.5.

Table 1
TOTAL RATINGS, MEAN and STANDARD DEVIATION by CATEGORY

Category	Overall Rating	Dubai	Egypt	Singapore	Mauritius	Qatar	Bahrain	Mean	SD
Overall rating	100%	46	20	64	33	43	23	**38**	**16.5**
Visual appeal	13%	46	18	94	34	63	38	**49**	**26.5**
Market effectiveness	44%	41	11	58	25	30	11	**29**	**18.1**
Trip planner assist	9%	51	21	81	54	31	15	**42**	**24.8**
Ease of navigation	16%	53	19	53	18	45	43	**38**	**15.9**
Tech. management	12%	52	72	80	68	84	68	**71**	**11.2**

Evaluators were asked to rank their two assigned websites based on their preference. To summarize the rankings, the data were transformed by multiplying the frequency with the site rank to develop a new scale. The ranking scores are as follows: Dubai 3; Singapore 2; Egypt 4; Mauritius 4; Qatar 2; and Bahrain 3. The lower a website scored the higher the preference for that website. As seen from the ranking data, Singapore and Qatar are ranked highest indicating they are more preferred compared to Dubai, Bahrain is equally ranked with Dubai, while Dubai is preferred to both Egypt and Mauritius, the lowest ranked of the six websites.

The 'site attractiveness' category of the questionnaire measures the visual appeal of a website. This category evaluated features such as the layout, text and background and the use of color. Singapore was rated highest with a 94% score on its visual appeal. Qatar was rated next highest with 63%. Dubai, Bahrain and Mauritius rank 3rd, 4th and 5th with 46%, 38% and 34% respectively. Egypt is rated lowest in visual appeal with an 18% score. The visual appeal distribution has a mean of 49 and a standard deviation of 26.5.

Website effectiveness has been evaluated from two different perspectives; the website's market effectiveness and its effectiveness as a trip planner assistant. For market effectiveness the websites were evaluated on their ability to provide: market specific and up-to-date information; the availability of tangible elements such as photo galleries and virtual tours; the provision of a guest book; and a FAQ section. The ratings in this category are relatively low, ranging from 11% to 58%. Again Singapore is rated highest with 58%. Dubai is rated second with 41%. Qatar and Mauritius are third and fourth with 30% and 25% respectively. Egypt scores lowest in this category with 11%, however, Bahrain joins Egypt with the same 11% score. The market effectiveness distribution has a mean of 29 and a standard deviation of 18.1. A website's effectiveness for trip planning indicates its ability to provide essential information for potential tourists including a list of the documents needed by international travelers, things to do at the destination, local weather, and bank information. The ratings in this category are higher than in the market effectiveness category and range from 15% to 81%. As in all other heuristic usability categories, Singapore is at the top with 81%. Mauritius is rated second with 54%, closely followed by Dubai at 51%. Qatar and Egypt are rated fourth and fifth with 31% and 21% respectively while Bahrain is rated the lowest in this category with 15%. The trip planning distribution has a mean of 42 and a standard deviation of 24.8.

For ease of navigation, the websites were evaluated on features such as clear and effective navigation tools, availability of site maps or indexes and a link or icon to 'home' on each page. Singapore and Dubai are rated highest each with 53%. Qatar is next with 45%, closely followed by Bahrain with 43%. Egypt and Mauritius are rated 5th and 6th with 19% and 18% respectively. The ease of navigation distribution has a mean of 38 and a standard deviation of 15.9.

The six websites were evaluated using an automated tool for technical aspects such as: browser compatibility, load time, spell check, HTML check and number of bad links. As previously mentioned, the scores for this category were obtained from the NetMechanic website. Qatar was rated the highest with 84%, Singapore came a close second with 80% while third was Egypt with 72%. Next, Mauritius and Bahrain were equally rated at 68%. Dubai was rated lowest with 52%. The technical aspects distribution has a mean of 71 and a standard deviation of 11.2. Table 1 provides a summary of the key findings for the study (Note: the legal compliance findings and discussion have been intentionally omitted from this paper).

DISCUSSION

The goal of this study was to benchmark Dubai's website against websites of its five direct competitors. A review of the literature highlighted the increasing importance of online marketing by DMOs. It also revealed the need to evaluate websites to measure their effectiveness due to the high setup and maintenance costs of destination websites. Many frameworks and approaches for website evaluation have been used in prior studies. The most popular approach was found to be the modified BSC tool (Morrison et al. 2004). This study used the "Mills and Morrison (2002) Standardized Website Evaluation Form" as presented in Appendix 1 by Morrison at al. (2004). Ten evaluators from tourism and hospitality industry professionals, all with web navigation expertise, performed a pair-wise evaluation of the websites. As was shown in Table 1, the overall ratings of the websites were disappointingly low with only Singapore being rated above average. Based on this overall rating, it can be concluded that the benchmarked websites were underselling their respective destinations. This finding is consistent with the findings of Feng, Morrison and Ismail (2002) who evaluated websites of 14 tourist offices in East and South East Asia. Compared to its main competitors, Dubai's website was ranked below that of Singapore and Qatar, ranked equal with that of Bahrain and was ranked above Egypt and Mauritius. Given the consistently superior rating of Singapore's website, the Singapore website appears to be a good choice for best practice benchmarking by Dubai. While not consistently highly rated in performance across all categories, Bahrain and Qatar also appear appropriate for competitive benchmarking.

Much has been written regarding the importance of visual appeal of websites. Studies have shown that visual appeal is necessary to create trust and make the site look credible (McMahon, 2005). Furthermore, for a website that is trying to sell a destination, visual appeal is among the website's essential features. On visual appeal, the Singapore website was rated highest. The appearance and layout of this site were its major strengths. Each page was visually stimulating containing a combination of text, graphics and photographs while none of the pages were composed solely of text. Qatar ranked second in this category. The homepage of the Qatar website is attractive and original although this look and feel is not consistently maintained throughout the site. Dubai, Bahrain and Mauritius ranked third, fourth and fifth in visual appeal. The Dubai website was rated low on proper use of color and font, as well as on the lack of visually appealing images. Similarly, Bahrain was rated low in these same categories.

Although the Mauritius website had an uncluttered layout with easily readable text, it lacked pictures and was rated low on its use of color. Egypt received the lowest rating in the visual appeal category; its website pages appeared cluttered and did not have clear and readable text. Across all five websites, the ratings indicate that inappropriate use of color and lack of visually appealing images resulted in low ratings. Among the six categories, visual appeal received the second highest ratings indicting that the websites have been developed with a focus on their visual aspects. However, this category also had the highest standard deviation, indicating that the ratings across the six websites varied the most in the visual appeal category. With the exception of Singapore, all DMOs could benefit greatly from competitive benchmarking exercises to improve the visual appeal of their websites. Effectiveness comprised both market effectiveness and effectiveness in providing trip planner assistance. Market effectiveness received the lowest rating of all the categories. This implies that there is significant room for improvement in web marketing by DMOs. Perhaps this is to be expected given the relatively recent use of online media for marketing and the lack of understanding as to how best to use websites to reach different target segments. Referring back to the study of Blum and Fallon (2002), they also concluded that the websites of Welsh visitor attractions were not taking full advantage of the potential of the Internet. Furthermore, when comparing the ratings on visual appeal with those of market effectiveness, all websites received higher scores on visual appeal. This might suggest that the focus for these websites has been more on their aesthetics rather than on their marketing potential for attracting travelers.

The navigation of a website is the representation of its information architecture and the mechanism by which users move around the website (WTO, 2001). According to WTO (2001), good navigation allows the user to answer the following questions for every page of the site:
- What site am I on?
- Where am I in the site?
- What can I do here?
- Where can I go from here?
- Where is the information I am looking for?

Navigation should be as transparent as possible and should positively influence the user's frame of mind (McMahon, 2005). In the navigation category, the website ratings were surprisingly low. Perhaps these low ratings can be attributed to the fact that only three of the six websites had a site map or index while two of the websites did not have a 'home' button available on all pages; such features are typically cited as basic requirements for good navigation. Failures in the technical aspects of websites are frustrating for users. Such failures cause users to lose trust in the site and in the organization operating it (WTO, 2005). All websites received relatively high scores in the technical category. With an average score of 71 and standard deviation of 11.2, it is the highest rated category and the category with the least dispersion in the ratings. The high scores can be attributed to the fact that all the websites' elements were compatible with common browsers such as Netscape and Internet Explorer and that there were no bad links in five out of the six websites. Moreover, the pages downloaded quickly with the maximum time taken by a website to load being 67.03 seconds. Given the automated tools readily available, this feature of a website is easily assessed and failures can be quickly identified and corrected. Given Dubai rated lowest in its technical aspects, DTCM would be well advised to undertake more frequent monitoring of this critical website feature.

The study assessed the popularity of each website. A key indicator of poor popularity is failure to appear on page 1 of important search engines such as Google, Yahoo and MSN. Studies indicate that the majority of Internet users begin their search for a product or service via a search engine but tend to browse those sites that appear on the first page. With the exception of Mauritius and Qatar, the other four websites scored 100% in the site popularity category. The reason for the low number of links for the Mauritius and Qatar websites in search engines might be outdated or lack of meta keywords.

The focus of this study was competitive benchmarking for tourism destination websites. Dubai was benchmarked against its main tourism competitors as identified by DTCM. Singapore proved to have the top rated website outperforming the other sites across all usability categories. Comparing Dubai to Singapore, the biggest gap between these two websites was in the visual appeal category. Other categories with a large gap include trip planner assistance, technical management and market effectiveness. However, Dubai and Singapore received the same ratings on ease of navigation. These performance gaps could be narrowed or eliminated in various ways. Firstly, DTCM could frequently perform a benchmarking exercise across all features against the Singapore website in order to understand its strengths and thereby gain insight to improve the Dubai website. Qatar could be used for

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benchmarking against visual appeal and Bahrain for technical features. Once Dubai begins to close its performance gaps with Singapore, it can benchmark against 'best-in-class' DMO websites from around the world.

It was noted that Dubai received the lowest ratings among all the websites in technical aspects. It had the highest load time at 67 seconds and also received the low score of 1 (on a scale of 1 to 5) for HTML validity due to bad tags and syntax that would prevent visitors from reading the site the way it was intended. Furthermore, it received a low score of 2 (on a scale of 1 to 5) on browser compatibility. The reason for these low scores could be the use of unsupported HTML tags and attributes that block viewing the site on specific browsers. DTCM officials should take care of these technical shortcomings by firstly ensuring optimized graphics and images are used on the homepage and subsequent pages thereafter in order to reduce load time. Next, regular audits of the website should be conducted using tools such as NetMechanic to automatically find and repair HTML errors. Given the international markets for tourists to Dubai, DTCM should look into a website redesign to make certain that its website is compatible with all browsers available in today's market place.

During recent years, the travel and tourism industries have experienced globalization. Tourism organizations headquartered in countries as diverse as Germany, the United States and Hong Kong compete aggressively in markets such as Singapore and Japan. The result is a fiercely competitive international market with DMOs fighting for their share of travelers. To succeed, these tourism organizations must invest in research that will reveal what their target market wants, which factors are important to them while choosing a travel destination, and how they research and purchase travel products. With a visibly increasing trend of online marketing by DMOs, it is crucial that Dubai adopt an effective online strategy to meet the needs of potential tourists worldwide. As suggested by Baggio (2003), tourism organizations may be conceding market share to close competitors because their websites deliver a poor quality of experience.

While the purpose of this study was to benchmark Dubai's website against websites of its five main competitors; the study demonstrates the value that other tourism destinations can gain from competitive benchmarking and provides a practical model for comparative website research.

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IMPACT OF EARNINGS MANIPULATION ON VALUATION OF PUBLICLY TRADED RESTAURANT FIRMS IN THE UNITED STATES

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ABSTRACT

Manipulation of earnings by publicly traded firms is a well-known phenomenon and the subject of considerable attention in both academic and trade circles. Despite widespread attention to this topic in financial literature it has received scant attention in the restaurant industry. This research assesses whether earnings manipulation in the publicly-traded restaurant firms are being rewarded by the capital markets. We have an a priori expectation that firms that don't manipulate earnings will have higher returns. However, our results indicate a significant and positive relationship between earnings manipulation indicators and stock price increases.

Key Words: restaurant industry, earnings manipulation, stock price

INTRODUCTION

A variety of accounting scandals in recent years has had a big impact on Wall Street and has led to a major legislation (i.e. Sarbanes-Oxley Act) that forces corporate officers to stand behind their financial statements. The most famous scandals involved companies like Enron and WorldCom, along with many others. A prescient article by Laderman (1998) in Business Week discusses the accounting "tricks" that are frequently used to boost earnings as well as the assisting roles of accountants and investment bankers. In fact, these kinds of earnings manipulation (EM) have become a wide spread practice (Chan, Jegadeesh, & Sougiannis, 2004)

One can read any number of accounts about the Enron scandal and find a manic obsession with reported earnings and earnings growth. However, this obsession did not overlook managers of hospitality firms. One of the first major scandals involved Cendant Corporation in 1998 when it was revealed that the company showed $500 million in fake revenue to meet earnings targets. Dalbor (2005) discusses how Boston Chicken forced its franchisees into borrowing money from corporate headquarters and subsequently booked the repayments as revenue in order to give the appearance of a rapidly growing brand. More recently, Krispy Kreme has had to restate earnings because corporate headquarters would sell equipment to franchisees that didn't need it in order to boost revenue and earnings. These events led to the demise of Boston Chicken and a significant drop in the stock price of Krispy Kreme.

The previously mentioned examples cite cases of stocks being penalized after a formal announcement of EM by the company or the Securities and Exchange Commission (SEC). The question this research attempts to answer is: holding all else constant, does the market penalize or reward the restaurant industry for earnings manipulation? Additionally, if there is a penalty for manipulators in the form of a declining stock price, how much is this penalty? The significance of this research is that it provides insight for investors and academics alike about any potential connection in the lodging industry regarding the actions of managers and potential earnings manipulation.

Because of recent accounting scandals, there is an increasing interest in stakeholders being able to detect earnings manipulation in accounting literature. Wiedman (1998) even presented a case study on how to detect EM after reviewing different methods. However, there is virtually no research with respect to EM in the hospitality industry in general or the restaurant industry specifically. This research may provide a link to further research regarding EM in other sectors of the hospitality industry. This is one of the major motivations for this research that is organized as follows: the next section will discuss the literature relevant to EM. The third section will discuss the data and methodology of this study. The results of the statistical analysis will then be followed by recommendations for further research.

LITERATURE REVIEW

Healy and Wahlen (1999) define that earnings management/manipulation (EM) "occurs when managers use judgment in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic performance of the company or to influence contractual outcomes that depend on reported accounting numbers" (p.368). EM is an intentional misrepresentation of the firm's earnings by its discretionary management so as to influence the decisions of other stakeholders. Earnings under EM reflect manager's treatments and expectations rather than the true economic value and performance by the market.

Agency problems impose the necessary conditions for EM. One of the agency problems found in research by Beneish (1999b) is that of ineffective monitoring by both insiders (upper management and owners) and outsider monitors (the SEC). While analysts provide information, this can be biased depending on the incentives in place. Outside auditors are also largely considered by the market to play an important role in prevention of earnings manipulation, but there is scant empirical evidence to support this notion. In a similar context, Richardson (2000) considers the influence of another agency problem on EM: information asymmetry. The information asymmetry hypothesis was originally posited by Dye (1988) and Titman and Trueman (1988). The idea here is that EM is positively correlated to the level of firm's asymmetric information. They provide evidence that with greater information asymmetry regarding the firm, concerned stakeholders do not have the knowledge or ability to change the manipulated figures.

The motivations of EM are summarized and categorized into three groups in a review by Healy and Wahlen (1999): capital market motivations, contracting motivations, and regulatory motivations. A number of studies have found that firms manage earnings for stock market incentives or capital market motivations (Healy & Wahlen, 1999). The behavioral threshold (benchmark) theory suggests three major criteria that the market focuses on: report positive profit, sustain recent performance, and meet analysts' expectations (Degeorge, Patel, & Zeckhauser, 1999). When a firm's earnings fall below any one of above three benchmarks, there tends be a large negative stock price change, reflecting the reduced market confidence in the management. Firms undertake EM with the hope to increase the stock price without being identified by auditors or SEC.

Contracts may also inspire EM because financial statements will influence resources allocation and communications between managers and other stakeholders (Healy & Wahlen, 1999). Previous studies have mainly explored debt contracts and compensation agreements. Debt contracts may induce EM for firms to reduce the restrictiveness or avoid the costs associated with the covenants (Beneish, 2001). Firms may further secure cheap external borrowing costs through EM according to the study by Dechow, Sloan, and Sweeney (1996). The bonus hypothesis states that the management who is monitored by investors, directors, customers has strong incentives to manage earnings on behalf of themselves and sometimes the shareholders because of their compensation benefits (Healy, 1985; Holthausen, Larcker, & Sloan, 1995). When earnings fall under the unacceptable regions, management tends to make up the earnings upward. On the other hand, managers are more likely to adjust earnings downward when they are at the upper bound of the bonus contract because their extra gains are marginal and they make the future earnings goal easier to achieve.

The regulation motivation posits that managers are induced to manage earnings to cater to the regulation to reduce regulatory costs or increase regulatory benefits. Existing literature documents that certain industry such as bank, insurance, as well as certain firms under special condition such as an anti-trust investigation have showed an interest in EM to meet the various regulations (Healy & Wahlen, 1999).

As major participants in a firm's EM, the role of managers in the overstatement of earnings is explored extensively by Beneish (1999b). He finds that a major motivation for managers to overstate earnings is to cash out their equity positions at higher prices. Also of interest are the implications to managers after discovery of manipulation. Beneish (1999b) finds that there are no significant differences in employment losses for managers who work in firms that have been found to manipulate earnings and those firms that do not. Additionally, he finds that the SEC is fairly lenient when imposing trading sanctions on managers who overstate earnings unless it is in the context of the sale of securities to the public. He does find, however, that if the SEC does pursue a firm because of an accounting violation, the firm suffers a severe penalty in the form of a decreased stock price.

No matter what specific motivations firms have, it is discovered that firms take the following strategies to window dress their earnings to the targeted figure; namely big bath, bump up, cookie jar, and earnings smoothing. Big bath refers to those firms that tend to make the earnings even worse when they are far below the target for the hope of maximizing the expected future return. The bump up theory says that firms will adjust the income to meet or just cross over the target when they are within the reach of the target so they meet the certain expectations. The cookie jar theory involves firms reducing earnings when they are way above the target. By reducing current earnings, firms can retain the saved earnings in the future when they do not meet the target. Earnings smoothing frequently happens when firms are in the normal business cycle with ordinary returns. Firms would like to smooth the earnings which may reduce the perception of the earnings volatility and increase the stock value. Figure 1 illustrates the strategies.

Figure 1
EM strategies illustration. (revised from Mohanram (2003))
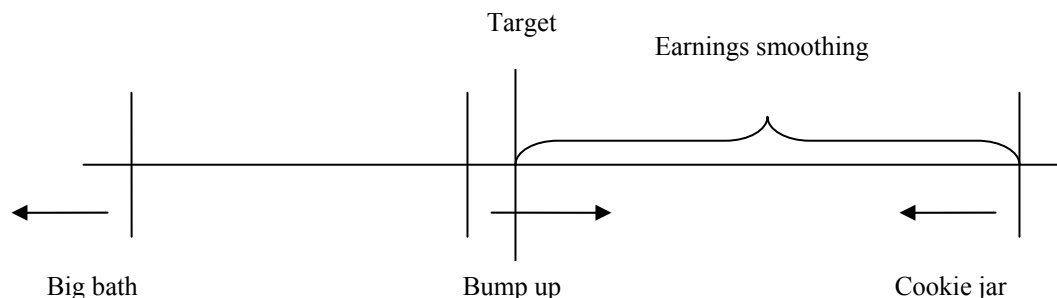
Seminal research in this area is from Beneish (1997) who worked in the development of earnings detection models that is the focus of our present research for the lodging industry. Beneish (1997) develops a model that distinguishes actual GAAP violators sanctioned by the SEC from merely "aggressive accruers". However, the model is really only applicable to those firms experiencing extreme financial performance, presumably poor.

Beneish (1999a) further adapts his earlier model in an attempt to devise a new model that would detect if a firm was manipulating earnings, not just those experiencing extreme financial performance as in his 1997 paper. The model uses a dichotomous dependent variable and a matrix of eight independent explanatory variables. A description of the variables and their calculation is shown in the appendix.

After compiling the matrix of variables, Beneish (1999a) first compares the eight separate variables using both parametric and nonparametric methods. He finds that firms that engage in earnings manipulation differ significantly from those that do not in terms of receivables, gross margins and asset quality. He also finds that manipulating firms have higher sales growth and have a higher ratio of accruals to total assets.

His research also includes the use of weighted exogenous sample maximum likelihood (WESML) and unweighted probit models to determine which variables significantly influence earnings manipulation. While both models have similar predictive validity, he focuses on the results of the unweighted probit model. He finds the significant variables to be days' receivables, gross margin, asset quality, sales growth and total accruals to total

assets. Overall, his results indicate that firms are much more likely to manipulate earnings when receivables are increasing, gross margins are declining, asset quality is decreasing, sales are increasing and accruals are also increasing.

Investors tend to highly focus on earnings (Sloan, 1996) and they appear to be unable to distinguish between two components of earnings: accruals versus the cash flows. Cash flows are less subject to management distortion than net income (earnings) (Bernstein, 1993). Sloan (1996) confirms the proposition that the cash flow component of earnings has a higher level of persistence. In other words, current earnings are more likely to continue if they are primarily attributable to cash flow than accruals. Accordingly, Sloan finds firms with high levels of accruals experience negative future abnormal stock returns.

The literature suggests that unidentified EM firms enjoy benefits such as low costs of capital and fewer risks, while identified firms suffer a great loss in stock price and a higher cost of capital. The EM hypothesis may help gain perspective on the relationship between EM and market return. That is, managers may opportunistically use accruals to inflate the earnings number for high accruals firms (Chan et al, 2004). These firms tend to have a better firm performance in the short-term. Since accruals are accounting adjustments to cash flow and should sum to zero over the life of the firm, upward accruals will lead to downward accruals afterwards. Therefore, current accruals have a negative impact on future earnings. If the EM strategy of a firm is made public, the market will immediately react to news and the stock price will decline significantly. The investors are not fooled by EM and the market is efficient enough to make the adjustment.

Beneish (1999 b) documents that stock prices will plunge 20 % on average when EM is discovered. Teoh, Welch, and Wong (1998) find a negative relation between pre-issue discretionary accruals and post-issue earnings and stock return. Rangan (1998) finds that discretionary accruals are higher during the pre-offering period and are reversed in the year following the offers. Chan et al (2004) quantify the size of the negative effect of current EM on future earnings. The results showed that an upward accrual today by \$1 will bring about \$0.046, \$0.096, and \$0.128 in average future earnings in the following year, year three and year five, respectively. The findings further support the results in Sloan (1996) that stocks with high EM under-perform stocks with low EM for the following years. Collectively, these studies provide empirical evidence of the inverse relationship between EM and the subsequent earnings and return performance.

It is a generally accepted notion that earnings manipulation takes place. The problem of course, is that this cannot be generalized across firms in all industries across all periods of time. Given the existing literature on EM, we propose to construct variables used by Beneish (1999a) as a way to determine if restaurant firms that manipulate earnings are punished with a decrease in stock price.

HYPOTHESIS
Given the findings of Sloan (1996), we propose the following research hypothesis:
H1: There is a negative relationship between firms that are manipulating earnings and changes in stock price for U.S. restaurant firms.

DATA AND METHODOLOGY
In an attempt to assess potential earnings manipulation in the lodging industry, we collect the sample of 589 annual restaurant firm observations for the years 1980 through 2005. The data is from the COMPUSTAT database except for the stock prices which are from the CRSP database. We created a matrix of variables based upon Beneish (1999a) that is shown in the appendix. We utilize the following regression model for our analysis:
$CMARCAPTA = \alpha + \beta_1 CFTA + + \beta_2 BI + \beta_3 Marcapta + \varepsilon_i$

CMARCAPTA is the ration of change in market capitalization over the previous year to total assets. We believe that this is the appropriate use of dependent variable as all of the independent variables are ratios themselves. CFTA is control variable that is the ratio of free cash flow to total assets; Marcapta is the level of market capitalization scaled by total assets and is included to control for size. BI is a matrix of variables as per Beneish (1999a); and ε_i represents the residual in the regression. It should be noted that we used two different variables for the Beneish index. One used eight ratios while the other used ten ratios.

RESULTS

Before running the regressions, we obtained summary statistics and correlation coefficients for the variables, shown on Tables 1 and 2. Marcpata was not significantly related to either of the Beneish indices or CFTA, the other control variable. CFTA is significantly related to Beneish 10 index. However the absolute value of the correlation at 0.5 was much below 0.8, which could cause multicollinearity problems. As expected, there is a significant correlation between both the Beneish indices. However, they are not entering into the model at the same time, and even then the magnitude at 0.49 is less than 0.8.

Table 1
Descriptive Statistics for the variables

Variable	N	Mean	Standard Deviation	Minimum	Maximum
Marcapta	589	1.13	1.08	0	11.38
CFTA	589	.08	.19	-1.90	.37
Beneish10	589	.17	.13	-4.52	.99
Beneish8	589	.06	.19	0	1.00

Marcapta is the ratio of market capitalization to total assets.
CFTA is the ratio of cash flow to total assets.
Beneish10 is the Beneish index using ten variables;
Beneish8 is the Beneish index using eight variables.
The construction of the Beneish index is explained in detail in the appendix.

Table 2
Correlation matrix of the variables

	Beneish8	Beneish10	CFTA
Marcapta	-.03	.02	-.01
CFTA	-.06	-.50***	
Beneish10	.49***		
Beneish8			

Marcapta is the ratio of market capitalization to total assets.
CFTA is the ratio of cash flow to total assets.
Beneish10 is the Beneish index using ten variables;
Beneish8 is the Beneish index using eight variables.

After calculating and examining the descriptive statistics and correlations, we ran four regression models. All of the models used the change of the ratio of market capitalization to total assets as the dependent variable. The first two regression models include CFTA and either of the Beneish indices. To address the size concern, we added the ratio of market capitalization to total assets as a control variable in the final two models. The regression results are shown in Table 3.

Table 3
Regression Results
Dependent Variable: Change in the ratio of market capitalization to total assets

Model	Intercept	CFTA	Beneish10	Beneish8	Marcapta	Adj. R^2
1	-.30***	.40**	1.86***	--	--	7.2%
2	.01	-.19	--	.77***	--	4.7%
3	-.57***	.41**	1.82***	--	.25***	19.9%
4	-.26***	-.17	---	.61***	.24***	15.3%

***Significant at .01; **significant at .05; *significant at .10.
Marcapta is the ratio of market capitalization to total assets.
CFTA is the ratio of cash flow to total assets.
Beneish10 is the Beneish index using ten variables;
Beneish8 is the Beneish index using eight variables.

As shown in Table 3, the primary variables of interest are the Beneish indices. In all four models, we find there to be a significant and positive relationship between attempted earnings manipulation and the change in the ratio of market capitalization to total assets. In terms of explanatory power, the third regression model using the Beneish10 variable yields the highest adjusted R^2. The control variable CFTA is significant in the presence of Beneish10, but not when we include Beneish8. It is possible that the high correlation between Beneish10 and CFTA is causing a spurious significance for the coefficient on CFTA. The significance on CFTA is repeated even when

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we include Marcapta as an additional control variable. Regardless of the this curious result, the basic result that emerges out of the regression models is that the manipulation indices are positively and significantly related to changes in market capitalization.

CONCLUSIONS AND RECOMMENDATIONS

The surprising result is that markets appear to be rewarding firms that are manipulating earnings. This is really surprising because we had expected that those earnings manipulations that can easily be estimated will be punished (not rewarded) by the markets. It is widely understood most managers believe in a pattern of increasing earnings. However, we were considerably surprised by the significantly positive correlation. Most forms of market efficiency indicate that investors who discover that firms manipulate earnings upwards would penalize the firm. A very clear way for the market participants to signal that it understands earnings manipulation is by changing the stock price, thereby impacting market capitalization. Therefore, we consider our results to be preliminary at this point and hope that other researchers explore this important area of research in the hospitality industry.

We believe that there are many factors that may have impacted the results. It is possible that earnings manipulation is not measured efficiently by the Beneish indices in the restaurant industry. Another factor is that in this paper our perspective is relatively short term. As recent history has shown, manipulation of earnings at firms such as Enron had a very positive impact on the stock price in the short term. The long term, is of course, is another story. Finally there might be other factors that are unique to the hospitality industry that we have not considered in our study.

These results could provide a basis for further research in at least three possible ways. There is need to explore other possible ways to measure earnings manipulation in the hospitality industry. Secondly, we could take a longer term perspective to see if managers consistently manipulate earnings and the reaction of the markets in the long run. However, there are many problems in measuring long term reactions to one-time events. All the econometric issues and other events would have to be controlled for in long term studies. Finally, we need to explore industry specific factors that might be impacting the results. The first step has been taken in this paper because until we identify problems using mainstream financial research, we will not know what issues to explore.

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APPENDIX

We utilize an earnings manipulation detection model employed by Beneish (1999a).

$$M_j = \beta'X_i + \varepsilon_i$$

where M is a dichotomous variable with 1 representing manipulating firms, 0 otherwise;

X is a matrix of explanatory variables described below

ε_i is the residual term.

The variables along with their Compustat item numbers are shown in the table below.

Variable	Calculation [Compustat item number]
Days' Sales in Receivable Index	$\dfrac{\text{Receivables}_t[2]/\text{Sales}_t[12]}{\text{Receivables}_{t-1}/\text{Sales}_{t-1}}$
Gross Margin Index	$\dfrac{\text{Sales}_{t-1}[12]-\text{Cost of Goods Sold}_{t-1}[41]/\text{Sales}_{t-1}[12]}{\text{Sales}_t[12]-\text{Cost of Goods Sold}_t[41]/\text{Sales}_t[12]}$
Asset Quality Index	$\dfrac{1-\text{Current Assets}_t[4] + \text{PP\&E}[8]/\text{Total Assets}_t[6]}{1-\text{Current Assets}_{t-1} + \text{PP\&E}_{t-1}/\text{Total Assets}_{t-1}}$
Sales Growth Index	$\dfrac{\text{Sales}_t[12]}{\text{Sales}_{t-1}}$
Depreciation Index	$\dfrac{\text{Depreciation}_{t-1}[14-65]/\text{Depreciation}_{t-1} + \text{PP\&E}_{t-1}[8]}{\text{Depreciation}_t/(\text{Depreciation}_t + \text{PP\&E}_t)}$
Sales, General & Administrative Expenses Index	$\dfrac{\text{S,G \& A Expense}_t[189]/\text{Sales}_t[12]}{\text{S,G \& A Expense}_{t-1}/\text{Sales}_{t-1}}$
Leverage Index	$\dfrac{(\text{LTD}_t[9] + \text{Current Liabilities}_t[5])/\text{Total Assets}_t[6]}{(\text{LTD}_{t-1} + \text{Current Liabilities}_{t-1})/\text{Total Assets}_{t-1}}$
Total Accruals to Total Assets	$\dfrac{\Delta\text{Current Assets}_t[4]- \Delta\text{Cash}_t[1] -\Delta\text{Current Liabilities}_t[5] -\Delta\text{Current Maturities of LTD}_t[44]-\Delta\text{Income Tax Payable}_t[71] -\text{Depreciation and Amortization}_t[14]}{\text{Total Assets}[6]}$

These variables were obtained from Compustat for U.S. restaurant firms for the years 1980 through 2005.

FOOD SAFETY IN THE FORMAL FOOD SERVICE SECTOR: A COMMUNICATION STUDY

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ABSTRACT
The purpose of the study was to examine how food safety communication promotes food safety in six food service operations in Metropolitan Manila, Philippines. The food handlers were capable of learning even if there was no structured training program. They learned about food safety from different sources but needed constant reminders about proper food handling. The study presents two frameworks. The first framework identifies factors which influence the convergence between actual food handling practices and the food safety practices prescribed by the World Health Organization Golden Rules. The second framework presents a social model for food safety communication and sustainability.

Key Words: food safety, communication, food handling, sustainability, training

INTRODUCTION

Background of the Study
According to a 1995 report of a World Health Organization (WHO) Consultation with the participation of the Food and Agriculture Organization (FAO), foodborne diseases remain a major public health problem in the world and an important cause of reduced economic productivity. WHO estimates that 1500 million cases of diarrhea occur annually around the world, resulting in 3 million deaths, of which 2.1 million are caused by biologically contaminated food. Hartwig de Haen, assistant director general of the UN's Food and Agriculture Organization, in an address to policy makers and specialists from 40 countries in the region, reported that more than 700,000 people die yearly from consuming contaminated food or water in the Asia-Pacific region (Phil. Daily Inquirer, May 25, 2004, p A9). A foodborne illness is a disease that is carried or transmitted to human beings by food. Most victims of foodborne illnesses do not readily associate symptoms with food intake, but consumers are becoming more aware of food-related illnesses. Any kind of food can be the vehicle of foodborne illness but high protein foods are responsible for most such illnesses.

In the Philippines, foodborne illnesses are a major health concern. Roque and Roces (1996) report that such diseases are not always recognized and there is no surveillance system specifically for the disease group. Surveillance is the systematic collection of reports of specific health events as they occur in a population. This monitoring is linked to action (Tauxe, 2002). While outbreaks associated with a particular commercially processed food tend to attract headlines and focused attention, a much greater number of individual cases of foodborne illnesses occurring in restaurants and in the home are not reported or are linked to other known cases of illness (Oblinger ed., 1988, Billy, 2002).

Rationale
Perdigon (1998) reports that according to the 1995 census report of the National Statistics Office (NSO) in the Philippines, there were a total of 40,392 eateries all over the country. The Industry and Trade Statistics Department of the NSO reports that in the year 2000 there were 89,472 hotel and restaurant establishments in the Philippines. The doubling of food service and related establishments over a 5-year period makes this study worthwhile. Although documentation of foodborne illnesses in the Philippines is not accurate, reports of incidence through the media and communication networks point to a serious issue which must be addressed. Reports from other countries (Oblinger ed., 1988, Pritchard and Walker, 1998) show that many foodborne disease outbreaks are attributed to food service establishments. The findings of this study are of value in developing an approach to food safety training that is sensitive to the conditions under which information is processed, thereby leading to sustainable food safety.

Statement of the Problem

How does food safety communication promote work place food safety in selected food service operations in the formal sector?

Objectives of the Study

The study was undertaken to achieve the following objectives:

a) To determine the scope and coverage of food safety training in selected food service operations
b) To determine how such training aims to fill the gap between prescribed and actual practices
c) To uncover meanings given to food safety information acquired by food handlers, as well as myths and misconceptions regarding personal hygiene and food handling
d) To understand how factors such as interpersonal communication and participation, cultural factors and environmental conditions affect adherence to prescribed food safety practices
e) To determine the importance of food safety practices to customers of these food services and their experiences of such practices in food service operations

REVIEW OF LITERATURE

Related studies emphasize essential points about public health campaigns. First, although education and training on health issues have been helpful in promoting health behavior, acquisition of new knowledge does not automatically lead to behavior change in people. Jayaweera (1976) emphasized that in developing a communication program, one needs to consider the cultural context in which one communicates. The knowledge required to effect the behavior change must be communicated in a manner which is relevant and understandable, to ensure acceptance by the target recipients. What may be easily accepted and practiced in a more advanced society may not be as well received in a less developed society. It is interesting to note that even a developed country like Canada has exerted efforts to "Canadianize" the FightBAC! Campaign of the United States and has achieved positive results (http:www.canfightbac.org/english/about/ar/ar00/obje.shtml).

Studies claim that infusion of information into a society is seldom the only approach used by campaigns that aim to bring about long-term behavioral changes. The literature has indicated that disseminating information and promoting attitude and behavior change have seen positive results where the larger community has been involved. The country reports at the FAO/WHO Global Forum of Food Safety Regulators held in Morocco in January 2002 cite efforts to extend communication and participation to all stakeholders in the community.

The country reports also emphasized the importance of training and education, especially those that have been socially and culturally adapted, in achieving the objectives of a public health campaign. There seems to be strong belief that food safety training and education should start at an early age, possibly at the primary level. This appears to be especially important where the majority of food service companies are small-scale and where training is usually of low priority due to budgetary constraints.

Studies covering a diverse range of topics on the prevention of osteoporosis (http://www.umaine.edu/mainecenteronaging), promotion of breastfeeding (http://www.social_marketing.org/success/cs-nationalwic.html) and the use of seat belts (http://www.motortrend.com/features/auto_news) were conducted in different places and during different time periods. But they appeared to arrive at common conclusions of the importance of a carefully crafted communication approach as an important component of successful program implementation.

METHODS and PROCEDURES

Research Design

This research is a descriptive qualitative study that aims to provide a better understanding of the promotion of food safety as a participatory communication process, as opposed to the top-down modernization model. In the latter, behavior change is expected to occur as a result of information diffusion/dissemination. In contrast, this study seeks to uncover the social and cultural environment in which communication about personal hygiene and safe food handling takes place through a qualitative approach to the problem. Qualitative research is increasing in use and "to understand human affairs it is insufficient to rely on quantitative survey and statistics, and necessary instead to delve deep into the subjective qualities that govern behavior" (Holliday, 2002, p. 7).

For this study, a qualitative approach was deemed more suitable in order to investigate the socio-cultural factors and the environmental workplace conditions that govern or influence behavior of the participants.   The following methods were employed: 1) case studies of selected food service operations through interviews of owners, managers and supervisors in selected food service companies, and workplace observation; 2) interviews of food handlers in selected food service companies; 3) survey of customers.

Sources of Data

Six purposively selected food service companies, representative of large, medium and small scale operations in the formal sector in Metropolitan Manila, Philippines were chosen for the study. The six food service owners/managers/supervisors responsible for ensuring the safe delivery of food and the nineteen food handlers in the selected food service companies were valuable sources of data.

A survey of customers was conducted to determine importance attributed to food safety in customers' choice of where to dine and their experiences of food safety in establishments they patronized .   A total of 166 completed questionnaires were retrieved and the results of this survey constituted part of the work place factors in the study framework, since efforts of food service operators to upgrade and improve services are directed towards satisfying target clientele.

SUMMARY OF FINDINGS

The research sites did not have a formal structured food safety training program. There were no manuals available for reference. Inspite of this, the food handlers were capable of learning. They learned about food safety on the job when they were oriented as new employees and by observing their supervisors and other senior staff. But there was apprehension expressed by their supervisors that in the absence of constant reminders, the food handlers tended to be lax in their practices.

The food handlers acquired food safety information either in school, from previous work experience or on the job. Senior staff who had worked in other establishments with strict food safety standards passed on their knowledge and experience to the newly hired food handlers. These senior employees were instrumental in promoting proper food handling, especially in the small and medium scale food service operations.

Food handlers defined the meaning of food safety as 'cleanliness' and were aware of prescribed food safety practices, although they did not necessarily label them as the WHO Golden Rules. Some of them did not understand the rationale behind some rules. They were influenced by some beliefs, such as not washing their hands when they were tired.

Owners/managers/supervisors identified three WHO Golden Rules that they had difficulty implementing: 'avoid contact between raw foods and cooked foods'; 'wash hands frequently'; and 'protect food from insects, pests and other rodents'. On the contrary, their subordinates believed that the WHO Golden Rules were easily complied with in the work place, except for 'cook food thoroughly' and 'protect food from insects'. For the rule 'cook food thoroughly', some of them claimed that they followed customers' preference for medium-rare steaks. For the rule 'protect food from insects, rodents and other animals', many of them shared that this was difficult to implement because of insects and pests coming from neighboring establishments in the same building. The previous experience of the owners/managers/supervisors and their exposure to high standards of food safety in their previous work could account for their greater expectations and admission that three of the golden rules were difficult to implement.

Factors that contributed to adherence to food safety practices in the work place were:
1. interpersonal communication - behavior modeling by senior staff; constant reminders about the importance of safe food handling practices and the potential dangers of noncompliance with advocated practices
2. presence of an authority figure - the constant presence of the supervisor in the work place; the respect accorded the supervisor due to his/her previous experience in well-known establishments; the power vested in the supervisor to reprimand or even dismiss food handlers for noncompliance with safe food handling practices
3. education and training - personal hygiene practices learned at home and in school; formal tertiary level education in specialized programs such as hotel and restaurant management that include a subject on food safety in the curriculum
4. work place conditions - management provisions for soap, running water and adequate equipment and supplies that facilitate implementation of safe food handling; the size of the work place

The food handlers identified certain household practices which were contrary to prescribed food safety practices in the work place. They were able to explain these differences. For example, food supplies in the home were purchased daily due to budgetary limitations; therefore, proper storage of food was not a concern. The food handlers believed that they were able to positively influence food handling behavior in their households. They were respected by their families and were regarded as authorities in their field.

Although there was a general belief that management provided the support needed, the food handlers accepted the fact that they had to work within budgetary constraints and within the limitations of their work place. The managers and supervisors of the medium and large-scale food service operations who had worked with larger companies either locally or overseas, lamented the fact that there were budgetary constraints to fully implementing a food safety program at the research sites.

Patronage of customers

The survey respondents were asked to rank nine factors they considered important in choosing where to dine: variety of food offered, variety of drinks offered, price of food served, price of drinks served, food served is safe to eat, drinks served will not cause illness, location of the dining facility, cleanliness of dining facility, atmosphere or ambiance of place. The respondents considered safety of food and cleanliness of the dining facility as their foremost considerations when choosing where to dine. Nonparametric statistical test results show that there was no association between factors considered in choosing where to dine and the position (managerial, supervisory, rank and file) of the respondents in the company. Regardless of their position, the respondents ranked safety of food and cleanliness as priority considerations in choosing where to dine. They rated the formal dining establishments as the safest in terms of their food safety and cleanliness experience as customers. They rated fast foods, cafeterias and casual dining restaurants lower. Consumers are potentially influential in promoting food safety by expressing their demand for cleanliness and safe food in their choice of where to dine. This will exert pressure on food service operations, regardless of size, to comply with the WHO rules.

Study framework

Based on the findings of this study, the researcher presents a two-level framework. The first level framework (Figure 1) indicates a likely convergence between the intended effects of food safety communication (compliance with WHO golden rules) and actual practices in the work place at the level of the individual food handlers. The research findings suggest that the degree of convergence was influenced by several factors.

One factor was the hovering presence of an authority figure who would give out constant reminders to the food handlers regarding safe food handling. This authority figure was someone who was respected by the food handlers because of his education and/or experience, which surpassed theirs. At the same time, this person was someone the food handlers could identify with because he/she performed tasks under the same work conditions. The researcher interpreted the food handlers' responsiveness to their supervisor as respect for someone who had extensive experience but whose flexibility in adapting to work place limitations made the rules acceptable and practical. The response of the food handlers may not have been the same if the communicator were detached or unaware of the prevailing conditions the food handlers had to adjust to or the harried nature of work in the food service kitchen.

Another factor that influenced the degree of overlap was the interpersonal communication among the food handlers and the common regard for food safety as a collective responsibility. This was deemed necessary in order to satisfy customers and develop repeat patronage. The convergence theory attributable to Lawrence Kincaid and his colleagues regards communication as a process where participants share information with one another in order to reach a mutual understanding (Littlejohn, 1996).   In this study, the food handlers shared information with each other verbally and non-verbally. Verbal sharing took place as participants shared what they knew about food safety with their co-workers. This also took place whenever supervisors or senior employees issued constant reminders to their staff. Non-verbal sharing – whether intentional or not – took place as food handlers' repeated behavior became common and accepted practice in the work place.

The food handlers were generally aware of safe food handling procedures, with some of them understanding the scientific reasons behind the rules better than others.   However, they also had to contend with the limited kitchen space and with budgetary constraints that compelled them to work under less than ideal conditions.

Even the Executive Chefs and other supervisors who had been exposed to stricter food safety standards in their previous places of employment seemed to accept the fact that a developing country like the Philippines would have difficulty imposing strict standards.

The food handlers' description of certain household practices which were different from the work place prescribed practices presented a certain degree of dissonance between two primary groups that they were part of (family and work). But it seemed that because they spent more time in the work place the latter was the greater influence. The food handlers tended to rely on their co-workers to acquire a correct interpretation of a dissonant situation. In their respective households, the food handlers seemed to exercise some influence in encouraging their families to follow safe food handling practices. They claimed they were accorded respect because of their positions as chefs and cooks. However, because of their hectic work schedules, they had no opportunity to interact with their neighbors.

The food handlers' education and experience from previous places of employment also influenced their food handling practices. Some food handlers were able to recall lessons in personal hygiene from their early education at home and school. Others had gone through tertiary level academic programs where food safety was part of the curriculum. In cases where food handlers had previous work experience and where employers imposed strict food safety standards, the food handlers were positive influences to their fellow employees at the research sites. In cases where former employers were lax, the food handlers were also lax in their practices. But they appeared receptive to learning from their respected authority figures.

Figure 1.
1st Level Framework: Individual Food handlers
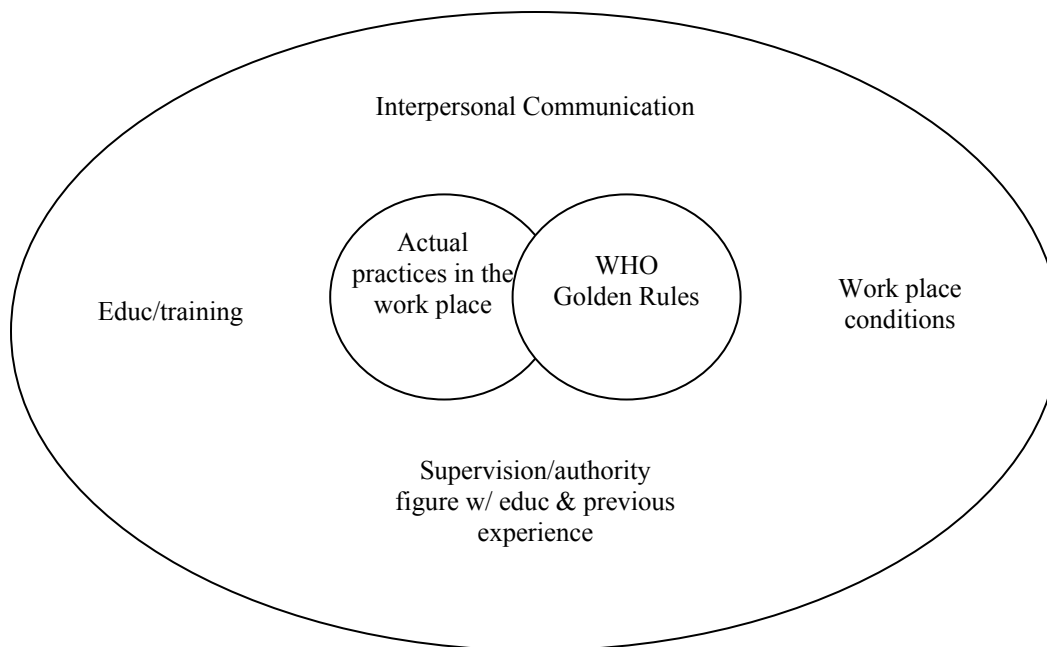
A Social Model for Food Safety Communication and Sustainability

The 2nd level study framework (Figure 2) is a social model for food safety communication and sustainability. Literature on risk communication (Chartier and Gabler, 2001) claims that the public is no longer deferential to authority, and people tend to question claims especially when the source is lacking in credibility. This

poses a challenge for the communication of potential risks of food poisoning brought about by unsafe food handling practices. The owners and managers of the establishments included in the study expressed the difficulty of explaining microorganisms, which are not visible to the naked eye. Scientific information provides the base for a sound food safety campaign and lends credibility to the message.

The situation of the food handlers in a food service operation presents a challenging scenario, where the perishable nature of food demands that preparation happens almost simultaneously with service. The work pressure and erratic demand for food and service require creative ways to promote and sustain food safety practices in the work place. Therefore, messages need to be framed in a manner that is easily understood and accepted by food handlers, taking into consideration the conditions under which they work. McQuail (2000) explains that the Reception Model of Communication is premised on the belief that messages are always open and polysemic, and are subject to different interpretations. In the past year, the World Health Organization has reduced the ten golden rules to five critical rules, translated into several languages.

Figure 2.
2nd Level Framework: A Social Model for Food Safety Communication and Sustainability
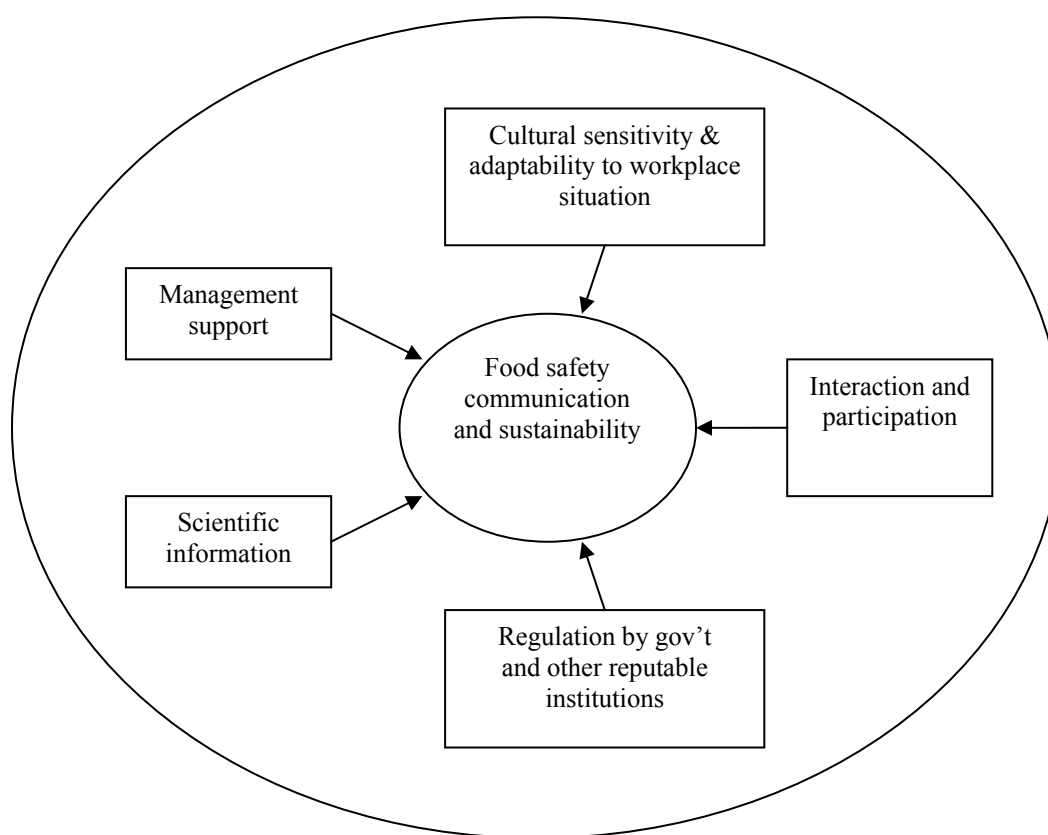
The interaction among food handlers appeared vital in promoting certain practices in the work place. It was important for them to be positively influenced by their co-workers in order to sustain safe food handling practices. The social context in which food was prepared – the interdependence and team effort of workers, their

acceptance of their collective responsibility for the safety of their customers, the common conditions they worked under – influenced the way food safety was learned.

Management support is imperative in order to provide an enabling environment for the safe handling of food. It is necessary that when a food handler acquires new information, he/she can go back to the work place and find the supplies or materials needed in order to apply new knowledge.

Lastly, the government must assume an active role in regulating food service operations and ensuring compliance with food safety standards. In the Philippines, food safety concerns have been devolved from the Department of Health to the local government units (LGUs). While some of the managers/supervisors interviewed mentioned being visited by government inspectors, this is not done on a regular basis. If food safety regulation and monitoring are given priority by the government, they should merit an adequate budget and the political will to impose sanctions for noncompliance. Otherwise, implementation of food safety programs will not be effective.

CONCLUSION and RECOMMENDATIONS

It is acknowledged that while some food handlers are not aware of such rules as stated by the WHO, they may actually be practicing them. The Reception Model of Communication states that messages are open and polysemic, and interpreted according to the context and culture of the receiver (McQuail, 2000). In this study, such context may include the food handlers' early training regarding personal hygiene, their household practices in food handling, and work practices in other food service establishments where they had been employed. All these are imbibed by the food handler as the accepted way to do things

The food safety communication process revolved around the work group – the food handlers and their supervisors. Communication was both verbal and non-verbal. Communication took a verbal form as safe food handling procedures were explained to newcomers and whenever their attention was called for violations. Communication was also non-verbal through the work place behavior exhibited by the supervisors and more senior members of the group. Everyone had to adapt to the work place and its limitations, thus developing a "group-based understanding of the situation" (Severin and Tankard, 1997, p. 221).

The following recommendations are presented. All food service facilities should be required to have food safety manuals with simple explanations of safe food handling procedures. A simple checklist should be included which will serve as the basis for internal monitoring to ensure that important points for safety of food are not neglected.

Food safety training can be a combination of formal and informal methods, but there must be a systematic process for ensuring that all food handlers are properly trained by accredited training organizations. The authority figure in the kitchen – whether he/she is called an Executive Chef or Chief Cook – should be formally appointed or deputized as the person responsible for food safety. To legitimize such authority, this person should have the necessary training and accreditation on food safety from credible and recognized institutions or groups. For those who go through formal schooling to become chefs, this is part of their school curriculum. But for those who become cooks by accident, food safety training must be a prerequisite to assuming the position. The pace of kitchen work and the demands by customers for prompt and efficient service tend to make food handlers compromise food safety standards. Thus, the role of the Executive Chef or Chief Cook becomes vital in ensuring that food safety is not compromised.

Owners of food service establishments should be required to provide the necessary supplies and materials, such as soap and water, in order to make possible the observance of the WHO golden rules. Strict inspection and sanctions for noncompliance should be imposed unconditionally by government agencies.

Government regulatory agencies should impose requirements for minimum kitchen size in relation to total dining capacity. This would ensure sufficient space for the implementation of required food safety practices and the proper flow of work from receiving of the raw materials, storage, preparation and service in order to avoid the possibility of cross contamination between raw and cooked food. This recommendation is made in light of the researcher's observations that a cramped kitchen impedes implementation of safe food handling practices.

The World Health Organization has reduced its rules from ten rules to five rules, circulated in several languages. This focuses on the most critical rules and should make it easier for everyone to remember and promote. Posters with these five rules should be widely circulated with descriptive pictures as visual reminders, and should be posted in all food service kitchens. Food safety should be part of the school curriculum as early as possible, and mass media should be used increasingly to promote food safety. Greater awareness will exert pressure on food service providers, regardless of size, to comply with food safety guidelines.

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LIFE SATISFACTION AND HEALTH PERCEIVED BY MATURE TRAVELERS: AN EXPLORATORY STUDY OF THE PAST TRAVEL EXPERIENCE

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ABSTRACT

The purpose of this study was to examine the influence of past travel experience (i.e. number of trips and number of days away from home in last year, satisfaction with leisure trips in general) on mature travelers' quality of life (i.e. self-perceived health and global life satisfaction). A total number of 217 respondents (50+) in South Carolina were used in this study. Path analysis (PROC CALIS in SAS) was performed to test the proposed model. An estimation of the proposed theoretical model revealed that the model fit the data. However, the model should be further examined and applied with caution.

Key Words: life satisfaction, self-perceived health, mature travelers

INTRODUCTION

Mature tourism is getting more attention due to its growing magnitude. Today's mature travel market can be generalized as being "different, diverse and demanding" (Harssel, 1994, p. 376). It is not a simple task to fully understand the mature travel market. Faranda and Schmidt (1999) suggest that mature tourism marketers must recognize three critical components: the aging process comprehended from multiple disciplines, the acknowledged "heterogeneity and dynamic nature" of the mature market, and the "necessity for sound segmentation methods" (p. 24). Although some aging-related significant social and demographic changes are well-documented in the tourism literature, the research on mature travelers is limited at best, especially how the aging process can be connected with mature tourism.

According to Dann (2001), quality of life is defined as "the subjective appraisal of a number of cultural domains (e.g., education, politics, law and religion) which, on balance, collectively contribute to a general sense of well-being known as life satisfaction" (p. 8). Guinn and Vincent (2003) suggest that the trip experience played a significant role in enhancing quality of life. The travel experience has become one of the leisure activity options for older adults as they are more affluent, better educated, and more aware of a healthy lifestyle than their previous generations (Hawkins, May, & Rogers, 1996). The purpose of this study was to examine the influence of past travel experience (i.e. number of trips and number of days away from home in last year, satisfaction with leisure trips in general) on mature travelers' quality of life (i.e. self-perceived health and global life satisfaction).

LITERATURE REVIEW

Self-rated health was identified the strongest variable correlated with life satisfaction in an analysis of health, activity, social-psychological, and socio-economic variables (Palmore & Luikart, 1972). Mature participants of travel programs were found significantly more likely than their non-participant counterparts to perceive above average or excellent health (Blazey, 1987). Satisfaction with one's health was associated with greater leisure participation rates and participation in activities that were more physical in nature (Guinn & Vincent, 2003). Zimmer, Brayley, and Searle (1995) found that self-assessed health status was a significant variable in distinguishing mature travelers and non-travelers.

Zimmer et al. (1995) included both objective health indicators (chronic conditions and mobility problems) and subjective variable (self-assessed health) in their study of travel decisions. Both objective and subjective health indicators were found to be important discriminating factors, and they were negatively associated with older adults' decision to travel. As health status deteriorated, older adults' tendency to travel decreased.

According to Lago and Poffley (1993), functional health status, not age, determines what kind of hospitality products older adults are interested in. Due to the probability of disability associated with advancing age, younger old adults have two valuable commodities: plenty of leisure time and the good health to enjoy leisure activities. However, it is essential to develop hospitality services needed and appreciated by physically-challenged older adults, in order to encourage the majority of older adults to participate in hospitality programs.

Global life satisfaction has been studied in the context of tourism (Neal, Sirgy, & Uysal, 1999). Travel/tourism trip experiences were found to have direct impact on leisure travelers' overall life satisfaction (Neal, et al., 1999). Satisfaction with tourism services also affected travelers' quality of life through the mediating effects of satisfaction with travel/tourism experiences, and satisfaction with leisure life (Neal, Sirgy, & Uysal, 2004).

According to Faranda and Schmidt (1999), the integration of life satisfaction as a criterion variable in a segmentation model should contribute to tourism marketers' ability to differentiate segments of mature travelers. LaForge (1984) profiled a sample of persons age 65 and older in order to determine differences between travelers and non-travelers. It was found that those classified as travelers scored significantly higher on a test of life satisfaction, which indicated that travelers had aged "gracefully" compared to non-travelers. It was also found that mature travelers with higher life satisfaction scores tended to travel to farther destination (Zimmer, et al. 1995).

METHODS

Sample and Population

Two universities in South Carolina, Clemson University in Clemson and Furman University in Greenville, were selected as the primary study areas for this study. Both universities have some continued learning programs for older adults, namely, the Clemson University Lifelong Learning Program (CULL) and the Furman University Learning in Retirement program (FULIR).

People 50 and above who participated in the CULL and FULIR programs were the study population. Most of the enrolled members were over 50 years of old and retired. In addition, this convenience sample represented a mixture of an aging population who retired locally and who migrated after their retirement. As noted by Longino (1995), Pickens and Oconee counties were the only popular South Carolina destinations of aged migrants that were far from the Atlantic Coast. An influx of mature migrants drawn by the amenities of the Upstate and the local aging residents make up a well-mixed research sample for this study.

Survey Instrument

The survey instrument employed for this study consisted of four sections. The first section measured respondents' leisure travel preference, which includes various questions about their recent and general travel experiences (i.e., travel frequency, trip length, satisfaction with leisure trips, travel information sources, trip planners, and travel companion), about their travel motives and constraints, about travel destination attributes, and about their travel intentions. The third section measured respondents' overall assessment of their lives with the Satisfaction with Life Scale (SWLS) developed by Diener, Emmons, Larsen, & Griffin (1985). The last section collected some socio-demographic information (i.e., age, gender, marital status, race, education, and employment status, household income, and self-perceived health), as well as the length of their current residence at their present home and in the upstate of South Carolina.

Data Collection

The data collection method for this study was adapted and modified from Dillman's (2000) group administration of self-administered surveys. An illustrated general protocol for group administration of questionnaires includes five steps: introduction, special instructions, distribution, retrieval, and debriefing (Dillman, 2000). The in-class visit data collection procedure employed in this study was composed of three steps, namely pre-delivery preparation, an oral survey introduction before distributing packages to potential respondents, and in-class distribution, modified from group administration approach. The major draw-back of this data collection method, compared with tradition mailing method, is the lack of non-response information. Without their contact information, it was impossible to reach potential respondents after the in-class survey delivery. Therefore, this study could not generate any information about those who failed to send their surveys to the researcher.

Data Analysis

Data analysis was conducted in two steps with the SAS 9.1. First, a series of descriptive statistics were collected to depict a picture of mature respondents' social-demographic status as well as their past travel experience. Secondly, path analysis (PROC CALIS) was performed to test the proposed model.

RESULTS

A total of 217 returned surveys were used for data analysis. The final response rate was 73.3%. Table 1 presents socio-demographic characteristics of mature respondents from Clemson and Greenville areas. The average

age of the respondents was 69.31 years, with a standard deviation of 7.60. More than half (56.5%) of the respondents were female. More than three-quarters (79.2%) were married. Except one reported racial background as "alien," all the other respondents were white (99.5%). Due to the lack of variance in the race variable, race was ignored in further analysis. More than 80% of the respondents received a four-year college education (38.0%) and completed graduate school (43.5%). A majority (95.3%) of the respondents were retired. More than half (57.9%) of the respondents migrated to the Upstate area, and another 18.5% of the respondents moved within the Upstate after they were 50 years old. The average length of residence in the Upstate was 21.81 years (SD=19.50), while the average length of residence at the present house was 13.11 years (SD=11.99). More than a quarter of the respondents had an annual household income of $40,000 to $59,999 (25.3%) and those more than $100,000 (26.3%).

Table 1
Socio-Demographic Characteristics of the Sample

Demographic Characteristics (n=217)	Frequency	Percent	Frequency Missing
Age			2
50 – 59	15	6.98	
60 – 69	100	46.51	
70 – 79	82	38.14	
80 – 89	15	6.98	
90 and above	3	1.40	
Gender			1
Male	94	43.52	
Female	122	56.48	
Marital Status			1
Married	171	79.17	
Single (never married)	8	3.70	
Divorced/separated	10	4.63	
Widowed	27	12.50	
Races			1
White	215	99.54	
Other	1	0.46	
Education			1
High school or less	7	3.24	
Technical/vocational/trade school	0	0	
Some college	33	15.28	
Four year college	82	37.96	
Graduate/professional school	94	43.52	
Employment Status			3
Retired	204	95.33	
Employed full-time	3	1.40	
Employed part-time	7	3.27	
Annual Household Income			19
Less than $20,000	5	2.53	
$20,000 to $39,999	26	13.13	
$40,000 to $59,999	50	25.25	
$60,000 to $79,999	36	18.18	
$80,000 to $99,999	29	14.65	
$100,000 and more	52	26.26	
Living Status			1
Migrate to Upstate after 50	125	57.87	
Moving within Upstate after 50	40	18.52	
No moving after 50	51	23.61	

Results of mature respondents' previous leisure travel experience are shown in Table 2. Almost all of the respondents (98.6%) took leisure trips after they retired (N=213). Mature respondents averaged more than three

leisure trips in last year (Mean=3.32, SD=2.66; N=210). The average length of vacation totaled to nearly 25 days in last year (Mean=24.40, SD=19.63; N=211).

Mature respondents had a high satisfaction rate with their leisure trips (Table 2). About 70% of the mature respondents were very satisfied with their last leisure trip (71.0%) and leisure trips in general (67.6%). The average rating of leisure trip satisfaction was about 3.70 based on a ranking from "very unsatisfied" (1) to "very satisfied" (5) (SD=0.50).

Table 2 also shows the descriptive statistics of mature respondents' self-rated health status. Almost three quarters of mature respondents rated their health above the middle level, i.e., very good (46.8%), and excellent (26.9%), while less than 5% of the respondents were in "fair" (3.7%) or "poor" (0.9%) health condition. The average of the health rating was close to "very good" (Mean=3.95, SD=0.85).

Table 2
Previous Leisure Travel Experience and Mature Respondents' Satisfaction with Leisure Trips

Leisure Travel Satisfaction	Frequency	Percent	Mean	SD	Frequency Missing
Leisure Trip after Retirement					4
Yes	210	98.59			
No	3	1.41			
Number of Leisure Trips			3.31	2.66	7
Number of Days away Home			24.40	19.63	6
Satisfaction with Last Leisure Trip			3.70[1]	0.49	7
Very satisfied	149	70.95			
Satisfied	60	28.57			
Unsatisfied	0	0			
Very unsatisfied	1	0.48			
Satisfaction with Leisure Trip in General			3.67[1]	0.50	4
Very satisfied	144	67.61			
Satisfied	68	31.92			
Unsatisfied	0	0			
Very unsatisfied	1	0.47			
Self-Perceived Health			3.95[2]	0.85	1
Excellent	58	26.85			
Very Good	101	46.76			
Good	47	21.76			
Fair	8	3.70			
Poor	2	0.93			

[1] Based on a scale of 1=very unsatisfied, 2=unsatisfied, 3=satisfied, and 4=very satisfied.
[2] Based on a scale of 1=poor, 2=fair, 3=good, 4=very good, and 5=excellent.

A description of the five items used to measure mature respondents' global life satisfaction is presented in Table 3. The first two statements had one missing value and the other three statements had two missing values. Over 90% of the respondents agreed (including strongly agree, agree, and slightly agree) with the following items: "I am satisfied with my life" (92.6%), "So far I have gotten the important things I want in life" (92.1%), "The conditions of my life are excellent" (91.2%), and "In most ways my life is close to my ideal" (90.3%). However, only about 60% of the respondents (63.3%) agreed with various degrees that "If I could live my life over, I would change almost nothing." Most of the mature respondents were quite satisfied with their life. The overall average score was 5.62 (SD=1.01) based on a 1 (low) to 7 (high) scale, indicating that mature respondents generally had a high life satisfaction.

Table 3
Global Life Satisfaction of Mature Respondents

Global Life Satisfaction Items	Freq.	%	Mean[1]	SD	Frequency Missing
The conditions of my life are excellent.			5.90	1.13	1
Strongly agree	66	30.56			
Agree	97	44.91			
Slightly agree	34	15.74			
Neither agree nor disagree	11	5.09			
Slightly disagree	2	0.93			
Disagree	4	1.85			
Strongly disagree	2	0.93			
I've gotten important things I want in life.			5.90	1.13	2
Strongly agree	62	28.84			
Agree	104	48.37			
Slightly agree	32	14.88			
Neither agree nor disagree	8	3.72			
Slightly disagree	2	0.93			
Disagree	5	2.33			
Strongly disagree	2	0.93			
I am satisfied with my life.			5.91	1.11	2
Strongly agree	60	27.91			
Agree	109	50.70			
Slightly agree	30	13.95			
Neither agree nor disagree	6	2.79			
Slightly disagree	5	2.33			
Disagree	2	0.93			
Strongly disagree	3	1.40			
In most ways my life is close to my ideal.			5.68	1.16	1
Strongly agree	43	19.91			
Agree	103	47.69			
Slightly agree	49	22.69			
Neither agree nor disagree	9	4.17			
Slightly disagree	5	2.31			
Disagree	4	1.85			
Strongly disagree	3	1.39			
If I could live my life over, I'd change almost nothing.			4.72	1.66	2
Strongly agree	25	11.63			
Agree	61	28.37			
Slightly agree	50	23.26			
Neither agree nor disagree	21	9.77			
Slightly disagree	35	16.28			
Disagree	12	5.58			
Strongly disagree	11	5.12			

[1] Based on a scale of 1=strongly disagree to 7=strongly agree.

An estimation of the proposed theoretical model revealed that the model fit the data (Table 4; GFI = .99). The model had an insignificant chi-square value, χ^2 (2, N=217) = 3.37, p=.19, which indicated a comparatively good model fit. Figure 1 shows that two paths, one between travel frequency and life satisfaction (t=1.98), and the other between travel satisfaction and life satisfaction (t=5.19), were found significant ($p<.05$). In addition, the analysis revealed that R^2 values were low for both life satisfaction (.16) and self-perceived health (.03). Therefore, the proposed model should be further examined and applied with caution.

Table 4
The CALIS Procedure: Covariance Structure Analysis: Maximum Likelihood Estimation

Fitness Statistics	Estimation
Goodness of Fit Index (GFI)	0.9938
GFI Adjusted for Degrees of Freedom (AGFI)	0.9538
Root Mean Square Residual (RMR)	0.2058
Chi-Square	3.3719
Chi-Square DF	2
Pr > Chi-Square	0.1853
RMSEA Estimate	0.0564
Bentler's Comparative Fit Index	0.9919
Bentler & Bonett's (1980) Non-normed Index	0.9597
Bentler & Bonett's (1980) NFI	0.9813
Bollen (1986) Normed Index Rho1	0.9065
Bollen (1988) Non-normed Index Delta2	0.9923

Figure 1
Proposed Structural Model of Life Satisfaction and Past Travel Experience
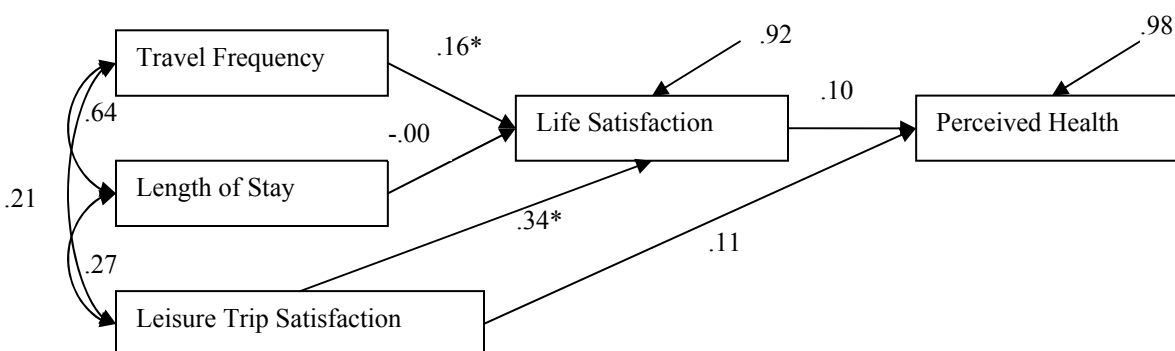
* indicates significant *p* value at a significant level of .05.

DISCUSSION AND CONCLUSION

This study found that satisfaction with the last leisure trip had a significantly positive influence on respondents' overall life satisfaction, which was consistent with other research (Neal, et al., 1999). The number of leisure trips that respondents took in the last year contributed significantly to their overall life satisfaction. This finding revealed a possible connection between travel frequency and life satisfaction, which is that the more frequently older adults travel, the more likely they are satisfied with their life in general. It is also noticed that the length of trip away from home failed to have any significant impact on respondents' overall life satisfaction by itself, although the length of stay was highly correlated with the travel frequency. However, due to the limitation of the sampling method, the findings cannot be applied and generalized to the mature travel market in general.

A major limitation of this study is embedded in the nature of exploratory studies. According to Babbie (2001), exploratory studies seldom provide satisfactory answers to specific research questions, which is the chief shortcoming of exploratory studies. No definite causal relationship could be tested and established in this study; however, the results could hint at the possible answers and suggest which research methods could provide definitive answers. This study is an attempt to explore the influence of past travel behavior on mature travelers' self-perceived health and life satisfaction.

Another major limitation of this study is the homogeneity of the sample population and the sampling method, which makes it hard to generalize the results to other segments of the aging population. First of all, the convenience sample used in this study is not highly representative of the general population. Mature respondents included in this study are self-selected to enroll in Lifelong Learning programs, indicating that this highly-motivated group is prone to be biased. Secondly, this sample lacks racial diversity. Except for one respondent, all the other respondents were white. Thirdly, this study is confined to a geographic location. Most of the class participants live

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in the Upstate, specifically around universities, which makes it impossible to apply the findings of this study to any other geographic locations. Fourthly, mature respondents share similar socio-demographic profiles. It was hard to differentiate them based on their demographic characteristics. Most of them retired, and they were quite healthy, wealthy, motivated, and learning-oriented. They were high-functioning and independent-living mature travelers. Therefore, results found in this study may not be generalized beyond this sample of aging population. It is recommended that more heterogeneous sample should be drawn and a desirable sampling method should be used for future studies.

Future studies are also needed to further investigate the influence of leisure travel on older adults' satisfaction and health perception. As Dann (2001) pointed out, more research needs to be conducted to examine the linkages between mature tourism and the quality of life. This study is an initial attempt to understand and explore the relationship between mature tourism and quality of life. A good understanding of the linkage between mature travel experience and the quality of life will help to promote mature travel among the general population, especially among older adults.

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SEGMENTING THE MATURE TRAVEL MARKET BY MOTIVATION

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ABSTRACT

The purpose of this study was to segment mature travelers based on their motivations and to profile the similarity and difference between mature travel market segments according to their demographic characteristics and travel preferences. A total number of 217 respondents (50+) in South Carolina, USA, were used in this study. An exploratory factor analysis and cluster analysis were performed to segment the mature travel market by 21 motivation items. Three types of mature travelers were identified, namely, social, trophy, and novelty. They were significantly different regarding their travel intention within five years and the number of years they have lived in their present home.

Key Words: segmentation, travel motivation, mature market

INTRODUCTION

The "graying of America" is a significant demographic trend affecting the United States' present and future course (Moisey & Bichis, 1999). The size of the over-65 population increased by more than 11 times, compared to three times among their under 65 year old cohorts. By the year 2030, the older populations (65+) will more than double to 71.5 million (Administration on Aging, 2003). Low birth rate, increased life expectancy, and the aging of the baby boom generation make the older population the fastest growing portion of the population (Godbey, 1997).

As more people enter their 50s and 60s, mature travelers become more important to the tourism industry, and their importance grows as the segment increases in size and wealth (Reece, 2004). Understanding the mature market is vital to the success of the travel industry since this market will increase dramatically in the upcoming years (Brewer, Poffley, & Pederson, 1995). Today's mature population is quite different from earlier generations of older adults (Harssel, 1994). Older adults have generally made their financial and unobligated time investments in home and family, become free from their children's dependency, and possess a relatively large share of all discretionary dollars (McGuire, 1980; Anderson & Langmeyer, 1982; Blazey, 1987; Javalgi, Thomas & Rao, 1992; Reece, 2004). The trends toward earlier retirement, an increased participation in active lifestyles and the increase in wealth make the mature travel market attractive and promising (Carter & Shipman, 1996).

Today's mature travel market can be generalized as being "different, diverse and demanding" (Harssel, 1994, p. 376). It is not a simple task to fully understand this market. Faranda and Schmidt (1999) suggest that mature tourism marketers must recognize three critical components: the aging process comprehended from multiple disciplines, the acknowledged "heterogeneity and dynamic nature" of the mature market, and the "necessity for sound segmentation methods" (p. 24). Therefore, the purpose of this study is to segment mature travelers based on their motivations and to profile the similarity and difference between various mature travel market segments according to their demographic characteristics and travel preferences.

LITERATURE REVIEW

Gerontologists proposed that as people reached their mature stage of life, they became more preoccupied with self-utilization. They were looking for self-fulfilling activities and experiences. The retirees were motivated to "explore" the world as long as they still have their physical ability (Muller, 1996). Like their younger counterparts, seniors traveled for numerous reasons: for rest and relaxation, social interaction, physical exercises, learning, nostalgia, and excitement (Guinn, 1980a; McGuire, Uysal & McDonald, 1987).

Travel motivation was often used as a means to segment the mature tourism market. Shoemaker (1989) was one of the first researchers to question the homogeneity of the senior market. He categorized the market into three clusters: "family travelers" – passive seniors who used pleasure travel as a way to spend time with their immediate families and did not like to preplan their trip; "active resters" – travelers who were motivated to seek intellectual and spiritual enrichment, to rest, relax, and escape the daily routine, and to meet people and socialize; and "older set" – travelers who liked their trips filled with activities, but preferred all-inclusive hotels and resorts.

Vincent and de Los Santos (1990) replicated and validated Shoemaker's study with a sample of winter Texan seniors. The result resembled Shoemaker's "active resters" and "older set." They preferred to plan their trips, took long vacations, and pursued numerous touristic activities. Those who stayed in parks matched closely the profile of "active resters," while those who rented apartments, homes, or condos had characteristics similar to those of the "older set."

Cleaver, Muller, Ruys, and Wei (1999) stressed the strategic usefulness of identifying travel-motive segments for tourism product development. Interviews of 356 senior citizens yielded data on their motives for holiday travel, preferences for holiday destination types, favorite mode of travel, and personal values. Seven travel-motive segments were determined with factor analyses: Nostalgics (32.0%), Friendlies (22.7%), Learners (18.9%), Escapists (9.3%), Thinkers (7.1%), Status-Seekers (6.5%), and Physicals (3.4%). The four largest segments represented 83% of the mature tourism market.

You and O'Leary (1999) examined the diversity and heterogeneity of the older UK outbound travelers market and segmented it based on travel push and pull factors. The older market was segmented into three distinct groups — passive visitors, the enthusiastic go-getters, and the culture hounds — based on the premise that older travelers who share similar values were more likely to exhibit similar patterns of travel behavior, patterns that differ from those other older travelers of different travel motivations and other psychographic characteristics. The three segments exhibit distinct differences in demographics as well as their destination participation patterns, travel philosophies, trip frequencies and other travel characteristics. This research showed that the older traveler market showed more heterogeneity in their travel preferences and travel behavior.

Lehto, O'Leary, and Lee (2001) identified three distinct groups with two-stage cluster analysis, namely, "independent eco-tourists," "enthusiastic female experiencers," and "budget conscious relaxation seekers." The independent eco-tourists generally demonstrated a strong desire to learn about nature and environment. They actively participated in nature-oriented activities, while they were least interested in people-oriented activities. They were adventure-spirited, and they tended to enjoy physically-challenging activities. They had little interest in group tour, and being able to drive on their own was very important to these independent travelers. The second cluster was mostly composed of female travelers. They had the highest interest in long distance travel. They were enthusiastic about experiencing and learning about new stuff. They participated in diverse activities. They enjoyed traveling with guided group tours, but they were not concerned with travel-associated expense and they looked for value and quality in their travel, which distinguished them from budget travelers. The third cluster was price-sensitive and budget conscious. The major benefit they were seeking from travel was relaxation. Easy and relaxing beach activities were most attractive to them.

Norman, Daniels, McGuire, and Norman (2001) studied the travel motivations of veteran-mature travelers (ages 65+) and the neo-mature travelers (ages 50-64) based on the push-pull model of motivation. The importance of 35 travel benefits (push factors) and 85 vacation attributes (pull factors) were examined. Factor analysis identified six travel motives (i.e., escape, education, family, action, relaxation, and ego) and nine vacation travel attributes (i.e., natural surroundings, good weather, tourism infrastructure, budget dining and accommodations, cultural and historical attractions, manmade attractions, people, upscale facilities, and outdoor recreation opportunities). Four push factors (i.e., escape, education, action and relaxation) and three pull factors (i.e., natural surroundings, upscale facilities and outdoor recreation opportunities) were found significantly different for neo-mature and veteran-mature travelers; however, with income and retirement status as control variables, age effect was mediated.

METHODS

Sample and Population

Two universities in South Carolina, Clemson University in Clemson and Furman University in Greenville, were selected as the primary study areas for this study. Both universities have some continued learning programs for older adults, namely, the Clemson University Lifelong Learning Program (CULL) and the Furman University Learning in Retirement program (FULIR).

People 50 and above who participated in the CULL and FULIR programs were the study population. For the purpose of this study, a convenience sample was drawn to explore mature respondents' travel motivation. There were about 200 enrolled members of the CULL in the spring term of 2004. The CULL offered 31 different courses from Monday to Friday. The FULIR had 327 people registered for classes, attending over 60 classes in the spring

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term. Most of them were over 50 years of old and retired. In addition, this convenience sample represented a mixture of an aging population who retired locally and who migrated after their retirement. As noted by Longino (1995), Pickens and Oconee counties were the only popular South Carolina destinations of aged migrants that were far from the Atlantic Coast. An influx of mature migrants drawn by the amenities of the Upstate and the local aging residents make up a well-mixed research sample for this study.

Survey Instrument

The survey instrument employed for this study consisted of four sections. The first section measured respondents' leisure travel preference, which includes various questions about their recent and general travel experiences (i.e., travel frequency, trip length, satisfaction with leisure trips, travel information sources, trip planners, and travel companion), about their travel motives and constraints, about travel destination attributes, and about their travel intentions. The last section collected some socio-demographic information (i.e., age, gender, marital status, race, education, and employment status, household income, and self-perceived health), as well as the length of their current residence at their present home and in the upstate of South Carolina.

Respondents' leisure travel motivation was measured with 24 push and pull items that were selected and adapted from related literature (Shoemaker, 1989 & 2000; You & O'Leary, 1999; Cleaver, et al., 1999; Muller & O'Cass, 2001). Mature respondents rated each travel motivation item on a four-point scale from 1 "not at all important" to 4 "very important."

Data Collection

The data collection method for this study was adapted and modified from Dillman's (2000) group administration of self-administered surveys. An illustrated general protocol for group administration of questionnaires includes five steps: introduction, special instructions, distribution, retrieval, and debriefing (Dillman, 2000). The in-class visit data collection procedure employed in this study was composed of three steps, namely pre-delivery preparation, an oral survey introduction before distributing packages to potential respondents, and in-class distribution, modified from group administration approach. The major draw-back of this data collection method, compared with tradition mailing method, is the lack of non-response information. Without their contact information, it was impossible to reach potential respondents after the in-class survey delivery. Therefore, this study could not generate any information about those who failed to send their surveys to the researcher.

Data Analysis

The data analysis proceeded in four steps. Firstly, descriptive statistics were conducted, which depicted a general picture of mature respondents' socio-demographic status, and their leisure travel behavior. The SAS statements, PROC MEANS, and PROC FREQ, were used to analyze the average rankings, as well as the ranking distribution of each item.

Secondly, exploratory factor analysis (EFA) was employed to reveal the possible underlying factor structures of travel motivations. The EFA was employed not only to reduce observed constraint variables into a smaller number of factors that would account for most of the variance in the observed variables but also to identify the underlying factor structures (Hatcher, 1994; Stevens, 2002). A principal component with varimax rotation was conducted for variable reduction purposes. The overriding objective was interpretability of the resulting varimax-rotated factor matrix, not maximum explained variance or the inclusion of all factors with Eigenvalues of 1.0 or higher. The desired results met these criteria: 1) the components, after orthogonal rotation, are interpretable; 2) each variable loads 0.4 or higher on only one component; and 3) the acceptable reliability coefficient, which was determined with Cronbach's coefficient alpha, should not be lower than .60. PROC FACTOR was used to decide on the number of factors retained for each construct.

According to Sheppard (1996), cluster analysis followed by factor analysis was a better approach if the primary purpose of a study was segmentation. Therefore, a cluster analysis was conducted as the third step. The number of clusters was determined with a two-stage cluster analysis method (Arimond & Elfessi, 2001). The statement PROC FASTCLUS was performed to identify the number of clusters. The motivation items retained in the factor analysis were independent variables used in the statement PROC CANDISC.

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Finally, different profiles were described among different clusters. A series of ANOVA (PROC GLM) and Chi-square tests (PROC FREQ) were employed to reveal any statistically significant difference between various groups' socio-demographic variables.

RESULTS

The adjusted total of returned went down to 217, which included surveys that had been partially or completed finished. The final response rate was 73.3%. The average age of the respondents was 69.31 years, with a standard deviation of 7.60. More than half (56.5%) of the respondents were female. More than three-quarters (79.2%) were married. Except one reported racial background as "alien," all the other respondents were white (99.5%). Due to the lack of variance in the race variable, race was ignored in further analysis. More than 80% of the respondents received a four-year college education (38.0%) and completed graduate school (43.5%). A majority (95.3%) of the respondents were retired. More than half (57.9%) of the respondents migrated to the Upstate area, and another 18.5% of the respondents moved within the Upstate after they were 50 years old. The average length of residence in the Upstate was 21.81 years (SD=19.50), while the average length of residence at the present house was 13.11 years (SD=11.99). More than a quarter of the respondents had an annual household income of $40,000 to $59,999 (25.3%) and those more than $100,000 (26.3%).

The means and standard deviations of the 24 motivation items are presented in Table 1. Results of the initial factor analysis of travel motivations indicated that the motive item "going places my friends haven't been" failed to load on any of the seven factors generated from the first run of factor analysis. Seven factors explained 58.9% of the total variance. A final five-factor structure based on 21 items was retained after several runs of factor analysis (Table 2). This five-factor structure explained more than half of the total variance (50.2%).

Table 1
The Importance of Travel Motivations Rated by Mature Respondents

Travel Motivations (n=217)	Mean[1]	SD	Frequency Missing
Experiencing new things	3.44	0.57	1
Having fun	3.36	0.60	5
Having Fun with My Family	3.15	0.74	4
Traveling to Safe/Secure Places	3.14	0.69	1
Visiting museums/historical sights	3.06	0.67	0
Seeing as much as possible in the time available	2.86	0.83	1
Seeking intellectual enrichment	3.00	0.69	1
Taking advantage of reduced fares	2.85	0.77	0
Getting rest and relaxation	2.80	0.71	2
Escaping the everyday routine	2.75	0.77	2
Being physically active	2.81	0.71	2
Improving physical health	2.70	0.73	2
Being with old friends	2.65	0.79	1
Learning about nature	2.72	0.71	1
Trying new foods	2.58	0.78	0
Meeting new people/new friends	2.62	0.69	0
Meeting people with similar interests	2.68	0.70	0
Seeking spiritual enrichment	2.08	0.78	2
Telling my friends about the trip	2.05	0.73	1
Reliving past good times	2.27	0.71	3
Finding thrills and excitement	1.96	0.75	3
Participating in sports	1.60	0.71	3
Watching sports events	1.74	0.72	1
Going places friends haven't been	1.71	0.66	3

[1] Based on a scale of 1=not at all important, 2=not important, 3=important, and 4=very important.

Table 2
Retained, Purified, and Labeled Factors of Leisure Travel Motivations

Leisure Travel Motivations	Factor Loadings	Eigen-value	Variance Explained %	Cumulative Variance %	Cronbach alpha
F1: Novelty		3.91	18.62	18.62	0.64
Meet new people/make new friends	0.65				
Experience new things	0.64				
Have fun	0.60				
Try new foods	0.55				
Escape everyday routine	0.48				
Meet people with similar interests	0.47				
Find thrills/excitement	0.41				
F2: Family and Sports		2.36	11.24	29.86	0.57
Participate in sports	0.75				
Watch sports events	0.68				
Have fun with family	0.52				
Be with old friends	0.48				
F3: Intellect		1.57	7.48	37.34	0.64
Seek intellectual enrichment	0.85				
Visit museums/historical sites	0.81				
Learn about nature	0.51				
F4: Necessity		1.40	6.66	44.00	0.60
Take advantage of reduced fares	0.69				
Travel to safe places	0.67				
Get rest and relaxation	0.63				
Improve physical health	0.52				
F5: Trophy		1.30	6.19	50.18	0.57
See as much as possible in the time available	0.71				
Tell friends about the trip	0.54				
Go places friends haven't been	0.52				

Cluster membership was significantly affected by 13 of the tested 21 motivation items (Table 3). Two discriminant functions were derived, explaining 71% and 29% of the total variance respectively. The item "meeting people with similar interests" contributed to 54% of the Function 1 structure, which was the item that discriminated the most among the clusters. Cluster One had a high mean score compared to the other clusters on the item "meeting people with similar interests"; therefore, it was labeled the "social." Cluster Three, with the highest score on the item "experiencing new things", was accordingly named "novelty." Cluster Two had the lowest mean scores on more than half of the discriminating items; thus it was called "inactive." Table 4 shows that the three groups rated all the discriminating motivation items significantly different.

Table 3
Discriminant Analysis of Leisure Travel Motivation Items

Motive Items	Standardized Canonical Coefficients	
	Function 1	Function 2
Meeting people with similar interests	.54	.08
Having fun	.37	-.47
Taking advantage of reduced fares	.31	-.17
Trying new foods	.28	-.21
Finding thrills and excitement	.24	.07
Traveling to places where I feel safe/secure	.21	-.06
Telling my friends about the trip	.21	.16
Escaping the everyday routine	.19	.22
Seeing as much as possible in the time available	.16	.25
Experiencing new things	-.10	.50
Meeting new people and make new friends	.08	.23
Seeking intellectual enrichment	.07	.34
Going places my friends haven't been	-.03	.27
Eigenvalue	1.19	.48
p value	<.001	<.001
Variance Proportion	.71	.29
Cluster Means		
Social	.56	.06
Inactive	-1.81	-.98
Novelty	-2.83	2.58

Table 4
Discriminating Motive Items of the Mature Travel Market

	Social	Inactive	Novelty	F(df=2)
Experiencing new things	3.50	3.15	3.88	8.60**
Having fun	3.45	3.10	2.75	9.10**
Traveling to places where I feel safe/secure	3.28	2.83	2.00	21.87**
Seeking intellectual enrichment	3.03	2.74	3.75	8.41**
Taking advantage of reduced fares	3.02	2.45	1.38	34.55**
Seeing as much as possible in the time available	3.01	2.21	3.25	16.89**
Escaping the everyday routine	2.85	2.41	2.50	6.54*
Meeting people with similar interests	2.85	2.12	2.00	29.30**
Meeting new people and make new friends	2.75	2.14	2.38	13.49**
Trying new foods	2.71	2.02	2.63	9.94**
Telling my friends about the trip	2.24	1.43	1.38	26.37**
Finding thrills and excitement	2.10	1.49	1.50	13.36**
Going to places my friends haven't been	1.84	1.21	1.88	13.88**

** p≤.001 *p≤.01

Results of general linear models showed that there were no statistically significant differences among the clusters based on mature respondents' number of trips, number of days staying away from home, number of years living in the Upstate of South Carolina, and global life satisfaction. How long that mature respondents had lived in their present home was the only variable that was significantly different among the three identified clusters (*F*=5.70, *p*=.02). The series of Chi-square tests revealed that the three clusters had significantly different travel intention within five years (χ^2=12.65, *p*=.049). Clusters showed no significant difference regarding age, employment status, education, income, and other socio-demographic characteristics (Table 5).

Table 5
Selected Socio-Demographic Characteristics and Travel Intention of Three Groups

Characteristics	Social (%)	Inactive (%)	Novelty (%)	χ^2 Value
Age				12.54
50-59	5.95	10.53	11.11	
60-69	50.00	34.21	33.33	
70-79	36.31	50.00	22.22	
80 and above	7.74	5.26	33.33	
Retirement Status				3.97
Retired	94.61	100.00	88.89	
Employed full-time	1.80	0	0	
Employed part-time	3.59	0	11.11	
Education				5.89
High school or less	4.14	0	0	
Some college	17.16	7.89	11.11	
Four year college	35.50	50.00	33.33	
Graduate school	43.20	42.11	55.56	
Income				2.87
Less than $40,000	16.99	13.51	0	
$40,000 to $79,999	42.48	48.65	37.50	
$80,000 or more	40.52	37.84	62.50	
Travel Intention within Five Years				12.65*
Very likely	91.02	86.84	66.67	
Likely	7.19	7.89	11.11	
Unlikely	0.60	2.63	11.11	
Very unlikely	1.20	2.63	11.11	

* $p < .05$

DISCUSSION AND CONCLUSION

To segment the mature travel market based on their travel motivation is a useful and practical approach, which has been employed by many researchers (e.g. You & O'Leary, 1999). Two unique contributions of this study include findings in regard to the intention to travel within five years and the number of years at the present home. For novelty-type of mature travelers, they were less likely to have a long-term travel intention, compared to the social-type and inactive-type of travelers. This result indicates that some of mature travelers like to try out some new things and they do not like to set up a rigid schedule; therefore, a long-term travel plan may not be an attractive thing for them. The novelty-type of mature travelers also tends to stay at their present home for a longer time compared to the other two groups. They would like to pursue something new on their leisure trip, as a compensation of staying at one place for a long time. On the contrary, when mature travelers move into a new home or community, they like to meet more people on their trip, in order to fulfill their social needs. Therefore, it is very important for mature travel professionals to understand and tailor the travel products to their customers' unique needs.

A major limitation of this study is the homogeneity of the sample population and the sampling method, which makes it hard to generalize the results to other segments of the aging population. First of all, the convenience sample used in this study is not highly representative of the general population. Mature respondents included in this study are self-selected to enroll in Lifelong Learning programs; therefore, this highly-motivated group is prone to be biased. Secondly, this sample lacks racial diversity. Except for one respondent, all the other respondents were white. Thirdly, this study is confined to a geographic location. Most of the class participants live in the Upstate of South Carolina, specifically around universities, which makes it impossible to apply the findings of this study to any other geographic locations. Fourthly, mature respondents share similar socio-demographic profiles. It was hard to differentiate them based on their demographic characteristics. Most of them retired, and they were quite healthy, wealthy, motivated, and learning-oriented. They were high-functioning and independent-living mature travelers. Results found in this study may not be generalized beyond this sample of aging population. It is recommended that more heterogeneous sample should be drawn and a desirable sampling method should be used for future studies. Similar studies may also be conducted among general populations to compare travel motivations among generations, which will offer a unique perspective to study inter-generational travel market.

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A GAME-THEORETIC STUDY OF COMPETITION DYNAMICS OF TOURISM SUPPLY CHAINS FOR PACKAGE HOLIDAYS

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ABSTRACT

We consider two competitive tourism supply chains that provide package holidays. Each tourism supply chain contains three sectors. The hotel & accommodation providers and the theme park operator, in the upstream, provide options for the tour operators, in the downstream, for configuring and marketing package to tourists. All the autonomous enterprises in tourism supply chains compete with each other to maximize their own profits. There are three types of competition: inter-sector competition between suppliers within a sector, sector competition between sectors in the tourism supply chain, and chain competition between different tourism supply chains. A game-theoretic framework is proposed to study inter-sector competition, horizontal sector competition, and chain competition, and leader-follower games for studying vertical sector competition. A number of managerial insights for tourism manager are generated and discussed.

Key Words: Tourism supply chain, Package holiday, Game theory, Competition.

INTRODUCTION

Package holiday or all-inclusive travel has been popular and is likely to retain its popularity in many countries such as Japan, Ireland, UK and China (Nozawa 1992; Corcoran, Gillmor and Killen 1996; Taylor 1998; Wang, Hsieh and Huan 2000). According to the European Union's Package Travel Regulations (1992), 'package' means the pre-arranged combination of at least two of the components (transport, accommodation, and other tourist services) when sold or offered for sale at an inclusive price and when the service covers a period of more than 24 hours or includes overnight accommodation. For example, a package holiday to Hong Kong sold by tour operators usually consists of a one-night accommodation in Hong Kong, a core attractive component in a theme park such as DisneylandHK or OceanPark, and shopping experiences in Time Square and Pacific Places.

Different types of tourist components (activities) in package holidays are provided by specialist agents and enterprises that form tourism supply chains. The tourism supply chain (TSC) comprises the suppliers of all the goods and services that go into the delivery of tourism products to consumers (Richard and Xavier). Among these suppliers, tour operators play principal roles as the intermediaries bringing buyers and sellers together, packaging relative tourism productions into a single product, then marketing it in objective segment (Tepelus 2004).

Enterprises in a TSC, on one hand, benefit from providing package tours, as this is more attractive and economic than separating tourist products for individual tourists (Aguiló, Alegre and Sard 2003). On the other hand,

because each of these TSC enterprises has influences on tourists' experiences as well as payoff behavior, the performance of any entity depends on the performance of others (Swaminathan, Smith, and Sadeh 1998). These collaborations and interactions shift tourism enterprises competing no longer as solely autonomous entities, but rather as supply chains (Lambert and Cooper 2000).

TSC collaboration and competition are challenging not only to practitioners but also academic researchers. Little analytic work has been reported in the literature in this area (Zhang 2005). It is complex to formulate a theoretical model for TSC collaboration and competition for a particular tourism industry in a specific region like Hong Kong. It becomes increasingly important to identify the distinctive features for efficient and effective tourism supply chain management (TSCM).

In this paper, we investigate competition dynamics of two TSCs for a package holiday. Each TSC involves three sectors. They are tour operators, hotel & accommodation providers, and a theme park operator. Others such as transport, bars and restaurants, etc. are not considered in order to simplify the theoretical model. The tourism supply chain is represented as a network where each sector is represented as a node. The three sectors are arranged into two layers or echelons. The upstream layer contains hotel & accommodation providers and theme park operator, They are suppliers of tourist components or options of package holiday products. The downstream layer has only one sector including tour operators. Tour operators are responsible for configuring and marketing package holidays according to tourist (customer) requirements from component options provided by the upstream sectors. These two TSCs provide package holidays with different theme parks. One TSC focuses on package holiday products exclusively with a "fantasy" theme park and the other TSC with a "variety" theme park. Tourists only choose one of the two types of package holiday. The two types of package holidays provided by the two TSCs are substitutes.

The purpose of this research is to provide comprehensive understanding about competition dynamics of tourism supply chain for package holiday. Competition dynamics here is considered as the influence and reaction of interdependent and self-interested tourism businesses (e.g. tour operators, theme park operators, and hotel & accommodation providers) in TSCs when competition environment changing, such as market scale enlarging, operational cost increasing, new competitors entering and supply chain loyalty decreasing.

Three types of competition are discussed. One is the intra-sector competition between suppliers within a sector as hotel & accommodation providers sector or tour operators sector. The second is the sector competition between sectors in certain supply chain. Specially, vertical sector competition is between theme park operator sector and tour operators sector, as well as between hotel & accommodation providers sector and tour operators sector. Horizontal sector competition is between theme park operator sector and hotel & accommodation providers sector. The third is the chain competition between two TSCs. It is presented by substitute package tours sold by tour operators directly competing in the terminal market.

In this theoretical research, questions like exactly how many tourists the tour operators and hotel & accommodation providers should decide to serve, and how much the theme park operators should price their tickets, are of interest but not the primary focus. Instead, we are more interested in knowing how market equilibriums (price, quantity, unit profit, and profit) are influenced by the factors like market scale, supply chain cost, supply chain membership and supply chain loyalty. Additionally, this paper explores what the differences of impact between direct competitor and indirect competitor, and how supply chain manager mark the supply chain loyalty buildup decision in different situations.

In order to address these research questions, this paper proposes a game-theoretic framework. Simultaneous games are used for studying inter-sector competition, horizontal sector competition, and chain competition, and leader-follower games for studying vertical sector competition. The game is static and with full information for simplicity. The multi-stage game is solved in bottom-up (backward) fashion. Given the demand faced by the tour operators, each of them simultaneously chooses the number of tourists they served so as to maximize their profits. Aggregating the equilibrium quantities of tourists for all the tour operators in a TSC gives the best response function for theme park operator sector and hotel & accommodation providers sector as demand curves. Using the same logical for these two sectors and combining the results, the best response function of entire TSC is obtained. Jointly considering two TSCs shows the final equilibriums.

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In this research, Game Theory is chosen for examining competition dynamics of tourism supply chain for package holidays for several reasons. First, Game Theory is a powerful tool for analyzing situation in which the decisions of multiple agents affect each agent's payoff (Cachon and Netessine, 2003). Second, equilibriums of game give guidelines for tourism managers who could reasonably accurately predict the play of their opponents and identify the optimal responsive strategies. Third, Game Theory has been successfully applied in production supply chain situation (Carr and Karmarkar 2005; Netessine and Shumsky 2005), as well as in tourism and hospitality industry (Wie 2003; Bastakis, Buhalis and Butler 2004; Garcia and Tugores 2006).

The rest of the paper is organized as follows. After a review of the literature in section 2, in section 3 we formulate the three types of competition as a game model and illustrate the equilibrium solution. Section 4 provides theoretical results of competition dynamics. Several management implications are presented in section 5. General conclusions and directions for future work are presented in Section 6. All proofs of results are given in Appendix.

LITERATURE REVIEW

Two groups of references are relevant to this research in the literature. One is about package holidays and enterprises (e.g. tour operator, theme park, and hotel & accommodation provider). The other is about applying Game Theory in studying supply chain management. After reviewing the references in these two groups, this paper seeks to establish a game-theoretic approach to studying collaboration and competition dynamics in TSCs for package holidays.

Past researches on package holiday mainly focused on identifying its distinctive characters. Wang, Hsieh, and Huan (1999) identified the critical service features of the package holiday by interview questionnaire of both customers and employees. Twenty five grounded service features are concluded and categorized into nine sectors including pre-tour briefing, airport/plane, hotel etc. Those features were suggested to be used to improve holiday's quality as measures. Based on a questionnaire survey, Corcoran, Gillmor, and Killen (1996) pictured the general characteristics of package tourists from Dublin Airport. Influences affecting the choice of holiday were explored. The relationships between the holiday destination, the holiday choice and booking processes and previous package holiday experiences were statistically tested.

Tour operators have enormous influence over activities throughout package holidays, since they directly influence the volume of tourism (Aguiló, Alegre, and Sard, 2002), facilities tourists used (Klemm and Parkinson, 2001) and sustainable tourism development (Curtin and Busby 1999; Budeanu 2005; Tepelus 2005) etc. Taylor (1998) argue that tour operators adopted mixed strategies when setting brochure prices, even if achieved unconsciously through the application of rules of thumb. Using econometric analysis of a panel-data set, Davies and Downward (1998) concluded that U.K. package tour industry is segmented according to the size of tour operators. Their results suggested that it's difficult to support the contestability market hypothesis. Taylor (1998) introduced a game matrix analyzed tour operator's mixed price strategy. Aguiló, Alegre, and Sard (2002) analyzed the prices of package holiday in German and U.K. tourism industries. They asserted that tour operator market had an oligopolistic feature.

Theme park is the main motivation and attraction for tourists to take their package holidays. Braun and Soskin (1999) observed substantial alteration in both industry structure and overall market environment in the central Florida theme park industry. They argued that market structure changed from monopoly to oligopoly. Moreover, the prices strategies of theme parks had become more stable when industry continued to mature. Kemperman (2000) proposed a theoretical framework to analyze theme park visitor choice processes for theme park planning research.

Hotel & accommodation sector is a fundamental element of package holiday product (Sharpley 2000). There has been a large number of literature in this area, such as issues on quality (Ekinci Y., Prokopaki P., and Cobanoglu C. 2003; Wang F. C. and Shang J. K. 2006; Benítez J. M., Martín J. C., and Román C. 2006), sustainable development (Marin C. and Jafari J. 2002; Warnken J., Bradley M., and Guilding C. 2005), etc. For our search purpose, we limit our attention on competitive behavior of enterprises. Baum and Mudambi (1995) presented theoretical analyses of oligopolistic hotel pricing strategies. The data illustrated that during periods of excess supply, prices are well-behaved. However, during periods of excess supply, prices are unrepresentative of the state of demand. Marvel (1999) investigated competing in the senior market for hotel services. Four critical factors were identified, and current approaches of hotels to senior market were examined. Chung (2000) examined pricing

strategies and business performances of super deluxe hotels in Seoul by modified prisoner's dilemma game model. Tso and Law (2005) analyzed the online pricing practices of hotels in Hong Kong. They found that lowest rates for all hotel categories in Hong Kong were offered by internet channel. By the study of Hong Kong high tariff hotels, Yeung and Lau (2005) argued that diversifying a hotel's portfolio of actions, but not too much different from the competitors, would help hotels to achieve higher financial performance in a competitive market. Recently, Garcia and Tugores (2006) proposed a two-stage duopoly game model in which hotels competed in both quality and prices.

The success of tourism enterprise couldn't be without supporting by relative entities carrying out complementary activities. For example, the theme park needs to coordinate with tour operator, accommodation, transportation, and other tourist facilities. With the support of their services, tourists could enable and optimize their visit experience (Kemperman 2000). Moreover, hotel & accommodation providers offer a product of strategic interest to tour operators insofar as it also determines to a great extent the cost of a package holiday (Medina-Munoz, Medina-Munoz, and Garca-Falcon 2003). Therefore, tour operators usually exercise some control over the hotel & accommodation providers with which they deal (Bastakis, Buhalis, and Butler 2004; Medina-Munoz, Medina-Munoz, and Garca-Falcon 2003). All these businesses with their relationships form a complex tourism supply chain. This conception offers the opportunity to deal with total business process excellence and represents a new way of managing the business and relationships with other members of the supply chain (Lambert and Cooper, 2000).

Many approaches have been developed and applied in supply chain management. Game theory is one of them. Variety of game models are proposed according to different supply chain structures. The simplest supply chains have serial structures including two enterprises. This structure is popular in literatures due to easily theoretical analyses in different game models, like Nash Game (Cachon and Zipkin 1999; Huang and Li 2001), Stackelberg Game (Ertek and Griffin 2002; Abad and Jaggi 2003), and Bargaining Game (Ertogral and Wu 2001; Huang and Li 2001). The supply chains with more complex structures are required multi-stage games where more than one games are involved in single model. For example, in the two-echelon supply chain with tree structure, Tsay and Agrawal (2000) characterized competition within echelon by Nash Game, while depicted competition between echelons by Stackelberg Game. Using the same approach between echelons, Yang and Zhou (2006) compared three scenarios in which two homogeneous enterprises played Nash Game, Stackelberg Game, and cooperated respectively within downstream echelon. The applying game model in more complex supply chains could be referred to Corbett and Karmarkar (2001) and Carr and Karmarkar (2005).

In conclusion, it can be observed from the above literature reviews that the majority of the works in tourism industry focus on single enterprise or sector and are short of theoretical foundation. Moreover, there is little research on supply chain in the context of supply chain competition. This research proposes to overcome these drawbacks to definitively characterize how changes in the competitive environment affect behaviors and performances of tourism enterprises.

RESEARCH METHOD

The system we considered is composed of two competitive TSCs. Each includes multiple tour operators (TOs), multiple hotel & accommodation providers (HAs), and one theme park operator (TP). TOs and HAs in the same TSC are grouped into sectors, and all entities within a sector are identical. The TSC is represented as a network where each sector is represented as a node (see figure 1). The three sectors are arranged into two layers or echelons. TP and HAs in the upstream layer are suppliers of tourist components or options of package holiday products. TO in the downstream layer are responsible for configuring and marketing package holidays according to tourist requirements from component options provided by the upstream sectors. The price charged by tour operators includes the payment to the TP and the HA. These two substitutive TSCs provide package holidays with different TPs. Tourists only choose one of the two types of package holiday. For the sake of simplicity, we assume that all the tourists join the package holidays, which means that TP do not sell ticket directly to tourists, or too little tourists buying ticket themselves to omit.

There are three types of competition exist (denoted by different symbols in figure 1) in the game. One is the inter-sector competition between suppliers within a sector. It is illustrated by quantity competition in TO sector and HA sector. The second is the sector competition between sectors in certain supply chain. Specially, vertical sector competition is between sectors in different layer, such as TP sector and TO sector, as well as HA sector and TO sector. Horizontal sector competition is between sectors in the same layer, such as TP sector and HA sector. The

third is the chain competition between two TSCs. It is presented by substitute package tours directly competing in the terminal market. TOs play the key role in this competition as they directly face customers.

A game in normal form consists of (1) players, (2) strategies available to each player, and (3) payoffs received by each player (Cachon and Netessine 2003). In our model, all the entities (TP, TOs, and HAs) in TSCs are game players, and profits are their payoffs. For TO and HA, quantities are their strategies, while TP takes price as strategy. Competition takes in the market as described in the following multi-stage game. At the first, TP decides the ticket price, HA sector gives market clear serve prices through quantity competition between HAs at the same time. At the second, each TO learns the price decision made by TP and HA and decide number of tourists they plan to serve, then market determines final price of package holiday.

Figure 1
Tourism Supply Chain Structure
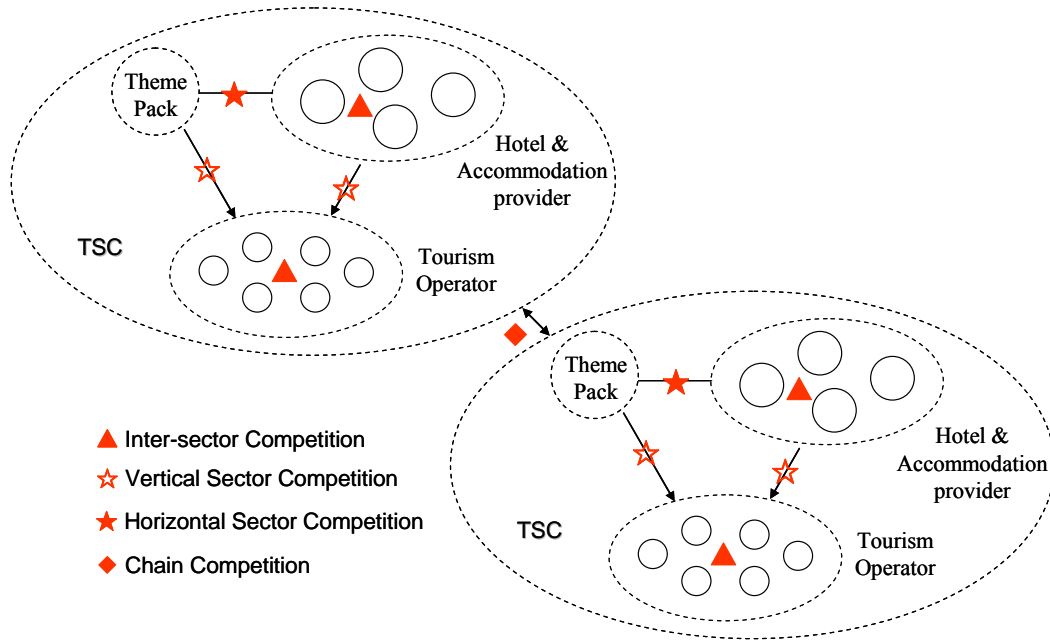
In the formulation, TSC_A and TSC_B present the two TSCs respectively. Subscripts A and B will be omitted when single chain discussed, and -1 in subscript represents the rival (competitive) TSC. There are N TOs and M HAs in a TSC, indexed by $i = 1...N$ and $j = 1...M$. Variable unit cost of TH, HA, and TO are c, c_2 and c_1 respectively. We assume a linear inverse price function for TO_i as

$$p_1^i = \alpha - Q - \mu Q_{-1} \qquad (1)$$

where p_1^i is price of package holiday product, Q and Q_{-1} are total tourists in the TSC and its rival TSC. The decision variable is tourist quantity q_i for TO_i. Here, α represents the market scale. If $p_1^i = 0$ and $Q_{-1} = 0$, then $\alpha = Q$. It implies the possibly maximal demand for package holiday supplied by TSC when package holiday is free and no tourists buy rival's product. Parameter μ captures the cross-quantity sensitivity or supply chain loyalty in terms of two TSCs. Supply chain loyalty describes the difference between the customers' preference for the two TSCs. TSC with loyal consumers would be able to maintain higher prices (Alegra and Juaneda 2006). It is plausible to assume that μ increases while the supply chain loyalty decreases. Supply chain loyalty could also be specialized as brand loyalty for particular theme park in this paper, as theme park is main motivation for tourists to visit destination. To our research objective, we limit our attention within $0 < \mu \le 1$, which means two TSCs have clear substitutes or competitive relationship. Specially, if $\mu = 1$, then products of package holiday are perfect substitutes.

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The price function selected here is for multiple reasons. First, linear form of demand function is broadly used in manufacture supply chain (Carr and Karmarkar 2005; Xiao and Yu 2006), also applied in tourism and hospitality literatures (Zheng 1997; Wie 2005). Second, price and demand in most of tourism literatures is exponential (logarithmic) relationship (Song and Witt 2006; Garín-Munoz 2006). However, this paper focuses on dynamic TSC. Especially we are interested in impact of systemic parameters, if change is slightly, linear function is also appropriate to depict exponential function within a small interval. Third, the sensitivity of tourists' quantity in TSC to changes of price is simplified to 1 in the model, like Ingene and Parry (1995).

Notice that, in demand function package holiday price decreases when tourists increasing in both TSC. This presents two types of competition mentioned above. Price decrement caused by tourist's increment in the same TSC presents horizontal competition in the TO sector, while price decrement caused by tourist's increment in the competitive TSC presents lateral competition between two TSCs.

Backwards induction is used here to solve this multi-stage game. Let's start with the last stage of the game in which TOs simultaneously decide quantities of tourists. Given the TP's price p and HA's price p_2, the profit function for TO_i is given by expression:

$$\pi_1^i = q_1^i(p_1^i - p - p_2 - c_1) \qquad (2)$$

Taking first-order condition with respect to quantity, then summing up the equations for all TOs in the TSC, the total number of tourist is shown as following:

$$Q = \frac{N(\alpha - c_1 - p - p_2 - \mu Q_{-1})}{N+1} \qquad (3)$$

As the number total tourist in TO sector is equal to that in HA sector of the same TSC, we obtain the quantity for each HA from (3):

$$p_2 = \alpha - c_1 - p - \mu Q_{-1} - \frac{(N+1)Q}{N} \qquad (4)$$

The profit function for HA_j is $\pi_2^j = (p_2 - c_2^j)q_2^j$. Applying the same logic as for TO, HA have no incentive to deviate from the optimal quantity if and only if the following quantity is

selected $q_2 = \dfrac{N(\alpha - c_1 - c_2 - p - \mu Q_{-1})}{(N+1)(M+1)}$. This immediately gives

$$Q = \frac{MN(\alpha - c_1 - c_2 - p - \mu Q_{-1})}{(N+1)(M+1)} \qquad (5)$$

The TP's profit is $\pi_3 = Q(p - c)$. Substituting (3) into this function, we can get optimal ticket price as bellow:

$$p = \frac{\bar{\alpha} - c_1 - p_2 - \mu Q_{-1} + c}{2} \qquad (6)$$

Combining (4), (5) and (6), the total number of tourists is shown:

$$Q = \frac{NM(\alpha - c_1 - c_2 - c - \mu Q_{-1})}{(N+1)(2M+1)} \qquad (7)$$

When two TSCs lateral competition is under considering, equations are extended from (7) for each TSC:

$$Q_A = \frac{M_A N_A(\alpha_A - c_{A1} - c_{A2} - c_A - \mu Q_B)}{(N_A+1)(2M_A+1)}, Q_B = \frac{M_B N_B(\alpha_B - c_{B1} - c_{B2} - c_B - \mu Q_A)}{(N_B+1)(2M_B+1)}$$

Thus, we can obtain the following proposition:

PROPOSITION 1. The subgame perfect Nash equilibrium total numbers of tourists for the two competitive TSCs with tree structure in Figure 1 are:

$$Q_i = \frac{m_i n_i (\alpha_i - C_i) - \mu m_i n_i m_j n_j (\alpha_j - C_j)}{1 - \mu^2 m_i n_i m_j n_j},$$

where $n_i = \dfrac{N_i}{N_i + 1} \in [\dfrac{1}{2}, 1)$, $m_i = \dfrac{M_i}{2M_i + 1} \in [\dfrac{1}{3}, \dfrac{1}{2})$, and $C_i = c_{i1} + c_{i2} + c_i$, $i, j = A, B$.

To be noticed that $1 - \mu^2 m_B n_B m_A n_A > 0$, when $0 < \mu \leq 1$. We additionally assume

that $\dfrac{1}{\mu m_A n_A} > \delta > \mu m_B n_B$ to make sure the demand for each TSC at its equilibrium quantity is positive,

where $\delta = \dfrac{\alpha_A - C_A}{\alpha_B - C_B}$. More equilibrium results are summarized as followings:

(1) Quantity

$$q_{A1} = \frac{m_A n_A (\alpha_A - C_A) - \mu m_A n_A m_B n_B (\alpha_B - C_B)}{(1 - \mu^2 m_A n_A m_B n_B) N_A},$$

$$q_{A2} = \frac{m_A n_A (\alpha_A - C_A) - \mu m_A n_A m_B n_B (\alpha_B - C_B)}{(1 - \mu^2 m_A n_A m_B n_B) M_A},$$

$$Q_A = \frac{m_A n_A (\alpha_A - C_A) - \mu m_A n_A m_B n_B (\alpha_B - C_B)}{1 - \mu^2 m_A n_A m_B n_B}.$$

(2) Price

$$p_{A1} = \alpha_A - \frac{m_A n_A (1 - \mu^2 m_B n_B)(\alpha_A - C_A)}{1 - \mu^2 m_A n_A m_B n_B} - \frac{\mu m_B n_B (1 - m_A n_A)(\alpha_B - C_B)}{1 - \mu^2 m_A n_A m_B n_B},$$

$$p_{A2} = c_{A2} + \frac{\alpha_A - C_A}{(2M_A + 1)(1 - \mu^2 m_A n_A m_B n_B)} - \frac{\mu m_B n_B (\alpha_B - C_B)}{(2M_A + 1)(1 - \mu^2 m_A n_A m_B n_B)},$$

$$p_A = c_A + \frac{m_A (\alpha_A - C_A)}{1 - \mu^2 m_A n_A m_B n_B} - \frac{\mu m_A m_B n_B (\alpha_B - C_B)}{1 - \mu^2 m_A n_A m_B n_B}.$$

(3) Unit profit

$$f_{A1} = p_{A1} - p_A - p_{A2} - c_{A1} = \frac{k m_A}{N_A + 1}, \quad f_{A2} = p_{A2} - c_{A2} = \frac{k}{2M_A + 1}, \quad f_A = p_A - c_A = k m_A,$$

where $k = \dfrac{(\alpha_A - C_A) - \mu m_B n_B (\alpha_B - C_B)}{1 - \mu^2 m_A n_A m_B n_B}$.

(4) Profit

$$\pi_{A1} = (\frac{Q_A}{N_A})^2, \quad \pi_{A2} = \frac{N_A + 1}{N_A} (\frac{Q_A}{M_A})^2, \quad \pi_{A3} = \frac{(N_A + 1) Q_A^2}{N_A}.$$

A Nash equilibrium is a set of strategies, one for each player, such that no player has incentive to unilaterally change her action. In other words, equilibrium strategy is a player's optimal choice given others' strategies, so that any change would lead he to earn less than if he remained with his current strategy. Hence, the equilibrium shows the clear direction to performance improvement and correctly forecast other players' behaviors. In next section, based on equilibriums from Proposition 1, the competition dynamics in TSCs are investigated and discussed.

FINDINGS
TSC is a dynamic system in which the individual variables are tightly coupled together, and strongly interact with one another and rest of the entities in system. In this section, four impact parameters are identified:

market scale, supply chain cost, supply chain membership, and supply chain loyalty. Changes of those preferences have significant influences on TSC performance. Four key performance indexes are checked, which are tourist quantity, price, unit profit and profit. All the theoretical results are induced by propositions.

Impact of Market Scale

Market scale describes the volume of potential tourists of tourism productions. In our model, market scale is presented by parameter α. Following proposition gives the impact of market scale on system equilibriums:

PROPOSITION 2. Suppose that if α_A increases, results are shown in following:

		Quantity	Price	Unit Profit	Profit
TSC_A	TO	↑	↑	↑	↑
	HA	↑	↑	↑	↑
	TP	↑	↑	↑	↑
TSC_B	TO	↓	↓	↓	↓
	HA	↓	↓	↓	↓
	TP	↓	↓	↓	↓

Impact of Tourism Supply Chain Cost

Supply chain cost presents all the expenditure happened by tourism enterprises when one tourist "consumes" his package holiday. It's comprised of unit costs from all the three sectors. In our model, supply chain cost is presented by parameter C_A. Following proposition gives the impact of supply chain cost on system equilibriums:

PROPOSITION 3. Suppose that if C_A increases, results are shown in following:

		Quantity	Price	Unit Profit	Profit
TSC_A	TO	↓	↑	↓	↓
	HA	↓	↑[a] / ↓[b]	↓	↓
	TP	↓	↑[c] / ↓[d]	↓	↓
TSC_B	TO	↑	↑	↑	↑
	HA	↑	↑	↑	↑
	TP	↑	↑	↑	↑

[a] Costs of TP and TO increase; [b] Cost of HA increases.
[c] Cost of TP increases; [d] Costs of TO and HA increase.

Impact of Tourism Supply Chain Membership

The number of TSC members determines TSC's capability and the degree of three types of competitions. Following propositions gives the impact of TSC members on system equilibriums:

PROPOSTION 4. Suppose that the number of TSC_A members (N_A / M_A) increases, results are shown in following:

		Quantity	Price	Unit Profit	Profit
TSC_A	TO	↓[a] / ↑[b]	↓	↓[a] / ↑[b]	
	HA	↑[a] / ↓[b]	↑[a] / ↓[b]		
	TP	↑	↑	↑	↑
TSC_B	TO	↓	↓	↓	↓
	HA	↓	↓	↓	↓
	TP	↓	↓	↓	↓

[a] Number of TO increase; [b] Number of HA increase.

PROPOSTION 5. In TSC_A, if the number of TO/HA increases, total surplus of the TO/HA sector decrease, while total surplus of TSC_A increases.

Impact of Tourism Supply chain loyalty

Supply chain loyalty captures the difference between the customers' preference for the two TSCs. It's negatively associated with the level of the cross-quantity sensitivity μ in our model. Because of symmetry, we only emphasize on impact of one TSC, for example TSC_A. Following proposition gives the impact of supply chain loyalty on system equilibriums:

PROPOSITION 6. Suppose μ increases, and if $\delta < \frac{1}{2}(\mu m_B n_B + \frac{1}{\mu m_A n_A})$, results are shown in following:

		Quantity	Price	Unit Profit	Profit
	TO	↓	↓	↓	↓
TSC_A	HA	↓	↓	↓	↓
	TP	↓	↓	↓	↓

The opposite is concluded if $\delta > \frac{1}{2}(\mu m_B n_B + \frac{1}{\mu m_A n_A})$.

APPLICATION OF RESULTS

Based on the theoretical results from previous section, further analyses corresponding to each parameter are given in this section. Many managerial implications are derived. A numerical example and a figure are illustrated for the thorough understanding.

Impact of Market Scale

Proposition 2 illustrates that increment of market scale has positive effort on the TSC and negative influence on competitive TSC for all the performance indexes. Banker, Khosla, and Sinha (1998) assumed that total market scale was consistent, which implied $\alpha_A + \alpha_B = \alpha$ in our model. In this assumption, increment of one TSC market size is along with decrement of the other, which magnifies the influence.

There are two implications about this Proposition. First, if a manager in TSC observes increment of market scale, he should properly raise price or quantity decision without losing market sharing, and then get more profit. Second, if a manager perceives market scale increasing in competitive supply chain, the optimal strategy is lowing down the decision variables. This reaction would decrease final market price, making it more attractable, but can't stop the fallings of market share, unit profit and profit.

Therefore, supply chain members have strong incentive to enlarge market scale. There are two different ways: passive one and initiative one. For instance, economic prosperity, political stabilization, and traffic condition update advantage tourism development in the long run. Those external influences have the same effect for both TSCs, and all enterprises are benefit passively. In the initiative aspect, advertising is the most popular approach. Mostly, TP uses national/international advertising to strengthen the image of its brand and attract potential consumers, while the local advertising by TO aims to gain short-term sales. Another fashion of advertising is cooperative advertising which is an arrangement where the TP pays some or all of the cost of the local advertising undertaken by TOs (Jørgensen, Taboubi, and Zaccour 2001). Details can refer to Huang and Li (2001) who have shown comprehensive analyses of this advertising strategy.

Impact of Tourism Supply Chain Cost

Generally speaking, increment of supply chain cost brings up the equilibrium price in terminal market, weakens the competitive capacity, and leads to poor performance, while performance of competitive TSC has been improved. There are four implications about Proposition 3. First, the best response for managers of TOs and HAs is lowing down their quantities decision when supply chain cost increases. For manager of TP, he'd better raise ticket price if his cost increase, or reduces price otherwise. Second, whichever cost increases, the equilibrium price of TO sector increases. This is because TO's price consists of HA and TP's prices, which are directly affected by their costs. Equilibrium price of HA change oppositely to price of TP when considering change of their cost. This behavior is to keep price of package holiday in appropriate level, just like both prices of HA and TP decrease when cost of TO increases. Third, it's unprofitable for managers in TSC that no matter which sector's operational cost increases, as their performances are linked to all the cost in supply chain. Market sharing, unit profit and profit

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decrease. Forth, if managers notice supply chain cost increment in competitive supply chain, they heighten their decision and gain more profit.

Various approaches have been proposed to reduce operational cost of tourism enterprises in many literatures. However, proposition 3 releases that profit of one tourism enterprise depends on the whole supply chain cost. This supplies a theoretical foundation for nowadays commercial practice: all major European tour operators are highly vertically integrated and operate their own travel agencies, airlines, hotels and resorts, incoming agencies, and so on (Klemm M. and Parkinson L.2001; Theuvsen 2004). Vertical integration in the tourism industry is motivated by attempts to reduce transaction cost which is the cost associated with interactions between tourism enterprises involved in exchange mechanisms in TSC.

Impact of Tourism Supply Chain Membership

Increased competition is reflected in an increased number of tourism enterprises (Banker, Khosla, and Sinha 1998). Proposition 4 shows many implications. First, the larger number of TOs and HAs in the TSC lead to a larger marketing sharing and a higher unit and total profit of TP. In the stand of TP, attracting more TOs and HAs joining TSC could strengthen his market power. On the other hand, increment of competitors reduces unit profit and total profit of enterprises in the same sector, while enterprises from other sectors in the same TSC get benefit. Second, impact on TP and HA's prices is intuitional, while TO's price decreases no matter what the number of TO increases or the number of HA increases. The reason is because price of HA is a part of TO's cost which is reduced by the price cutting down by HAs. Third, the impact on competitive TSC is obviously negative as all the members' prices, unit profits and total profits drop down.

Proposition 5 is in the viewpoint of the whole sector or TSC. It tells that sector has maximal profit when it is dominated by a monopoly. Impact of new entry is significant, so that it decreases not only profit of reigning enterprises, but also profit of the sector. This could be explained as effect of vertical competition. More competitors in one sector lead to lower market price, while other sectors enjoy this price-cutting. We notice that more supply chain member brings competition advantage as total surplus rises and enterprises in competitive TSC have decreased profit. However, the increased profit is streamed to complementary sector.

Competitors can be divided into two different types in our model: direct ones and indirect ones. Direct competitors present the members in the same sector in the same TSC, while indirect competitors present the members in the same sector in the different TSC. According to Proposition 4, the join of new competitors in a specific TSC decreases the profit of enterprises in corresponding sector, while the join of new competitor in the opponent TSC also result in profit decrement. What's the difference between these two influences? To answer this question, numerical computations have been performed as below. Results shown in the table are percentage-wise changes compared with benchmark.

**Table 1**
Influence of New Competitor

Profit	$\mu = 1$				$\mu = 0.75$			
(TSC_A)	N_A+1	N_B+1	M_A+1	M_B+1	N_A+1	N_B+1	M_A+1	M_B+1
TO	-15.68	-0.87	2.71	-1.32	-15.82	-0.61	2.48	-0.94
TO sector	-7.25	-0.87	2.71	-1.32	-7.40	-0.61	2.48	-0.94
HA	1.18	-0.87	-24.54	-1.32	1.01	-0.61	-24.71	-0.94
HA sector	1.18	-0.87	-11.97	-1.32	1.01	-0.61	-12.16	-0.94
TP	1.18	-0.87	2.71	-1.32	1.01	-0.61	2.48	-0.94
TSC	0.57	-0.87	0.76	-1.32	0.40	-0.61	0.54	-0.94
Profit	$\mu = 0.5$				$\mu = 0.25$			
(TSC_A)	N_A+1	N_B+1	M_A+1	M_B+1	N_A+1	N_B+1	M_A+1	M_B+1
TO	-15.91	-0.40	2.34	-0.60	-15.96	-0.20	2.26	-0.30
TO sector	-7.50	-0.40	2.34	-0.60	-7.55	-0.20	2.26	-0.30
HA	0.91	-0.40	-24.81	-0.60	0.85	-0.20	-24.87	-0.30
HA sector	0.91	-0.40	-12.28	-0.60	0.85	-0.20	-12.35	-0.30
TP	0.91	-0.40	2.34	-0.60	0.85	-0.20	2.26	-0.30
TSC	0.30	-0.40	0.40	-0.60	0.24	-0.20	0.32	-0.30

(Benchmark: $N_A = 10$, $M_A = 6$, $\alpha_A - C_A = 1000$, $N_B = 9$, $M_B = 5$, $\alpha_B - C_B = 950$)

The result numerical experiment in table 1 shows that the increment of direct competitors brings negative effort to the firms in the same sector, as well as total surplus of the sector. However, firms outside the sector in the same TSC are benefited from the change which also leads to profit increment when considering TSC as a whole. These are consistent with proposition 4 and proposition 5. Compared with direct competitors, indirect competitors cut down the profit for every entity in the same percentage. Along with the decrement of μ, the negative influence by direct competitors increment raises. This observation implies an important finding that the supply chain loyalty or quantity-sensitivity seems as a buffer to relax the competition. Meanwhile, the influence by increment of indirect competitors decreases with μ increment. Consequently, we conclude by following observation:

OBSERVATION. As for a certain sector, the influence of a new direct competitor is greater than that of a new indirect competitor.

Figure 2
Supply Chain Loyalty in Different Situations
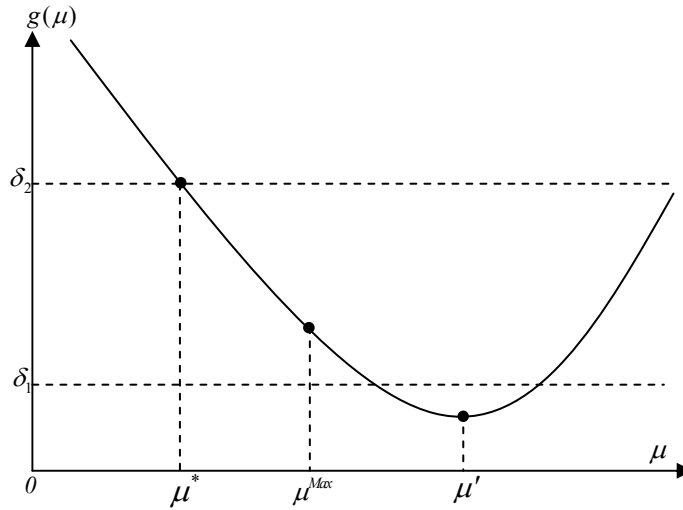
Impact of Tourism Supply chain loyalty

Proposition 6 tells us that the impacts of supply chain loyalty on all the members in the same TSC keep consistent. As a standard assumption in many economic literatures, supply chain or brand loyalty of customers decreasing mostly leads to low performance. However, Proposition 4 releases that difference parameter settings lead to reverse efforts in competitive environment.

In order to get comprehensive understanding, figure 2 is developed for illustration. The curve of

$$g(\mu) = \frac{1}{2}(\mu m_B n_B + \frac{1}{\mu m_A n_A})$$ is presented. $g(\mu)$ has bottom value when $\mu = \sqrt{\frac{1}{m_A n_A m_B n_B}}$ denoted by μ'

in figure 2. By the range of m_i and n_i, we obtain $\mu' > 1$. Recall $1 \geq \mu > 0$ and $\frac{1}{\mu m_A n_A} > \delta > \mu m_B n_B$ (equal to

$\mu < \frac{1}{\delta m_A n_A}$ and $\mu < \frac{\delta}{m_B n_B}$), so there are six instances (μ^{Max} is the upper limit value of μ):

(1) $\frac{\delta}{m_B n_B} > \frac{1}{\delta m_A n_A} > 1$ (equal to $\frac{1}{m_A n_A} > \delta > \sqrt{\frac{m_B n_B}{m_A n_A}}$)

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In this instance $1 \geq \mu > 0$. The minimum value of $g(\mu)$ is

$$g(\mu^{Max} = 1) = \frac{1}{2}(m_B n_B + \frac{1}{m_A n_A}) \in (\sqrt{\frac{m_B n_B}{m_A n_A}}, \frac{1}{m_A n_A})$$. There are two possibilities with δ illustrated as the

line $\delta_1 < g(1)$ and the line $\delta_2 > g(1)$ in the figure 2.

(2) $\frac{1}{\delta m_A n_A} > \frac{\delta}{m_B n_B} > 1$ (equal to $\sqrt{\frac{m_B n_B}{m_A n_A}} > \delta > m_B n_B$)

In this instance $1 \geq \mu > 0$. One easily proves that $\delta < g(\mu^{Max} = 1)$. The line δ_1 characters this instance in the figure 2.

(3) $\frac{\delta}{m_B n_B} > 1 > \frac{1}{\delta m_A n_A}$ (equal to $\frac{1}{\mu m_A n_A} > \delta > \frac{1}{m_A n_A}$)

In this instance $\frac{1}{\delta m_A n_A} > \mu > 0$. It's obviously that $\delta > g(\mu^{Max} = \frac{1}{\delta m_A n_A})$. Thus, this instance is

correspondence to the line δ_2 in the figure 2.

(4) $\frac{1}{\delta m_A n_A} > 1 > \frac{\delta}{m_B n_B}$ (equal to $m_B n_B > \delta > \mu m_B n_B$)

In this instance $\frac{\delta}{m_B n_B} > \mu > 0$, we verify that $\delta < g(\mu^{Max} = \frac{\delta}{m_B n_B})$. Thus, this instance is

correspondence to the line δ_1 in the figure 2.

(5) $1 > \frac{\delta}{m_B n_B} > \frac{1}{\delta m_A n_A}$ and (6) $1 > \frac{1}{\delta m_A n_A} > \frac{\delta}{m_B n_B}$

These two instances could not exist because of confliction existing within the conditions.

Table 2
Summary of four possible instances of supply chain loyalty

Case	$\frac{1}{\mu m_A n_A} > \delta > \frac{1}{m_A n_A}$	$\frac{1}{m_A n_A} > \delta > \sqrt{\frac{m_B n_B}{m_A n_A}}$	$\sqrt{\frac{m_B n_B}{m_A n_A}} > \delta > m_B n_B$	$m_B n_B > \delta > \mu m_B n_B$
Line	δ_2	δ_1 or δ_2	δ_1	δ_1

Table 2 sums up the all the existed instances. In order to give clear picture, sequence of instances is

rearranged. Notice that $\delta = \frac{\alpha_A - C_A}{\alpha_B - C_B}$ implies competence ratio of two TSCs. δ is bigger while TSC_A has larger

market scale and lower supply chain cost. Based on proposition 6, there are three managerial implementations from above discussions. First, if two TSCs are almost with the same competences or the TSC is weaker than his rival like

in instance 2 and 4 corresponding to the line δ_1. The condition $\delta < \frac{1}{2}(\mu m_B n_B + \frac{1}{\mu m_A n_A})$ is always hold, which

means the performance of TSC decrease with increment of μ. TSC Manager should build up supply chain loyalty. Second, if TSC is much more powerful than his rival like in instance 3, then supply chain manager's action depends

on current loyalty. If current loyalty is high satisfying $\frac{1}{2}(\mu m_B n_B + \frac{1}{\mu m_A n_A}) > \delta$, he should continue developing

it. Otherwise, he should take opposite action. Third, if TSC is more powerful than his rival but not so much like in instance 1, TSC manager should firstly identify situation, then take action referenced to former two cases.

CONCLUSION

This paper has formulated a multi-stage game framework for studying the collaboration and competition dynamics in tourism supply chains for package holidays. Three sectors are considered. They are tourism operators, hotel & accommodation providers, and theme park operators. Three types of competition are analyzed theoretically. They are the supplier competition between suppliers within a sector, the sector competition between sectors in certain supply chain, and the chain competition between two TSCs. In the proposed game, the theme park operator sector and the hotel & accommodation providers sector take their moves first, and the tour operators sector takes the second move. Backwards induction has been proposed to solve this game. The tour operators first determine the optimal number of tourists they served. The prices deriver from tour operator sector is for the hotel & accommodation providers and the theme park operator make their decisions respectively. Combining the results, then jointly considering two TSCs shows the subgame perfect Nash equilibrium.

Base upon the equilibrium results, the impacts of four systemic parameters have been studied. They are market scale, supply chain cost, supply chain membership, and supply chain loyalty. Four performance indexes, namely, quantity, price, unit profit and profit, have been selected to measure their impacts. Impacts of supply chain membership on sectoral and TSC surplus have also been investigated. Moreover, numerical studies have been conducted to demonstrate the influences of new competitor entering a sector. The trend has been developed to further understand the impact of supply chain loyalty in different situations.

Several managerial implications have been derived from this study. Firstly, in order to take up market advantages, enterprises in TSC should cooperate in broadening market scale, and reducing supply chain cost. Secondly, more members in the tourism supply chain strengthen its overall capacity. However, increased competition due to increased TSC membership in a sector reduces enterprise's profit as well as sectoral surplus, while enterprises from other sector benefit from the competition within this sector. Third, building up supply chain loyalty does not necessarily improve performance of TSC. Loyalty buildup strategy should be taken (1) when the TSC is weak in the sense of small market scale and high supply chain cost compared to its rival, or (2) when current supply chain loyalty is high.

Our paper makes a unique contribution to tourism research in three ways. First, most previous studies focus on a single tourism enterprise/sector. Our analyses explore enterprises' behaviors in the context of supply chain, which enlarges research scope in tourism. Second, this research is an early contribution to extending the game-theoretic framework for studying tourism supply chains, since majority of existing literature is related to production supply chains. Finally, this paper is an original study on collaboration and competition dynamics in tourism supply chains as compared with existing studies on manufacturing supply chain dynamics (Swaminathan, Smith, and Sadeh 1998; Souza, Zice, and Chaoyang 2000; Riddalls and Bennett 2002; Disney and Towill 2003).

The research can be extended further in several directions. Firstly, the model could be directly relaxed to multiple sectors, not only tour operator, hotel & accommodation provider, and theme park operator, but also transportation, restaurant and shopping center etc. Government could also be recognized as a player who cares about welfare or overall profit in our framework. Secondly, in this paper, price or quantity is one and only decision variable of tourism enterprises. However, others like service quality and advertising etc. also influent on the performance of tourism supply chain. Multiple dimensions of enterprise's decision model in the context of tourism supply chain could be discussed in further research. Thirdly, the analyses could be under different coordination scheme. For example, there could be a dominant tour operator and a competitive fringe, or some tour operators vertically integrate the hotel & accommodation providers. Finally, the use of constraint capacity of each tourism sector may yield different and interesting results in the analysis for competition dynamics of tourism supply chain.

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EFFECTS OF NON-VERBAL BEHAVIOR ON CUSTOMERS' RECOVERY JUDGMENTS: A NEGLECTED ASPECT IN COMPLAINT HANDLING

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ABSTRACT

Like any spoken language, body language has words, sentences and punctuation. Despite its functions, previous studies have only dealt with verbal components in a service recovery situation. In order to fill the gap, this study explored whether nonverbal behavior (NVB) could shape customers' emotional reactions, their evaluation of the staff and their behavioral intentions. An open body posture, accompanied with an appropriate eye contact was found to lead to positive emotions and favorable perceptions about the staff. Staff displaying positive NVB were rated more credible, competent, courteous and trustworthy. NVB appears to have significantly influenced behavioral intentions and likelihood of contacting with the same staff in the case of experiencing another problem.

Key Words: service recovery, complaint management, nonverbal behavior, emotions

INTRODUCTION

The concepts of consumer dissatisfaction (CD) and consumer complaining behavior (CCB) continue to receive growing attention from researchers and practitioners (Yuksel, Hancer and Kilinc, 2006). Considering that most dissatisfied customers never bother to complain, customers seeking redress for their complaints provide destinations/companies with opportunities to improve their management and marketing programs so as to enhance customer satisfaction and profitability (Huang, Huang and Wu, 1996). Ineffective handling of customer's complaint was reported to increase frustration and dissatisfaction, reinforce negative consumer reactions and harm a marketer's reputation (Hart, Heskett and Sasser, 1990; Hirschman, 1970; Hoffman and Chung, 1999; Mattila, 2001). In other words, failure to promptly handle consumers' complaints provokes consumers' unfavorable behaviors (e.g., negative word-of-mouth or exit intentions) and this can have catastrophic effects on an organization's business.

Previous studies have identified different causes and consequences of service failures (Boshoff and Staude, 2003). These studies note that the majority of responses to customer complaints are far from restoring customer satisfaction (Boshoff and Leong, 1998; Hart et al., 1990). Bitner, Bernard and Tetreault's (1990) study indicates that the greater part of dissatisfying service encounters is the result of frontline employees' inability to respond to service failure situations. Customers often switch to an alternative service provider, not because of core service failures, but because of the unacceptable response of employees to customer attempts to redress failure (Keaveney, 1995:77). This can be attributed to existence or absence of many factors (see Yuksel et al., 2006 for a review of these issues). Broadly speaking, in any service recovery encounter there are at least three elements: i) environmental elements (physical setting), ii) technical elements (essential performance skills), and iii) personal presentation (verbal behavior and nonverbal behavior (Sommers, Greeno and Boag, 1988). Since the provision of a service recovery requires interaction, the various forms of verbal and nonverbal communication rest at the heart of service delivery and evaluation processes (Sommers et al., 1988). "Non-verbal communication takes place every time one person interacts with another, it may be intentional or unintentional and is part of the rapid stream of communication that passes between two interacting individuals" (Gabbott and Hogg, 2000:385). The nonverbal components are reported

to be at least as important as the verbal components of interpersonal communication in shaping the outcome of employee-customer interactions (Barnum and Wolniansky, 1989; Burgoon et al., 1990, cf. Sundaram and Webster, 2000). According to Mehrabian, nearly half of the variations in response to interpersonal communication can be attributed to nonverbal factors (Mehrabian, 1981, Barnum and Wolniansky, 1989, cf. Sundaram and Webster, 2000; Sommers et al., 1988). Furthermore, studies show that verbal interactions need the support of non-verbal communications (Sommers et al., 1988).

Departing from inadequate research on this subject, this article explores whether nonverbal communication in the form of body posture and eye contact could effect customers' perceptions of service personnel's affective qualities, customer emotions and their behavioral intentions in a service recovery situation. The following is divided into three sections. The first section undertakes a review on customer complaint behavior and nonverbal communication. The second section presents details of the methodology followed in the study. The final section discusses research findings in the light of previous results.

Service Recovery
A service recovery refers to the actions a service employee takes in response to a service failure (Brown, Cowles and Tuten, 1996; Gronroos, 1988). The aim of service recovery efforts is basically to move a customer from a state of dissatisfaction to a state of satisfaction. Recovery to failures can take many forms. These actions range from "do nothing" to whatever it takes to fix the problem" (Bitner et al., 1990; Hart et al., 1990; Hoffman et al., 1995; Kelley, Hoffman and Davis, 1993). The effectiveness of recovery strategies depends on the situation and is influenced by such factors as importance and type of service. Effectiveness is also dependent on the way in which the service provider handles the problem. Responsiveness, empathy and understanding improve the effectiveness of the recovery strategy (Bitner et al., 1990; Hart et al., 1990). Thus, not only what is done but also how it is done will contribute to the effectiveness of the recovery.

Customer Complaining Behavior (CCB)
CCB is generally considered to be a set of multiple responses arising out of purchase dissatisfaction (Singh, 1988). Several different responses, ranging from doing nothing to taking legal action, can result from a dissatisfying encounter (Huang, Huang and Wu, 1996). Complaint responses are generally considered to fall into two broad categories; behavioral and non behavioral. Behavioral responses consist of any or all customer action that convey an expression of dissatisfaction (Landon, 1977). Non-behavioral responses, such as, when the consumer forgets about a dissatisfying episode and does nothing, are also considered as a legitimate CCB response (Day and Landon, 1977). Singh (1988) noted that some people choose behavioral responses whereas others elect non-behavioral responses in relatively similar dissatisfying episodes.

A review of literature suggests that complaint options may range from seeking redress to contacting third parties. According to Zeithaml et al (1996) certain behaviors signal that customers are forging bonds with a company. These include expressing preference for the company over others, increase the volume of their purchase, saying positive things about the company to others and remaining loyal to the company. There are also certain behaviors signaling that customers are poised to leave the company or spend less with the company (Zeithaml et al., 1996, p.34). These behaviors include complaining to staff, friends or external agencies and contemplation of switching to another company. Solnick and Hemenway (1992) observe that voice and exit can be substitutes for each other, they often occur together. From the managerial point of view; however, any action that gives the company an opportunity to become aware of the problem and subsequently restore satisfaction can be perceived as a favorable behavior (Yuksel, Kilinc and Yuksel, 2006).

Nonverbal Behavior in Service Recovery
Previous research suggests that customers evaluate service encounters on three dimensions: *outcome*, the benefits customers receive as a result of the encounter; *procedure*, the organization's policies and methods that guide the encounter, and *interaction*, the quality of the interpersonal treatment and communication during the encounter (Mattila, 2001). Similarly, social exchange theory assumes that people will have expectations with regard to outcome, procedure and interpersonal treatment in a complaint situation and that perceived justice on these dimensions will influence how people evaluate exchanges (McCollough et al., 2000). More specifically, *distributive justice*, which involves resource allocation and perceived outcome of an exchange; *procedural justice*, which involves by means by which decisions are made and conflicts are resolved, and *interactional justice* which involves

the manner information is exchanged and the outcome is communicated will impact on the quality of exchange relationships (Smith, Bolton and Wagner, 1999).

Sundaram and Webster have developed a conceptual model with an attempt to highlight the role of nonverbal communication in service interactions (Sundaram and Webster, 2000). The model suggests that both verbal and nonverbal elements of communication between the service provider and the customer influence customers' affect or subjective feelings, which in turn influence their evaluation of the service encounter. Sundaram and Webster's model groups multitude of nonverbal communication cues into four major categories: paralanguage, kinesics, proxemics, and physical appearance. Bodily appearance is the first noticeable nonverbal communication behavior and conveys specific information about a person's character and social behavior (Breytenbach, 2001). Kinesics entail all facial expressions, movements and eye contact and can be defined as the study of body movements (Breytenbach, 2001). Paralanguage entails all forms of verbal communication, which are produced by the voice. Proxemics refers to spatial relations of individuals (closeness/distance). Of particular interest here are the two non-verbal communication variables of eye contact and body posture[i]. Eye contact and body posture have been studied in numerous laboratory and natural settings but very few empirical studies were conducted in a service recovery context. Studies on these kinesics variables show that taken in combination, "high" levels lead to both greater liking of the sender of the message and greater agreement with the message itself (Mehrabian, 1972, cf. Sommers et al. 1988). Eye contact with the individual in a service recovery context can be claimed as perhaps the most important characteristic a frontline staff should have. Experts advise connecting with individuals rather than letting the eyes sweep over the place without making an eye contact with the individual (Chaney and Green, 2006). Eye contact, accompanied by a smile gives the impression that the staff is happy to be there. Posture is another important aspect of nonverbal communication projecting a positive image when listening to/talking with a customer. It is suggested that the extremes of being too stiff, which is perceived as being uptight, or too loose, which comes across as sloppy or careless, should be avoided.

The model postulates that NVB influences customer emotions, which in turn influence their evaluations. Emotions evoked due to service failure and subsequent recovery attempts are likely to be decisive in customers' evaluations (Yuksel, 2006). Emotions - a positive or negative sensation that accompanies a reaction to a perceived or remembered object, event, or circumstance, can influence the overall degree of satisfaction or dissatisfaction with the service failure (Zeelenberg and Pieters, 2004). Due to disruption of the consumption experience, service failure encounters can be a source of such negative emotions as anger and frustration (Bigne and Andreu, 2004; Nguyen and McColl-Kennedy, 2003; Zeelenberg and Pieters, 2004). Sparks (2003) identified anger, pleasure and embarrassment as three key affective responses representing typical feelings reported by customers. Unfavourable outcome, poor quality of the interpersonal treatment and the level of service provider's defensiveness would evoke anger in customers (Sparks, 2003). Embarrassment or feeling humiliated is another negative emotion that, broken promises and under rewarding could evoke in customers. When the recovery is poor, verbal and/or nonverbal, this may enflame customers' negative emotions (Nguyen and McColl-Kennedy, 2003). Negative emotions are expected to lead to more dissatisfaction, whereas positive emotions are expected to lead to more satisfaction (Zeelenberg and Pieters, 2004). Zeelenger and Pieters (2004) report that specific emotions - regret and disappointment - have a significant impact on satisfaction and subsequent consumer complaining behaviours. Regret was found to be directly related to switching behaviour. They also found that the more customers experience regret, the more inert they were. In another study, Chebat and Sluarsczyk (2003) identified a strong relationship between negative/positive emotions and customers' exit and loyalty behaviours. They suggest that contact employees should be aware of the emotional climate of customer's complaints and should be trained to monitor it. They state that even if the problem, which triggered the complaint can be fixed, the customers do not necessarily remain loyal if the emotions are not properly attended to. Most service failure/complaint handling studies however have not taken into account that failures and subsequent recovery attempts, through perceived nonverbal cues, could trigger emotional responses in addition to cognitive appraisal (Dolen et at., 2001; Yu and Dean, 2001).

METHODOLOGY

A quasi experiment was conducted to examine effects of nonverbal behavior, in this case eye contact and open/closed body posture, on customers' evaluation of service personnel's affective qualities in a service recovery situation and on customers' recovery emotions and their behavioral intentions. A questionnaire based on a scenario was developed for this purpose. Respondents were instructed to put themselves in the presented situation and asses how they would feel and act. More specifically, the scenario presents a situation in which the customer checks-in a hotel room where the shower malfunctions. Instead of phoning the reception, the customer decides to talk with the

receptionist and describes what is wrong. Two pictures, displaying a staff-customer interaction, have been used. We have manipulated staff' body posture and eye contact in these pictures. In the first case, the receptionist displays an open body posture with an appropriate eye contact. In the second picture, the receptionist displays a closed body posture with no eye contact. In each case the receptionist apologizes and tells the customer she would be taking care of the problem immediately. After reading the scenario and seen the picture of the receptionist, the respondent is required indicate what emotions they would feel most, how s/he thinks that the receptionist behaves, and how they would react to the recovery offered. Another set of questions excluding interaction pictures has been used to see whether nonverbal communication has lesser/higher influence on customers' evaluation of staff and service recovery effort than verbal communication does[ii]. Sundaram and Webster's scale was used to measure staff affective qualities. This scale consisted of six items (e.g., credible, friendly, competent, emphatic, courteous, and trustworthy). The items were followed by a seven point strongly agree-strongly disagree Likert type scale. An 11 item emotion scale, developed from a review of literature, was used (Yuksel and Yuksel, 2006). Four items were borrowed from Zeithalm et al.'s (1996) study to measure respondents' behavioral intentions. An additional question was asked the probability of getting in touch with the same staff in case of other problems experienced during stay. Seven point very unlikely/very unlikely scale accompanied these items. Demographic details, such as nationality, gender, age, education and marital status were also collected. The survey was administered to conveniently sampled 200 foreign tourists staying in the selected hotels of Didim, Aydin province in Turkey in the summer months of 2006.

Data Analysis

Reliability checks of the scales were conducted. A series of pairwise t-tests were then run to understand whether NVB has any effect on respondents' evaluations of staff affective qualities, emotions and behavioral intentions.

RESULTS

Eighty six percent of the respondents were from the UK, followed by tourists from Ireland, Holland, Germany, Poland and others. Fifty four percent of the sample were male. The majority of respondents were in the over 40 age-band (44%). These figures conform with general tourist profile that Didim region attracts. Reliability tests show that each of the three scales used in the research has acceptable coefficients (0.98 for staff2 affective qualities, 0.99 for emotion scale, and 0.97 for behavioral intentions). The results of the t-test indicate there is a significant difference between respondents' assessment of the affective qualities of the service personnel in cases of negative and positive NVC displays.

Table 1
Staff's Affective Qualities

	Positive	Negative	t	Sig
Credible	6.1087	1.8641	51.199	.000
Friendly	6.1902	1.9239	48.807	.000
Competent	6.1141	1.9239	45.187	.000
Empathic	6.1304	1.9293	46.833	.000
Courteous	6.0707	1.9620	44.674	.000
Trustworthy	6.1902	1.8207	48.314	.000

Table 1 shows that an open body posture, accompanied with an appropriate eye contact would lead to favorable perceptions of the service personnel. The findings clearly indicate that staff displaying such a positive NVB is likely to be seen more credible, competent, courteous and trustworthy by the customer. In contrast, a negative NVB would result in negative perceptions of staff affective qualities. This is important for proper managing of service recovery encounters, as the outcome in such situations relies heavily on the development of positive perceptions of service providers. That is, appropriate NVB would imply the competency in providing services, which would influence likelihood of positive perception of a recovery effort. Our findings provide support for the contention that non-verbal of the employees will have a great impact on the success of a service recovery encounter. How staff is perceived during the recovery encounters will largely determine how customers would perceive the quality level of the transaction. Thus, the quality of service recovery rendered cannot be separated from the favorability of the NVC displayed by the service provider (George and Berry, 1981). The service provider's

nonverbal behavior and verbal skills may lead to more satisfaction than the pure mechanistic system of delivery to a customer (Martin, 1987). In some cases, the right NVB would be capable of redeeming the poor recovery strategy. Conviviality conveyed in the form of open body posture of service personnel during a recovery encounter may compensate for the low quality procedural or distributional (i.e., outcome) dimension of a service recovery.

The findings of the study indicated that staff' display of NVB could influence customers' positive or negative emotions in a recovery situation (Table 2). Respondents in this study report that they would feel unwelcome when the staff' body posture is closed and there is no eye contact. However, when the body posture is open and there is an appropriate eye-contact, the respondents appear to feel welcome in otherwise a very anxious situation. Management of customer emotions during a complaint handling is ultimately important. Customers will be more emotionally involved in and observant of recovery than in routine or first-time services (Bitner et al., 1990). This implies that customers' behaviors during/after a complaint-handling situation may be emotionally driven (Smith and Bolton, 2002). Experience of distinct emotions may influence their expectations for and perceptions of the recovery performance, and/or their expressions and behaviors (Dube and Menon, 2000). Although affective reactions are influenced by both verbal and nonverbal cues, inferences about relationships and feelings (affect) may be more heavily influenced by nonverbal cues (Zajonc, 1980). Thus, whether customers' affective state will be influenced in a positive or a negative direction would depend on the nature of the verbal responses and on whether they received the anticipated nonverbal cues. While it is not tested in this study, it is possible that negative emotions caused by unfavorable NVB will bias customers' perceptions, evaluations and their complaint behaviors.

Table 2
Ratings on Emotions by NVB

Emotions measured	NVB	NVB	t	Sig
Comfortable/uncomfortable	6.0815	1.9076	47.572	.000
Relaxed/Tense	6.0815	2.0054	43.863	.000
Happy/Unhappy	6.0543	1.9022	45.558	.000
Satisfied/dissatisfied	6.0598	1.8152	47.221	.000
Important/Unimportant	5.9457	1.9239	44.552	.000
Privileged/unprivileged	5.8913	1.7989	48.135	.000
Contended	6.1087	1.9565	45.094	.000
Glad	6.1576	1.8859	46.429	.000
Cheerful/regretful	6.0761	1.8913	48.884	.000
Calm	6.1196	1.8152	49.846	.000
Welcome	6.2772	1.6467	55.204	.000

Once a customer lodges a complaint, the original transaction may become less relevant to the consumer's ultimate satisfaction than events that follow the complaint (Goodwin and Ross, 1992). Simply acting quickly and autonomously to fix the problem may not generate positive affect unless it is accompanied by empathy and courtesy (Hocutt and Stone, 1998). In other words, dissatisfied customers would expect not only to receive fair settlement, but, more importantly, to be treated with courtesy and respect (Blodgett et al., 1997). Our results show that complainants who receive a fair settlement, but who are treated rudely, most likely will not visit the organization again, and are likely to tell their friends and relatives about their negative experience. As Sparks et al. (1996) noted, recovery will be beneficial only when the frontline staff use an appropriate style of communication during a service failure handling. In parallel with these arguments, our results demonstrate that NVB holds a significant role in determining customers' behavioral intentions following a service recovery effort. While the front-office clerk's verbal response was the same in both cases, positive body posture and eye contact appeared to have increased customers' likelihood of engaging in favorable behaviors. Table 3 clearly demonstrates that likelihood of positive word of mouth recommendation and repeat business with the company in the future received significantly higher ratings from respondents in the case of open body posture, accompanied by an appropriate eye-contact. Expressing preference for the company over others, increase the volume of their purchase, saying positive things about the company to others and remaining loyal to the company are signals that customers would be bonding with a company (Zeithaml et al., 1996, p.34).

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Table 3
Behavioral Intentions by NVB

Behavioral Intentions measured	NVB1	NVB2	t	sig
say positive things about this hotel to other people	6.03	1.93	45.17	.000
recommend this hotel to someone who seeks your advice	6.07	1.89	45.50	.000
encourage friend and relatives to stay at this hotel	6.13	1.78	48.35	.000
consider this hotel your first choice in the next few years	6.07	1.76	47.62	.000
if any problem occur during your stay which hotel you stay at, how likely is it that you would get in touch with the same staff again?	6.08	1.75	46.15	.000

CONCLUSION AND RECOMMENDATIONS

Like any spoken language, body language has words, sentences and punctuation. Each gesture is like a single word and one word may have several different meanings. Nonverbal behavior can have several functions in service recovery. It can clarify verbal message (i.e., communication depends largely on what you are doing vocally and bodily while saying it). NVC can also help establish a relationship between staff and customer and help establish staff credibility (i.e., customer's perception of staff competence, trustworthiness and character). Service recovery is a very delicate, interaction-intensive and emotionally-driven moment-of-truth in which customer may become extremely vigilant to any kind of cue. Empirical negligence of the likely effects of nonverbal behavior on customers' recovery emotions and how customers evaluate service provider is therefore curious. This study explored whether staff's NVB during a service recovery could shape customers' emotional reactions, their evaluation of the staff and their behavioral intentions. Empirical evidence in the study suggests that NVB during a recovery could determine customers' cognitive and affective states. An open body posture, accompanied with an appropriate eye contact leads to positive emotion and favorable perceptions of the service personnel. Staff displaying such positive NVB is likely to be seen more credible, competent, courteous and trustworthy. Favorable NVB appears to have significantly increased the respondents' ratings on behavioral intentions and contacting with the same staff (i.e., trust and empathy building). This has significant implications on the perceived effectiveness of the recovery effort and maintaining long-term relationship with customers. The limitations of the study should be noted. The same respondents were required to rate their evaluation twice for two different NVB. Although it is not reported, recruiting the same respondents may result in respondent fatigue. Respondents were required to put themselves in the pictured situation. Their perception of the NVB and verbal response may be shaped by their cultural background, familiarity with the situation, perceived severity of the problem and so on. Thus, more controlled studies are needed. Their reactions to NVB may differ in different failure situations. These respondents were having holiday in Turkey, thus their recovery judgments may have been determined by overall (dis)satisfaction with their present holiday. Observational methods in real life situations may have been a more suitable research method, as individuals would naturally react in a negative manner to negative verbal signs. Nevertheless, this study has potential to initiate more research interest on this much neglected issue. One of the interesting areas would be contrasting the effects of verbal responses and NVB (separate and combined effects) on customers' affective and cognitive state. The majority of previous research have followed a methodology in which only verbal recovery responses were provided and assessed (i.e., without visual aids for respondents to see the NVB that accompanies that verbal saying). This exclusion of NVB limits our understanding of how customers evaluate complaint handling. Limited understanding of NVB's functions during a service recovery may explain why the majority of recovery efforts could not move customers' from a state of satisfaction to a state of dissatisfaction.

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[1] Due to space limitations this article only tests effects of kinesics on service recovery evaluations. It is important to note that nonverbal responses of staff may be shaped by customers' verbal and/or nonverbal communication.

[1] Analyses of comparison between verbal and nonverbal cases are being discussed in another paper.

STAKEHOLDERS ALLIANCE: STRATEGY FOR COMBATING CULTURAL THINNING IN CHINA

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ABSTRACT

Tourism has developed dramatically in China's drive to modernize. However, modern development has adversely thinned the Chinese culture and diluted the cultural identity in tourism. This study examined the thinning effects of tourism development on culture and the scope of such effects in China. It postulated that tourism policy should be coordinated with the interests of key stakeholders to balance modernization and the conservation of cultural authenticity. Through the case of Beijing *Hutong*, this study proposed a model of strategic alliance of stakeholders from both public and private sectors and dictated their motives and roles in cultural tourism development.

Key Words: tourism, cultural thinning, China, stakeholder, alliance

INTRODUCTION

Tourism has become one of the fastest growing sectors in China's drive to modernize. Tourism contributes 5.4% of the country's GDP and by 2020 this is estimated to rise to 11% and around 58 billion US dollars (People's Daily, 2003). According to China National Tourism Administration [CNTA] (2006), 20 million international tourists visited the country in 2005, generating US $29.2 billion in tourism receipts. World Travel Organization predicted that some 130 million overseas tourists will visit China by 2020 (People's Daily Online, 2000). The industry growth has been also fueled by domestic tourism, driven by increases in holiday entitlements and disposable income. CNTA (2006) registered 1.21 billion domestic tourists traveling in the country in 2005, generating tourism receipts of 528.6 billion Yuan. By 2010, this figure will reach 850 billion Yuan (ChinaCCM, 2006).

Tourists, international and domestic alike, are attracted by the rich historical and cultural resources in China. The growth of Chinese tourism is dramatic and evident. However, as Alvin Toffler noted with the law of raspberry jam, the wider a culture is spread, the thinner it gets. The Chinese cultural authenticity is under the risk of losing itself to modern commoditization during rapid tourism development. Cultural attractions and festivals are being affected and altered by the impingement of the modern industrial world and westernization.

Researchers have studied the impacts of tourism development in China on its culture in relation to rapid economic development (McKann, 2002; Wang, 2003). Little research, however, was specifically centered on how policies in public sector are coordinated with the interests of stakeholders in private sector to combat the thinning effects on culture. In the context of cultural thinning due to modernization and industrialization, this study bears two objectives:

1) To explore the scope that culture has been impacted by rapid tourism development; and
2) To construct a model of strategic alliance for key tourism stakeholders to mitigate the cultural thinning effect and align economic interest with cultural preservation in tourism development.

Specifically, this paper analyzed the impacts of modernity and exogenous global forces on Chinese cultural tourism when tourism acted as a significant vehicle for modernization. It revealed the tensions generated between the country's determination to stimulate its economic growth and the attempts to maintain the authenticity of traditional Chinese culture, with reference to developments in tourism. The study delineated the elements of the strategic alliance in the preservation of cultural authenticity and illustrated the initiatives, coverage of responsibilities, and concerns of various stakeholders in the process.

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LITERATURE

Cultural Thinning

The collective of globalization and modernization theories suggests that various economic, information, and population flows have profound influence on the ways in which cultures are represented (Hughes, 1995). Modernity and exogenous global forces have inevitably impacted Chinese cultural identity when tourism acts as a significant vehicle for modernization. With the acceleration of globalization and modernization, dramatic changes have been noted in China's cultural ecology: a large number of precious objects and materials of historical and cultural values are destroyed, deserted or lost in the commercialized development and standardized operation of tourist attractions. Arbitrary misuse and excessive exploitation of cultural heritage occur from time to time.

Tensions are consequently generated between the government's determination to stimulate the country's economic growth and its attempts to maintain the authenticity of Chinese culture in tourism development. Tourism in China was considered as the most active element for economic development of the country and the most readily available profit-making device. The intrinsic values associated with the immense richness of China's history and culture are in danger of being ignored at the expense of the extrinsic value of the income derived from tourism. Tourism development resulted in overload and misplacement as manifested by the artificialized, commercialized and urbanized cultural heritage attractions. This caused serious destruction of the cultural eco-systems in the destinations and substantial devaluation of their aesthetic and cultural values. Signs of modern industrialized manufacturing were shown across the country at historic heritage sites. Standardization, which is equivalent to westernization, is employed by tourism services, such as hotels and destinations when they provide cookie-cutting products across the country.

A close examination reveals that many of the restorations of buildings, statues, and other artifacts at historical sites in China has been carried out with contemporary materials such as reinforced concrete, steel bolts and plastic; disguised to look like ancient timber, hand-fired bricks or stone carvings. A certain "museumization" of the ethnic minorities was also noted in the idealized presentations of their culture for tourist consumption. In many instances, as listed in the following, heritage in China has been commoditized to the point where a balance with historical and socio-cultural veracity has been lost:

1) In 2002, the main hall of the Taoism temple "Fu Zhen Guan" (built in 14th -15th century A.D.) in Mount Wudang, Hubei Province, was turned into a three star hotel.

2) A modern sightseeing elevator was installed in the cultural scenic region Zhang Jia Jie, Hunan Province. Two more elevators were built after the developers realized and devoured quick economic benefits of the increased travel volume.

3) Without due regard to the cultural background of attractions, the local tourism departments in the culturally rich West Hunan region equipped *diaojiaolou*, a wood structure for living with natural ventilation, with air-conditioners to accommodate the modern convenience demand of the market. In the same light, the local governments paved the dirt roads to the local destinations over with cement.

4) The splendid "living" cultural Mecca of Village Zhou in Jiangsu Province was soon deserted by travel agencies because the "commercial atmosphere is overwhelming".

5) In Nanxun County, Zhejiang Province, which was originally considered as a potential World Heritage nominee, many "Western atmosphere" night clubs were built to showcase the developers' and the local governments' "open" mindset to the modern world.

However, for many Chinese, the act of visiting the famous attractions translates itself into an appreciation of their culture. According to MacCannell's (1976), the consumption of a tourist attraction invests it with meaning and a perception of cultural authenticity. The staging of festivals and the manipulating of cultural attractions to serve economic interests without regard to their cultural integrity have resulted in the loss of heritage quality and educational value. The most critical issue of tourism development, therefore, is the comprehension, appreciation and implementation of the authenticity of cultural heritage sites (du Cros et al., 2005). Tourism policies should not only act in economic interests but also guide the integral cultural development of China's tourism.

Cultural Policies and Tourism Development

Yu *et al.* (2003) noted that preventing negative tourism impacts was a major challenge for China to maintain its international tourism appeal. As early as in the 1950s, China began to establish the protection system of cultural heritage. Neither domestic nor international tourism was barely existent at that time. "Tourism" was used as a political tool to present overseas the country's "fruit" under the governing of the Chinese Communist Party. The

routes and places of visit were designated and the guests were received with all-round efforts from the government. Heritage was not promoted. During the 24 years from 1954 to1978, China International Travel Service played host to only 125,000 visitors (Richter, 1989).

In Cultural Revolution years from 1966 to 1976, cultural heritage was under great damage. The political regime overthrew the Chinese cultural heritage in its revolutionary endeavor and labeled the precious historical objects as "Four Olds", the remains of feudal and capitalist orthodox, which needed to be demolished.

In 1978, the first national conference on tourism was held to formulate guidelines and organizational structures for tourism development (Gao and Zhang, 1982). Tourism was justified in cultural terms by the contribution it could make to national unity. With the acceptance of the need to modernize the country using all resources available, the late Chairman Deng Xiaoping called for rehabilitating China's culture as a valuable resource to revitalize the economy by making tourism an acceptable form of development.

Tourism has become an agent in the country's attempts to find ways to bridge the differences in the objectives of modernization and national cultural identity. However, the decision to embrace the tourism industry was reached with great caution because the government recognized that international tourism was a major vehicle for modernization which inevitably promoted the penetration of Western culture and values. Cultural policy thus came to the fore in this tourism context, a valuable new industry and a potentially large generator of foreign exchange earnings. Under the cultural policy, tourism was to be developed around Chinese culture and tradition to mitigate the impact of Western culture, values and industrialization which might pollute China's heritage.

In recent years, great efforts have been made by the Chinese government in combining cultural heritage and tourism. In 1992 China National Tourism Administration selected 249 sites which combined China's natural and cultural heritage to develop and promote as "national scenic routes". They have distinctive themes such as the Great Wall Route, the Cooking Kingdom Route, the Study Route, and the Yangtze River Route. Dunhuang, once an important trading town on the Silk Road, was one of several hundred sites designated as "historical cultural cities". In 1991, the Huangshan Scenic Area was granted World Heritage Site listing based on its outstanding environmental and cultural resources.

However, problems arise when the formal text of laws contradict with their local applications in the development of historical and cultural attractions. In some areas there exists an "implementation gap" between the rhetoric of policy and the reality. Provinces, regions, and counties have been swift to draw up lists of cultural attractions and heritage sites, but a break has occurred between intent and result. The devolution of responsibility to implement the Heritage Conservation Act to the different levels of local government and the fact that "The costs of conservation and management of the nation's heritage treasures are to be included in national and local budgets" (Article 6 of the Act) have resulted in patchy efforts at local levels, especially where local finances are not great. Authenticity was sacrificed for economic interests at staging and manipulating festivals and cultural attractions.

To achieve the integrity and authenticity of culture, tourism policy needs to involve the key stakeholders at various levels and to incorporate their respective interests. According to Hughes (1995), rather than being naturally given, authenticity in tourism is held to have been produced by a variety of stakeholders, such as government, institutions, entrepreneurs, marketing agents, tour guides, and the like.

METHODOLOGY

This paper aims to investigate and propose coordination among public, private and community sectors for cultural authenticity in tourism development in China, and place it against a general model of stakeholder alliance that drives the development. Beijing Hutong tourism development was selected for this study because Hutong serves as a model of heritage conservation for Chinese cultural attractions (Sit, 1995) and because its heritage is under heavy pressure from modern development (Wang, 2003).

Case study method is deemed as appropriate for this study since it examines a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (Yin, 1984). Tools to collect data in this case study include personal interviews, documents review, reports and observation. Semi-structured personal interviews were conducted with tourism developers in Beijing in 2006. Two interviewees were selected as they best represented Hutong tourism

business in Beijing. Phenomenology grounded the qualitative inquiry and allowed researchers to examine experience and consciousness of the interviewees so as to detect their attitudes and beliefs on social and cultural subjects (Patton, 2002). This study was exploratory in nature, seeking to appreciate the business people's views and concerns in cultural tourism development within their frames of reference, without imposing the researchers' preconceptions. Thus, broad topics on tourism development and authenticity were carefully worded so as not to bias the participants' responses.

For issues and concerns of the public sector, non-government organizations and community residents, secondary sources were used such as government policies, documents of public organizations and reports on community residents. The results of this paper were based on a content analysis of the interviews, reports, past studies and any other material related to plans and policies for cultural tourism development.

The analysis and interpretation of the data collected gave rise to the model of strategic alliance among key stakeholders from both the private and public sectors. A congruence of objectives and motivations between the two sectors is detected - attracting more tourists can not only benefit the financial objectives of tourism operators but also serve the more diverse social objectives of the public sector, in this case, the cultural preservation in tourism development. The initiatives, coverage and concerns of the alliance are presented and discussed.

Hutong Tourism Development
　　　　In Chinese, Hutong literally means a narrow laneway and street that is lined by courtyard houses. Hutong lanes provide shelter from the wind and give a strong sense of privacy to Hutong areas. A more colloquial term, 'the Hutongs', refers to entire neighborhoods of houses in the low-rise traditional style. The Hutongs once dominated Beijing's cityscape and provided an attractive 'low rise' background to the imperial Forbidden City. The Hutongs is one of the important characteristics of the city of Beijing. To old Beijingers, the Hutongs are always associated with the nostalgia feelings and possesses a great amount of intangible heritage value. The Hutong lifestyle has a long and ancient tradition, and is widely regarded as an essential element of Chinese culture. The culture and heritage embodied in the Hutongs is evoked in stories, customs, ambience and lifestyle engendered by the physical setting.

Prior to 1949, it is estimated that there were 11 million square meters of the Hutongs around the Forbidden City (Wu, 1999). The Beijing Municipal Place Name Office noted that the 3,200 Hutongs recorded in 1944 had been reduced to 990 in early 2002, still with their original names. A series of events led to this disappearance of Hutongs. The upheavals of the Cultural Revolution permitted unplanned development, which affected the integrity of the Hutongs (Wu, 1999). The current rush for modernization, related to the 2008 Olympic Games, is considered as the latest threat to the Hutong area (South China Morning Post, 2002). The relatively undeveloped state of the remaining Hutongs in Beijing provides both tourism appeal and, at the same time, a justification for widespread urban development due to problems related to the Hutongs, such as traffic congestions caused by the narrow lanes of Hutongs.

The following delineated the initiatives and coverage of responsibilities of various stakeholders in their development of the Hutongs as tourism products. Problems in their tourism development pursuit were also presented at respective parts of the case. The stakeholders represented the public sector, the private sector, the non-government organizations and inter-government organizations, and the Hutong resident community.

Public sector
　　　　The Beijing municipal government has long attempted to conserve the old imperial city that included Hutong areas. A municipal master plan for the city for 1991-2010 was amended in 1992 to include height control for buildings in the old city (Beijing Cultural heritage Bureau, 2001). It declared that 25 municipal-level heritage protection areas were to be preserved, amounting to 17 percent of the old city. Nineteen of these declared heritage protection areas include the Hutongs, among which a few gained increasing popularity among tourists, such as Liulichangjie (southwest of the Forbidden City Palace Museum), Xihuanmenjie (northwest of the Forbidden City) and Nanchizi, Beichizi, and Donghuamen Road area.

However, cultural and heritage buildings within the declared protection areas were not as well protected from demolition as one might expect given their designation. Private real estate developers were found to breach the heritage protection plan and the height control from time to time. This fact itself revealed the government ambiguous stance in the economic development and cultural heritage preservation. It reflected some local

governments' view that market forces and modernization should prevail outside such heritage designation. Moreover, the Beijing Planning Commission, another government body responsible for the city's modern development, attempts to present Beijing as an emerging international city and to tear down some old and congested areas including the Hutongs.

Private sector

The two most salient Hutong tourism and conservation initiatives in private sector were Beijing Hutong Tour Company and Lu Song Yuan Guesthouse. Both exemplified cultural integrity in their development of tourism products. Problems and concerns in their cultural preservation pursuit were respectively listed.

Beijing Hutong Tour Company was first established in 1993 when a savvy photographer of the Hutongs realized the potential tourism value of the Hutongs for international tourists. It offered international tourists rickshaw tours and house visits to a retired resident in the Hutongs neighborhood. The initial intention for starting the Hutong tour company was to raise public awareness of the Hutongs heritage and promote the Hutongs' cultural identity. Very soon, the popularity of the Hutong tour among international tourists and the overwhelming economic benefits thereafter attracted many "copycat" tour operators. It is estimated that around 140,000 tourists undertake the Hutong tour annually. Among them most are Europeans and Americans who find the Hutongs' visual appeal and ambience culturally attractive.

To gain market strength, Beijing Hutong Tour Company planned to partner with government agencies to fence off the growing competition from the industry. However, city planners haven't fully recognized the value of the Hutong tour in bringing individual tourist and group alike to experience the historic and cultural district of Beijing.

Another Hutong related tourist product is Lu Song Yuan Guesthouse. The guesthouse is located at Banchang Hutong. Each building's interior is an ornate recreation of traditional lifestyle of old-time imperials with the international tourist as the market in mind. The developer of the guesthouse invested substantially in the renovation of the traditional courtyard and strived hard in keeping its original structure and look. Some modifications were made to install hidden modern facilities in the guesthouse, such as a heating and sewage system. The elegance and exclusiveness of courtyard living was accomplished and preserved. The guesthouse responded to the market need for niche heritage tourism products and was well received by international tourists. The rate charged at 600-700 Yuan per night was much higher than other hotels in the same lodging category, but it was still in high demand among the international tourists.

Stimulated by the success of blending culture with tourism products, a few entrepreneurs invested and built restaurants and accommodations in the Hutong neighborhood through adaptive reuse of the heritage courtyards. While such reuses were acknowledged by heritage authorities, they were not actively encouraged with incentives even when this may be the only way to retain and conserve the heritage.

Non-government organizations (NGOs)

Beijing Cultural Heritage Protection Center (CHP) is China's leading civil society dedicated to mobilizing communities to protect the nation's rich and diverse cultural heritage. In its Old City Preservation projects, Beijing Hutong is listed as the major area of effort for the agency in calling for protections of heritage from damage and demolitions. The organization engages community and residents in participating in the process of cultural policy reform. It enlists public pressure to encourage the implementation of government cultural laws and organizes cultural heritage awareness events. NGOs like CHP act as pressure groups for cultural preservation.

Tsinghua University, with a long history of concern about Beijing city heritage planning (Sit, 1995; Wu, 1999), is one organization that is attempting to lobby the government to choose an approach that will retain the traditional Hutongs in the city's modernization process. Researchers and architects from the university claimed Beijing's culture and traditions, such as the Hutongs life style, to be the city's identity in the "global village". After all, the traditional and cultural presentation of the city can add to its international appeal.

The World Bank has also actively participated in the preservation of the Hutongs by monitoring and funding cultural preservation projects. Another agency that consulted on Beijing's cultural policy and modern development is an intergovernmental organization - the United Nation Education, Science and Cultural Organization

(UNESCO). UNESCO's role in tourism development has been to provide a motivation for better cultural conservation and planning with the lure of a World Heritage inscription. In Beijing the Asia Pacific UNESCO office and Beijing government are coordinating the efforts regarding a World Heritage nomination for the remains of the Imperial Old City including the Hutongs close to the site.

Community

Local residents were deeply concerned about the protection of the Hutongs and how tourism development of this heritage resource will impact their exclusive Hutong life style. Residents of the Hutongs have long appealed to the Government for protecting their lifestyle from the ever increasing tourist traffic. For example, the Shichahai area which includes Shichahai Lake, the old Hutongs and the other historic sites has become a very popular tourist destination. Tour guides that bring the tourists there have polluted the life style of the long time Hutong residents. The community sued the tour operator and the government acted by assigning a special tourist parking lot to direct the traffic away from the Hutong residents.

However, often times the residents' efforts in preserving their Hutongs were less successful and went neglected. Hua Xinmin, whose father was an architect and who lived in the Hutongs in her early days, became a famous voluntary Hutong conservationist. She rode a bike and surveyed extensively on the status and the extent of the remaining Hutongs. She submitted her report to the Beijing Planning Committee calling for more legal protection for the Hutongs, but received no answer from the government.

Summary

The interdependency of stakeholders involved in producing and promoting the tourism products provides a basis for the development of a tourism alliance. The data from this case study; such as interviews, government polices, document reviews, reports and observation; delineated relevant initiatives of the stakeholders in Hutong tourism development and at the same time revealed their problems and concerns in the development process. Those initiatives and concerns lend themselves to developing a strategic alliance that should engage relevant stakeholders and incorporate their interests in tourism development. Table 1 offers a summary of the initiatives, coverage of responsibilities, and concerns of the stakeholders in cultural tourism projects.

Table 1
**Stakeholders' Motives and Concerns in Cultural Tourism Development**

Stakeholders	Initiatives	Concerns	Coverage
Public Sector: district municipal provincial regional and state government	a. protect the social unity b. preserve Chinese cultural identity c. sustain the economic growth	a. ambiguous stance in the economic development and cultural heritage preservation	a. initiates and administers laws, policies, principles and guidelines b. archives knowledge and information c. sets conservation priorities d. formulates conservation education programs e. facilitates conservation projects f. provides incentives for adaptive reuse of buildings
Private Sector: developer operator marketing agent tour guide etc.	a. raise public awareness of heritage b. promote cultural identity c. identifies market potential of cultural destinations	a. gain market strength b. obtain incentives from public sector c. capture economic benefits d. capitalize on cultural resource to sustain profits	a. adaptive reuse of cultural tourism attractions b. provides entrepreneurship as well as capital for the retention and conservation of heritage assets
NGOs: CHA research institutes World Bank UNESCO etc.	a. maintain viable mechanism for development b. achieve sustainable tourism development c. monitor development projects		a. facilitate and fund conservation works b. provide mechanisms where heritage assets can be purchased by private individuals c. increase awareness through education and training programs
Community: resident conservationists	a. preserve the life style–the "living" display of culture	a. need to be heard	a. retain the cultural lifestyle b. promote greater equity in the distribution of benefits realized from cultural development

Strategic Stakeholders Alliance

Interdependence alone is not sufficient to bring about collaboration. The collaborators must recognize that the benefits of joint attempts are of great importance and outweigh the costs and the loss of autonomy that they must relinquish to partners. Faced with functional specialization in one aspect of tourism development and a scarcity of resources, the alliance needs to reduce the uncertainty by exchanging resources for mutual benefits (Frazier, 1983). The important elements of this resource exchange are information and funding (Palmer and Bejou, 1995). Tourism development and the preservation of heritage are unifying projects, in which the initiatives and funding of public authorities create a multiplier effect by mobilizing the resources of the entrepreneurs and the rest of private force.

Communication and teamwork between public and private sectors, guidelines and incentives for entrepreneurs' cultural projects, and engagement of community residents for a live staging of the culture, are all important forms and functions of the strategic alliance. Alliances between the private and public sectors are particularly attractive in tourism development, because there is a congruence of motives between the two sectors - attracting more tourists can benefit not only the narrow financial objectives of tourism developers and operators, but also the more diverse social objectives of the public sector. Cultural destinations attract tourists in their own right, and tourist visits sustain the local economy as well as the profits of the private developers.

Figure 1 gives a graphic view of communication flow and funding dynamics among the stakeholders of the alliance to display the potential benefits each stakeholder may have in the alliance. While information exchange is the common form of the alliance for all stakeholders; funding takes place largely among public, NGOs and private sectors in developing projects and when public and NGOs provide incentives to business developers in their adaptive reuse of heritage sites.

Figure 1
Stakeholders, Fund Flows, and Communication Flows of Tourism Strategic Alliance
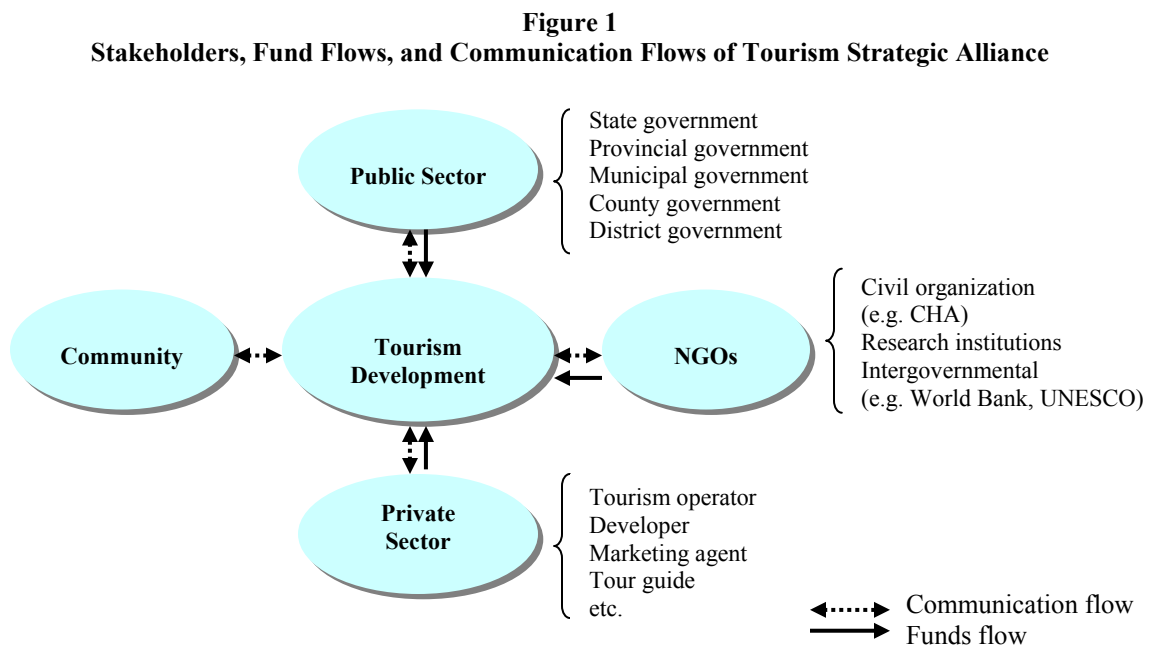
CONCLUSION

In one of the interviews of the case study, the entrepreneur who developed the Hutong guesthouse revealed a great deficiency in the guidelines of cultural tourism projects that would not have been there if there were collaborations with the government and NGO offices. He also showed a strong desire for incentives from the government and NGOs on his cultural preservation endeavor in the adaptive reuse of the heritage sites. Nonetheless, the developer was rewarded by the market on the cultural projects. The substantial investment and great scrutiny on preserving the authenticity of the heritage was justified by the lucrative profits the developer soon embraced. For a guesthouse that was normally rated at 120-250 Yuan per night, the developer charged 600-700 Yuan and still observed an insatiable demand from the market, particularly from the overseas tourists.

Indeed, the tourism industry has a capacity to assist cultures while maintaining economic growth (modernization), and to incorporate heritage in a meaningful way to assist in bringing the tourism into development with identity. While Alvin Toffler prophets a universal law about the thinning of culture while it spreads, it is possible to reverse the pattern if the development stakeholders understand the tourism's thinning effects on culture and, at the same time, make efforts to preserve culture during the process of modern development. Through government tourism policies and collaboration of the stakeholders at all levels and from all sectors, it is not an unattainable goal for modernization to develop along with cultural identity.

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FACTORS AFFECTING WOMEN'S CAREER ADVANCEMENT IN THE HOSPITALITY INDUSTRY: PERCEPTIONS OF STUDENTS, EDUCATORS, AND INDUSTRY RECRUITERS

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ABSTRACT

Because of the increased number of women employed in the hospitality industry, their underrepresentation in top management positions is an important concern. The purposes of the study were to examine hospitality students', educators' and industry recruiters' perceptions of factors that facilitate and constrain women's career advancement and determine if there were significant differences in the respondents' views. Data were collected through an online survey from a convenience sample of 226 hospitality students, educators and industry recruiters. The findings revealed significant gender and group differences, suggesting that hospitality education programs could assist in creating a more supportive industry environment for women.

Key Words: Women in hospitality industry, hospitality industry.

INTRODUCTION

The American Hotel and Lodging Association Lodging Industry Profile (AH&LA, 2005) reported that in 2004, the hospitality industry paid $163.3 billion in travel-related wages and employed 1.8 million hotel workers. One of eight Americans was employed either or indirectly in the industry (AH&LA). According to the U.S. Department of Labor, it is projected that women will be 47% of the total labor force by the year 2012. Women continue to be underrepresented in management positions compared to their overall employment, and are inequitably hired, promoted, and rewarded. Catalyst (2006) reported, there were only eight women CEOs in the Fortune 500 companies in 2005. The report concludes that, at the current rate of progress, it will take another 70 years for women to be equally represented in corporate leadership positions (Catalyst, 2006).

Along with increased numbers of women in the workforce in recent decades, more women have enrolled in higher education. In the year 2002, women received 57.4% of all undergraduate degrees, 58.7% of master's degrees and 46.3% of doctoral degrees (U.S. Census Bureau, 2005). The number of women who enroll in and graduate from hospitality/tourism and related programs also has increased. Although strides have been made by women in achieving management positions since the middle of the last century, the increasing number of women in both hospitality education programs and the hospitality industry has not produced a proportional increase in the number of women in higher management positions, making women's status in the industry an important concern. For example, Brownell (1994) noted that in its first 83 years, only one woman served as chairperson of the American Hotel & Lodging Association (AH&LA) (Brownell, 1994).

Researchers have assessed the underrepresentation of women managers and issues of gender discrimination in the workplace (e.g., see Woods & Kavanaugh, 1994). Some have suggested that women and men with similar educational backgrounds and performance have different work-related experiences (Gregg & Johnson, 1990; Melamed, 1995). Recent studies showed that males and females have achieved almost even distribution in hotel management (Woods & Viehland, 2000); however, most female managers in the lodging industry worked in positions that are less likely to lead to the general manager position (e.g., sales, housekeeping). Studies also have confirmed that women in the executive hierarchy are more than twice as likely to hold staff positions than the line positions required for advancement to senior level positions (Catalyst, 2006; Galinsky, et al., 2003).

Because the workplace has long been male dominated, career development theories have been developed for men. Theorists have suggested that women's careers cannot be explained appropriately by traditional models that emphasize men's careers (Bierema & Opengart, 2002; Farmer etal., 1997; Gilligan (1982); Kanter, 1977; Ragins & Sundstrom, 1989; Swanson & Fouad, 1999). For example, Super's (1953) model of five career stages (growth, exploration, establishment, maintenance, and disengagement) has been criticized for ignoring that women's career paths are non-linear, interrupted by women moving in and out of the workplace (Bierema & Opengart). Farmer and Associates concluded that there are few career development theories based on the experiences of persons of color and women. However, there is lack of agreement about whether to modify the existing theories or create new ones (Swanson & Fouad).

FACTORS THAT AFFECT WOMEN'S CAREER ADVANCEMENT

Researchers have identified a number of factors that function as barriers to women's career advancement. These include the glass ceiling, i.e., artificial barriers that prevent qualified individuals from advancing within their organizations (Catalyst, 2006, Galinsky, et al., 2003; Knutson & Schmidgall, 1999; Myerson & Fletcher, 2000); gender discrimination, e.g., pay disparities and sexual harassment (Diaz & Umbreit, 1995; Riger & Gallagin, 1980; Sparrow & Iverson, 1999; Woods & Kavanaugh, 1994); a male-dominated organizational culture (Brownell, 1994; Eagly & Johnson, 1990; Eagly & Wood, 1991; Vianen & Fischer, 2002); and work and family conflict (Brownell, 1998; Mallon & Cassell, 1999).

Studies also have identified factors that serve as facilitators of women's career advancement. These include hard work (Gregg & Johnson, cited in Brownell, 1994); networking and mentoring (Fagenson & Jackson, 1993; Ng & Pine, 2003); relocating or changing companies (Ng & Pine); a charismatic personality (Knutson & Schmidgall, 1999); job performance, post-employment education, communication skills, and perseverance (Catalyst, 2006).

Researchers have reported gender differences on perceptions of factors that affect women's career advancement. In a survey of general managers, Brownell (1994) found that males viewed mentoring as significantly more important to women's careers than did females. Of eight obstacles to women's career advancement, gender differences were found on the perceived importance of old boy networks, family and work conflict, pay and promotions, job characteristics, lack of mentors, lack of credibility, and sexual harassment. Fifty-four percent of the male managers viewed pay and promotions as no obstacle or a minor one, only 11% of the female managers agreed. Half of males perceived old boy networks as only minor obstacles, while most females viewed it as major obstacle. Ng and Pine (2003) found that female managers perceived a stronger positive relationship between communication skills and career development than did males. Three obstacles were found to be significantly different: inadequate job knowledge, difficulty in establishing credibility, and lack of equity in training, with males viewing each as bigger obstacles than females. Ng (1995) conducted a survey of part-time MBA students in Hong Kong, and found that men's attitudes toward women as managers were less favorable than women's attitudes. She concluded that women managers will continue to face discrimination in the workplace unless attitudes change in a positive way.

Brownell (1994) and Ng and Pine (2003) recommended that both educators and industry leaders should take responsibility for preparing women for success. However, researchers have not focused on the perceptions of hospitality students and educators regarding gender issues. The current study adopted an approach similar to that used by Brownell (1994) and Ng and Pine (2003). The purposes of the study were to: (a) examine students', educators', and industry recruiters' perceptions of significant factors that constrain or facilitate women's career advancement; (b) identify significant gender and group differences in the perceptions of male and female students, educators and industry recruiters; (c) describe ways hospitality educators and recruiters could better prepare women; and (d) describe how education programs could help reduce barriers to women's career advancement.

METHODOLOGY

The questionnaire was based on an instrument developed by Brownell (1994), and Ng and Pine (2003), and was adapted with their permission. The revised instrument was reviewed by hospitality faculty and industry experts to establish face validity, identify problems, and obtain suggestions. Minor revisions were made. Survey items gathered opinions in five areas: 1) Fifteen items that facilitate women's career advancement, 2) Fifteen items that constrain women's career advancement, 3) Gender issues in the workplace (7 items), 4) Background information, and 5) Open-ended questions asking respondents for suggestions on what hospitality educational programs could do to prepare women for career advancement and ways to reduce industry barriers to women. A 5-point Likert response format (1, "strongly disagree" to 5, "strongly agree") was used for Sections 1-3.

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Pre Test and Pilot Study

The questionnaire was pre-pilot tested with a sample of 29 hospitality students. Minor revisions to the instrument were made following the pretest. A convenience sample of 128 undergraduate and graduate students enrolled in hospitality courses at a large university in the southwest were surveyed in a pilot test. Cronbach α reliabilities for the different parts of the survey ranged from .78 to .89.

Factor analysis procedures were used to identify the underlying structures of the facilitator, constraint and gender issue items. Outliers and missing data were identified and eight cases with no hospitality work experience were filtered from the pilot test data. The data were evaluated for normality and homogeneity of variance-covariance matrices was examined; the results were satisfactory for both analyses. Multiple regressions were conducted to obtain the Mahalanobis distance with p<.001 to check for outliers and screen for multicollinearity. The Kaiser-Meyer-Olkin (KMO) tests were performed to test the factorability of the correlation matrices. The KMO values were greater than .60, indicating that factor analysis was appropriate for examining the logical groupings of the items.

For the facilitator items, 2 factors, labeled *Personal/External* and *Attitude*, were extracted using principal axis factoring based on a scree test. Target factor loadings ranged from .33 to .69 and from .50 to .76, respectively. A total of 34.62% of the variance was accounted for by the two factors. For the 15 items that constrain women's career advancement, one variable ("credibility") was deleted because it loaded on two factors with similar loadings. Three factors, labeled *Equity*, *Familial*, and *Lack of support*, accounted for 56.33% of the variance. The loadings ranged from .50 to .83 for *Equity,* .51 to .85 for *Familial,* and .50 to .92 for *Lack of support.* Factor analysis on the gender issue items supported a single factor solution, explaining 49% of the variance. Factor loadings for the 7 items ranged from .52 to .84; the factor was labeled *Gender issues*. A subscale score for each factor was calculated by computing the mean of the variables of each subscale. Overall mean scores for six factors ranged from 3.32 to 4.47. The reliabilities (Cronbach α) for the factors ranged from .55 to .86. (See Zhong & Couch, in press.)

Data Collection

The revised instrument adapted from Brownell (1994) and Ng and Pine (2003) was formatted for electronic delivery via the Internet. Data were collected online over a 5 week period in Spring, 2006. The population for the study was comprised of hospitality undergraduate, graduate students, and educators (full time faculty and instructors) from four-year hospitality programs in the United States, and industry recruiters associated with hospitality programs. Three convenience sampling frames were obtained for this research: 1) hospitality students from six universities, 2) hospitality educators from thirteen universities, and 3) hospitality recruiters from three universities. To improve the response rate, a contact person was identified at each of the participating universities. The contact person introduced the study by distributing a letter that explained the purpose of the study and provided the URL link to access the survey. A reminder email message was sent to both university contacts and industry recruiters two weeks after the initial request.

Data Analysis

Usable responses were obtained from a convenience sample of 232 participants, which included 110 students, 62 educators and 60 recruiters. Prior to analysis, the data were examined for accuracy, missing data, and the assumptions of multivariate analysis. Since most questions in the survey were set as "required" questions, no missing data were found. Normality, linearity, and multicollinearity were evaluated and the results were satisfactory. Mahalanobis distance was performed to identify multivariate outliers. Using Mahalanobis distance with p <.001, a total of 6 cases (about 2%) were identified as multivariate outliers. These outliers appeared to be random in the data set and were deleted. A total of 226 cases were left for further analysis: 107 cases in the student group, 60 cases in the educator group, and 59 cases in the recruiter group.

Structural equation modeling (SEM) analysis was performed to test the extent to which a priori pattern of factor loadings in pilot study represented the actual data. Since some of the indices were less than the recommended standard, a principal axis factor analysis (PAF) was computed to determine the underlying dimensions of 15 facilitators, 15 constraints, and seven gender issues related to women's career advancement. Factor analysis was conducted independently for the above three sets of variables, using the same procedures as in the pilot study. KMO values ranging from .80 to .85 were greater than the recommended criterion of .60 (Tabachnick & Fidell, 2001), which indicated that factor analysis was appropriate.

Facilitators. As recommended by Tabachnick and Fidell, a cut-off of .32 was used for interpretation of factor loadings. For the facilitator items, the results show that the variable loadings reached an acceptable standard. Factor 1 included 11 items which measured personal effort and external support and was labeled *External* (Items included: opportunities, mobility, network, support and guidance from a mentor, personal sacrifice, luck, family, educational qualifications, goal, job knowledge, and personality). Target factor loadings for factor 1 ranged from .41 to .67. Factor 2 included 4 items which measured character and ability. This factor was named *Character* (hardwork, problem solving skills, effective communication skills, and attitude). Target factor loadings for factor 2 ranged from .50 to .60. The two factors accounted for 33.2% of the total variance. The results of the factor analysis for *External* and *Character* factors were similar to the pilot study on dimensionality of these variables.

Constraints. Three constraint factors were extracted. Factor 1 included six items measuring equity in the workplace. Factor 2 included five items which measured issues related to family and childcare, and factor 3 included four items which measured lack of mentor and role models. The three factors were labeled *Equity* (equity in promotion, equity in training, lack of equity in pay, sexual harassment, old boy network, and credibility)*, family Issues* (childcare responsibilities, being a single parent, being married, conflicts with family responsibilities and job characteristics), and *Lack of support* (lack of mentor, lack of role models, inadequate knowledge, and lack of work support) respectively. The loadings ranged from .57 to .87 for *Equity*, .38 to .92 for *Family Issues* and .41 to .87 for *Lack of support.* The three factors accounted for 54.8% of the total variance. The results of the factor analysis for the constraint items were similar to the pilot study results. One difference was that "difficulty in establishing credibility," which was deleted in the pilot study due to its lower loading, was extracted into the *Equity* factor.

Gender Issues. The seven gender issue statements entered into the analysis loaded on two factors: *Advancement* and *Treatment.* The loadings for *Advancement* (such as: the factors that facilitate and constrain career advancement are different from males and females, females face significant obstacles to career advancement in the hospitality industry) ranged from .73 to .83, and for *Treatment* (Male/female managers treat female/male employee differently)*,* loadings ranged from .57 to .90. The two factors accounted for 71.33% of the total variance. The results of the factor analysis for *Gender Issues* differed from the pilot which generated only one factor for the seven items.

Based on the results of the factor analysis, seven factors were accepted for subsequent use as dependent variables to compare gender and group effects on women's career advancement. Overall mean scores were generated for the seven factors ranging from 3.19 to 4.70. The alpha values of the seven factors ranged from .66 to .88, which exceeded the minimum hurdle of 0.6 (Hair, et al., 2005).

RESULTS

Sample Characteristics

Students were 47%, educators were 27%, and recruiters were 26% of the total sample (n=226). The sample was divided unequally between females (66.4%) and males (33.6%). Approximately 73% of the respondents were Caucasian, 16% were Asian, and 3% were Hispanic. The student sample (n = 107) was 74% female and 26% male. Undergraduate students (sophomore, junior and senior students) were 71%; graduate students (M.S. and Ph.D.) were 29%. Approximately 61% of the respondents were Caucasian, 31% were Asian. Seventy six percent of the students were under the age of 25, with a mean age of 24; 81% were never married. About 87% had hospitality work experience, and 39% were currently working in the industry. The top two areas in which they had worked included restaurants (38%) and lodging (22%). Concerning their future goals, 33% of the students preferred to become high level hospitality managers, 20% of the students planned to be owners of their own establishments, 16% of students preferred to become university professors.

The educator sample (n=60) was divided fairly equally between females (52%) and males (48%). Approximately 85% of the respondents were Caucasian, 7% were Hispanic, 3% were Asian, and 3% were Native-American. Sixty-five percent of the educators had Doctoral degrees and 25% had Master's degrees. About 23% of the educators were Professors, 28% were Associate Professors, 18% were Assistant Professors, and 20% were Instructors. Fifty eight educators reported hospitality industry experience. Their teaching areas included hospitality management, food service management, convention management, finance, tourism, and marketing. Twenty-five percent of the educators were under 40, 58% between 41 and 59, and 17% older than 60. A majority (80%) were married.

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Of the 59 recruiters, 68% were females and 32% were males. Approximately 81% of the respondents were Caucasian, 5% were Hispanic, and 3% were African- American. Sixty-three percent of the recruiters held at least Bachelor's degrees and 22% held Master's degrees. Of the fifty-eight recruiters who responded to the occupation question: 44% were human resource managers, 24% were recruiters, 20% were area or department managers, and 10% were general managers. Recruiters' ages ranged from 24 to 65 with a mean age of 40.

Multivariate Analysis of Variance (MANOVA)

Structural equation modeling showed correlation among the seven extracted factors. Multivariate Analysis of Variance (MANOVA) was performed to examine the gender, group, and gender by group effects on the dependent variables represented by the seven factors. Before conducting MANOVA, multiple regressions were conducted to obtain the Mahalanobis distance (p < .001) to check for outliers and screen for multicollinearity among the seven dependent variables, no evidence of multicollinearity among the variables and no outliers were identified. The results showed that there were significant differences due to gender (Wilks' Lambda= .873, F (7,214) = 4.444, p<.01) and group (Wilks' Lambda= .765, F (14,428) = 4.390, p<.01). No significant gender by group interaction was found. Table 1 shows MANOVA results. Univariate ANOVAs were performed for each dependent variable (Hummel & Sligo, 1971); independent variables were gender and group. Table 2 shows the ANOVA results.

Table 1
Multivariate Analysis of Variance of Perceptions for Three Groups

Source	*Wilks'λ*	*F*	*df₁*	*df₂*	*p*
Gender	.873	4.444	7	214	.000**
Group	.765	4.390	14	428	.000**
Gender*Group	.910	1.480	14	428	.115

* p<.05. **p< .01.

Table 2
Analysis of Variance for Character, External, Equity, Family Issues, Lack, Advancement, and Treatment Factors

Source	*Df*	*F*	*P*	η^2
Character				
gender	1	1.69	.195	.01
group	2	.63	.534	.01
External				
gender	1	3.63	.058	.02
group	2	10.03	.000**	.08
Equity				
gender	1	10.90	.001*	.05
group	2	16.13	.000**	.13
Family Issues				
gender	1	12.55	.000**	.05
group	2	15.54	.000**	.12
Lack				
gender	1	.24	.627	.00
group	2	2.7	.069	.02
Advancement				
gender	1	21.80	.000**	.09
group	2	7.62	.001*	.07
Treatment				
gender	1	.88	.350	.00
group	2	.92	.402	.00
Error	226			

* p<.05. ** p<.01.

Significant gender differences were found for three factors: Equity, F (1,226) = 10.90, p ≤ .05; Family Issues, F (1,226) = 12.55, p ≤ .01. Advancement, F (1,226) = 21.80, p ≤ .01. The partial eta squared values for the three factors were .05, .05, and .09 respectively. In terms of gender, the mean score for males was lower than

females for each significant factor: *Equity* (Means = 2.91 for males, 3.33 for females); *Family Issues* (Means =3.16 for males, 3.49 for females); and *Advancement* (Means = 2.96 for males, 3.51 for females). I

In terms of group differences, the ANOVAs were significant for four factors: *External*, F (2,226) = 10.03, $p \leq .01$. *Equity*, F (2,226) = 16.13, $p \leq .01$. *Family Issues*, F (2,226) = 15.54, $p \leq .01$. *Advancement*, F (2,226) = 7.62, $p \leq .05$. The partial eta squared values for the four factors were .08, .13, .12, and .07 respectively. Post-hoc analyses were conducted to identify specific group differences. The post-hoc tests (Tukey) revealed that the mean score of recruiters was significantly lower than both students and educators for each factor: *External* (Means = 3.68 for recruiters, 3.99 for both students and educators); *Equity (*Means = 2.63 for recruiters, 3.23 for students, 3.47 for educators); *Family Issues* (Means = 2.93 for recruiters, 3.53 for students, 3.55 for educators); *Advancement* (Means = 2.99 for recruiters, 3.42 for students, 3.45 for educators).

In response to the open-ended questions students, educators and recruiters suggested that hospitality educational programs could prepare women for leadership in the industry by offering courses to increase awareness of obstacles to advancement; teach leadership, communication, and problem solving skills to equip women for success; provide seminars conducted by female industry executives; and encourage women to mentor other women. Respondents suggested that hospitality educational programs could help reduce barriers by providing practical experiences and networking opportunities, and initiating classroom discussions of barriers facing women and ways to overcome them. A few students and educators mentioned that little could be done in educational programs to change the situation in industry, and a few denied that women's advancement is an important concern for the industry.

DISCUSSION AND IMPLICATIONS

The study identified several factors that influence women's career advancement. Hard work, attitude toward work, communication skills, and problem solving skills were considered by all groups as the most important facilitators to women's career advancement. Conflict with family responsibilities, job characteristics, child care responsibilities, and lack of work support were considered as the strongest constraints.

Females and males had significant differences on Equity (lack of promotion, pay and training), Family Issues (conflicts with family responsibilities), and Advancement. Recruiters were less aware of these issues than students and educators. Women viewed these factors as more important than did male students, which suggested females are more aware of the difficulties they may face in the industry. For example, females may be more likely to make personal sacrifices to accommodate their careers (Fagenson & Jackson, 1993). Social norms encourage the allocation of greater power within the family to men, and it is expected that women will make sacrifices to benefit their husbands' careers (Melamed, 1995). Melamed also suggested that due to the lack of informal networks, women tend to rely on job performance and education to achieve success, which may be a good explanation of the significant differences.

Gender and group significant differences were consistent with the individual item analysis as well as the related literature. In addition, there was a pattern to the group differences. Recruiters always had significant differences from educators and students for these significant factors and the mean scores of recruiters were always lower than educators and students. This suggested that educators and students viewed these facilitators and constraints as more important and were more aware of these issues than recruiters. One possible explanation to this pattern is that educators and students may be more familiar with research on gender issues than recruiters are.

Female recruiters did view *Equity* differently from male recruiters, suggesting female recruiters see more equity issues than did males. This finding was consistent with literature. For example, Gregg and Johnson (1990) found that women hospitality managers strongly perceived a salary discrepancy favoring men, and Stroh, Brett, & Reily (1992) reported that female managers in top American companies lagged behind men on salary raises and promotions. Sexual harassment was not perceived as a major constraint by any groups in this study, as it was in the literature. However, on the open-ended questions, respondents recommended that this be addressed in class.

Data reported in the study confirmed that women in the hospitality industry continue facing challenges in their career advancement. Findings suggest that hospitality educators should consider designing curriculum to better prepare women for career advancement. Industry recruiters should be involved more in the establishment of the curriculum. Pavesic (1993) reported that only 15 of 40 hospitality educators believed that their own curriculums were "very relevant", and only 3 of 19 recruiters in the survey rated hospitality curriculums as "very relevant". The

findings of the current study confirm that curriculum changes are needed. It is encouraging that most respondents in the study realized the importance of hospitality education with regard to women's advancement. However, recruiters, who represent the hospitality industry, were less aware of the barriers to women's career advancement, such as conflicts with family responsibilities and lack of equity. Many questions remain unanswered as to the reasons for recruiters' limited awareness, but it is clear that overcoming barriers to women's advancement lies not only in better preparation of women to work hard to foster their abilities, but in the creation of a more equitable organizational culture in the industry, as suggested by Ng & Pine (2003). Hospitality education can play an important role in preparing the future leaders of the industry to improve the organizational environment.

A recent article in Finance and Economics (2006) stated that "making better use of women's skills is not just a matter of fairness." (p. 3). A study by Catalyst, (cited in Finance and Economics) found that when more women held senior management positions, American companies earned a higher return on equity than those with fewer women at the top. One possible explanation is that women may be better at communicating and team building and that male and female teams are more effective at problem solving. Since hospitality students are the future leaders of the industry, it is important that hospitality education programs help female students prepare for advancement in the industry and make all students aware of the existence of barriers to women's career success. Addressing these issues in educational and industry settings will enable both educators and the industry leaders to fulfill their responsibilities to contribute to the creation of a more supportive industry environment for women.

FUTURE RESEARCH

The study sought to examine students', educators', and recruiters' perceptions of facilitators and constraints on women's career advancement in the hospitality industry. It was limited to convenience samples of the three groups and findings were limited by the uneven number of male and females who chose to respond. In addition, those who responded may have had strong views on these issues and may not be representative of those who chose not to respond. In future studies, efforts should be made to recruit more male respondents and eliminate bias. Random selection and larger sample sizes would increase the generalizability of the data. Qualitative methods could be used to conduct in-depth interviews to study perceptions of male and female educators and industry executives and determine how they address issues related to women's career advancement. It also would be useful for educators to design and evaluate a course or a component of a course to address these issues.

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PERCEPTIONS AND ATTITUDES OF CYPRIOT SECONDARY SCHOOL STUDENTS TOWARDS HOSPITALITY PROFESSIONS

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ABSTRACT

The future of the hospitality industry depends on the quality of its people. The purpose of this research activity was to investigate the attitudes of secondary school students towards the hospitality professions. In addition, the study examines students' perceptions towards the hospitality industry of Cyprus so as to identify whether the industry's poor reputation is shared by young individuals ready to make their career decisions. Reflecting on the research findings, a suggestive profile of the secondary school student most likely to pursue a career in the hospitality industry is developed. Finally, the authors recommend specific actions that hospitality stakeholders could initiate in order to improve the perceptions and attitudes towards the professions of their industry.

Key Words: Cyprus, Hospitality Professions, Secondary School Students, Attitudes and Perceptions

INTRODUCTION AND RATIONALE

Probably the most fundamental challenge facing the hospitality industry is "the attraction and retention of the necessary number and quality of young people" (Lewis and Airey 2001:7). Particularly in a country like Cyprus that relies heavily upon tourism revenues, the ability to attract qualified individuals to the industry is crucial. Many local industry stakeholders argue that while the future prosperity of the industry depends on the quality of its people, the Cypriot hospitality industry has failed, for a number of reasons, to project an image that could generate interest amongst secondary school students, especially those with a higher than average value of achievement. Consequently, it is difficult for anyone to present the industry as an attractive career option to secondary school students.

As a matter of fact, the hospitality industry of Cyprus faces fundamental challenges pertaining to attracting and retaining young individuals in its highly-volatile business environment. Potential labour shortages in the near future, which are foreseen by many industry stakeholders, will disrupt the industry's smooth operation and will diminish its ability to contribute to the country's economy. The importance of the work force for the successful development of the hospitality industry and our limited knowledge regarding secondary school students' attitudes towards such careers have provided the rationale for the choice of this research.

LITERATURE REVIEW

In recent years, a rapid growth of the hospitality industry has been observed in a number of countries. According to recent published statistics by the World Tourism Organization (WTO, 2006), the industry is now one of the biggest employers in many Western countries and a great number of communities depend upon it to provide "quality" work opportunities for their school leavers. This section of the paper aims to present research activities which investigated the attitudes and perceptions of individuals towards hospitality careers.

A number of studies portray hospitality professions as unattractive (Getz, 1994; Koko and Guerrier, 1994; Cooper and Shepherd, 1997). In their 1994 scholarly work, Koko and Guerrier affirm that hospitality professions are "physically repetitive, poorly paid, controlled by task oriented managers and providing limited opportunities for participation and development" (as cited in Airey and Frontistis 1997:150). Cooper and Shepherd (1997) viewed tourism as offering low-status careers and Sindiga (1994) concluded that jobs in tourism are often seen as menial and low level. These findings coincide with Getz (1994) which also showed that students perceived tourism jobs as undesirable in Spey Valley, Scotland. In fact, the most important finding from the study was the negative and worsening image of the hospitality industry within the area. In fact, this was despite the respondents' high levels of

direct experience working in the industry. The study also concluded that sustainability should be a long-term goal, as well as the provision of training and information programs for employees.

In contrast to the previously mentioned research activities, a number of studies revealed positive perceptions and attitudes and enhanced interest towards hospitality professions (Ross, 1992; 1994; Choy 1995; Purcell and Quinn, 1996). Ross' (1994) scholarly work revealed that Australian secondary school students exhibit a high level of interest in managerial level hospitality professions. What is even more important is the finding that these professions attract students with high professional achievement ambitions. This encouraged the author to suggest that hospitality professions are now "regarded as holding considerable promise for future employment and career prospects in many western countries" (Ross 1994:65). In addition, Ross's findings suggest that some secondary school students may need more information supplied to them regarding factors which may influence their choices towards hospitality professions. More reliable information is important since students' level of interest was partly influenced by the level of familiarity and involvement with the industry.

Murphy (1985) informs us that individual attitudes are positive when they are members of a tourism related community. Owning or operating businesses in such an area, and thus providing employment to a large number of local people, has a positive impact on young people's attitudes and perceptions. The authors argued that there has been a trend for more positive attitudes to the industry from those who have some contact rather than from individuals who have no direct involvement or perceive that they derive no benefit from tourism. Along the same lines, Choy's work (1995) revealed positive attitudes towards tourism employment in Hawaii while Purcell and Quinn (1996) suggested that the main factors that attract individuals towards formal hospitality management education are their positive experiences and perceptions with the industry.

Lewis and Airey (2000) investigated secondary school students' perceptions towards tourism careers in Trinidad and Tobago. Their findings suggest that secondary school students have a rather favorable attitude towards a possible career in the tourism industry, which is strongly influenced by both their work values and information about the industry. The respondents believe that "tourism provides good career opportunities for people with high ambitions, that the industry is generally of a high level, not boring, and the jobs are well paid" (Lewis and Airey 2000:19). The authors argued that those who are more interested in tourism careers are those who are interested in work values such as 'self development' and working with friendly people.

Airey and Frontistis (1997) looked at the attitudes of young people towards tourism related careers in Greece and the United Kingdom. Their findings suggest that UK students who enjoy the benefits of a well-established career support system have a more realistic view of the nature and demands of such professions. In contrast, Greek students have a more positive attitude towards tourism professions but the authors suggest that these views were due to the respondents' relatively unrealistic views about the industry and their limited personal experiences as tourists. Overall, less than 50% of the UK students had a positive attitude towards tourism employment, compared with the surprisingly high 83% of their Greek counterparts. The authors argued that the quality of the hospitality educational system in a particular country plays a significant role in forming students' perceptions.

RESEARCH METHODOLOGY

The purpose of this research is to investigate the perceptions and attitudes of secondary school students towards working in the Hospitality Industry of Cyprus. The following research questions, reflecting the study's primary purpose and objectives were formulated:

RQ1: What is the current perception of secondary school students towards hospitality professions?
RQ2: Which are the most identifiable hospitality professions?
RQ3: Which hospitality professions are popular with secondary school students?
RQ4: What is the profile of the individual most likely to select a hospitality career?

For the purpose of this research activity, a comprehensive literature review was conducted by reviewing secondary data sources collected from books, journal articles, government publications, and hospitality reports and surveys. Reflecting both, the issues revealed from the literature review and the authors' subjective experience, a quantitative questionnaire was developed in order to reveal the feelings and opinions of secondary school students towards hospitality professions.

The target population of the study included all graduating secondary school students currently studying at both public and private schools in Cyprus. Due to financial constraints, the researcher decided to administer 300 questionnaires to ten institutions, both public and private, after obtaining a principal approval by their administration. Out of the 300 questionnaires distributed to the students, 150 were administered to five general public secondary schools, 50 to two public technical schools, 35 to one private Greek school and 65 to two private English schools (private schools that use English as the primary language of instruction). The schools were randomly selected in order to provide representative samples. Finally, utilizing the Statistical Package for Social Sciences (SPSS), the authors analyzed the collected data using both descriptive and inferential statistics. Before administering, the survey instrument was tested for reliability by using the test re-test method.

RESEARCH FINDINGS

Two hundred and twenty-seven usable questionnaires which represent a surprisingly high 75.6% response rate were collected by the authors. Close to 60% of the respondents were male while 51.1% were studying at general secondary public schools, 16.0% at Technical schools, 10.5% at private Greek schools and 22.4% at private English Schools. With regards to the respondents' academic achievement, 7.1% stated an overall grade point average of less than 11, 18.1% between 11 and 14, 40.6% between 15 and 17, and 30.8% over 18; all out of 20.

Students' Perceptions towards Hospitality Professions

A number of questions aimed to investigate students' perceptions towards hospitality professions. In particular, respondents were asked to express their perceptions towards twelve variables that characterize hospitality professions. Those variables are monetary rewards, nature of work, working hours, employment opportunities, reputation, social prestige, work benefits, opportunities for career development and advancement, working relationships and working environment. *Table 1*, displays students average score responses on each of the twelve variables.

Table 1
Students Perceptions towards Hospitality Professions (*N =227*)

VARIABLE	SCALE				
	1	**2**	**3**	**4**	**5**
Salary			* *3.28*		
Nature of Work			* *3.52*		
Nature of Working Schedule		* *2.97*			
Volume of Work Hours	*NEGATIVE PERCEPTION*		* *3.14*		*POSITIVE PERCEPTION*
Employment Opportunities			* *3.15*		
Reputation			* *3.24*		
Hard Work			* *3.22*		
Social Acceptability			* *3.27*		
Work Benefits			* *3.28*		
Opportunities for development and promotion			* *3.15*		
Employee-employer relationship			* *3.18*		
Working Environment			* *3.52*		

Student respondents' perception towards the variables that define hospitality professions in Cyprus ranged between neutral to negative. It is important to note that none of the variables falls towards the positive side of the spectrum. In general, secondary school students believe that hospitality professions offer average monetary rewards, have a rather negative reputation that is socially unacceptable, offer mediocre working opportunities, limited

opportunities for career development and promotion, and average work benefits. Student respondents also indicate the industry's excessive work hours and non-traditional working schedules.

Secondary School Students' Awareness towards Hospitality Professions
Secondary school students' awareness towards hospitality professions is essential in the effort to investigate their perceptions and attitudes towards them. The findings confirm the long term assumption shared by many local hospitality experts that the hospitality industry is overshadowed by food and beverage related professions. From the first seven job classifications, presented in *Table 2*, with the highest students' awareness, six are Food and Beverage related. While labeling the industry as being Food and Beverage centered might serve specific operational needs, however it can also discourage individuals who would like to pursue a non-Food and Beverage related career.

Table 2
Secondary Students' Awareness towards Hospitality Professions – The Top 10 Positions

Profession	No. of Responses	Percent of Total Cases	Rank
Food Server	209	92.4%	1
Chef	199	89.2%	2
Cook	199	89.2%	3
Hotel Manager	181	81.2%	4
Restaurant Manager	158	70.9%	5
Barman	157	70.4%	6
Pastry Chef	145	65.0%	7
Receptionist	135	60.5%	8
Room Attendant	133	59.6%	9
Tour Guide	112	50.2%	10

Multiple Response Questions - Total Number of Responses 2275; N=227

Research findings revealed that food servers are the icons of the hospitality industry. Almost 93% of the respondents relate them with the industry as the most recognizable job classification. While this is not a surprise for anyone, it is important to analyze the perceptional and societal norms towards this job classification. The vast majority of our food servers are foreigners, mostly part-timers, below the age of 30, with moderate to low monetary rewards, and limited ambitions to pursue this as their professional career. It is apparent that food servers share a rather negative image that discourages many from even considering the hospitality industry as one of their career options. Take into account the reaction of a teenager who seeks advice and support in order to pursue a hospitality career, only to hear from family and friends "What? Do you really want to become a food server?"

Popular Professions within the Hospitality Industry
According to the research findings, presented in *Table 3*, the most popular hospitality professions are hotel manager, barman, chef, cruise ship manager, and pastry chef. It is important to note that managerial level positions are much more popular than entry or skilled level positions although our research findings suggest that students' willingness to supervise others is moderate. That makes us wonder whether secondary school students are aware of what management entails. It seems that they want to pursue managerial level positions, but they do not want the responsibility of managing people. A possible explanation revolves around the amount of monetary rewards, since on average managerial level positions earn more money than the others.

Table 3
The Ten Most Popular Hospitality Professions

Profession	No. of Responses	Percent of Total Cases	Rank
Hotel Manager	77	33.9%	1
Barman	68	30.0%	2
Chef	49	21.6%	3
Cruise Ship Manager	49	21.6%	4
Pastry Chef	44	19.4%	5

Cook	44	19.4%	**6**
Night Club Manager	40	17.6%	**7**
Pilot	39	17.2%	**8**
Food Server	37	16.3%	**9**
Lifeguard	37	16.3%	**10**

Multiple Response Questions - Total Number of Responses 756; N=227

Another finding that caught the authors' attention is the high popularity of "barman" compared to the "food server". The barman job classification ranks as the second most popular hospitality profession with almost 30%, surpassed only by the hotel manager. It is the only profession ranked in the top 5 which is not at a managerial level. It seems that secondary students can relate themselves with bartending due to their exposure with the particular job during their social activities. It is also important to note, that teenagers might consider bartending as an ideal job that enables them to earn money, meet interesting people, work only at night, while at the same time having fun, especially in nightclubs.

Surprisingly, respondents ranked highly the professions of chef and cruise ship manager. In recent years, chefs gained tremendous popularity due to the publicity gained from local electronic and printed media. This publicity enhanced the profession's image and reputation, thus making it a more attractive option to secondary school students. If you visualize the chef as simply a cook, working odd hours, in a fast paced and often inhumane environment, it will be logical to form a rather negative perception of this profession. On the other hand, if you gain exposure to the position's uniqueness, the innovation, the symphony and harmony of taste and textures, and the artistic side of the job, many might shape a much different opinion. Awareness is the key to improving individual perceptions towards a particular profession. The chef position can become the benchmark in how we could enhance the image of other hospitality professions that currently perceived in negative light.

Profile of the Students Selecting Hospitality Professions
One of the primary objectives of the research activity was to profile the students who are interested in pursuing a hospitality career. In order to gain a better picture as to who would like to pursue such a career, the authors decided to investigate both the type of institution students are currently studying at and their overall academic performance. Findings suggest that hospitality professions attract mostly technical school students with average or below academic performance. This was an expected finding, especially for industry experts; nevertheless, it is the first time that such an assumption is supported by a scientific research study. The findings reconfirm some well-established arguments suggesting that hospitality professions attract only individuals with below average academic qualifications. In particular, 47.8% of the respondents who express interest towards hospitality professions have an overall grade of less than 14 out of 20 (*70/100*), while in professions like educators and doctors the percentage drops down to 20%. It is apparent that hospitality professions fail to attract students with above average academic qualifications.

For many years, public technical schools in Cyprus have had a rather "notorious" reputation of being the logical alternative for individuals with low academic aspirations. Most of the technical school students select vocational courses that would prepare them for employment in "technical" professions, such as hospitality entry level positions. Such paths, which are perceived as "easy" or less difficult than others, attract predominantly individuals with low academic qualifications.

RESEARCH IMPLICATIONS AND RECOMMENDATIONS
One of the objectives of the research project was to recommended specific actions that hospitality stakeholders could initiate in order to improve the attitudes and perceptions towards the professions of their industry. What follows is a brief description of ten such recommended actions:

Action 1: Establishment of the Cyprus Hospitality Educators Association (CHEA)
A number of research participants recommended the foundation of a Cyprus Hospitality Educators Association (*CHEA*), which will strive to improve the image and reputation of hospitality careers by projecting the values of the local industry. Such an association will facilitate a long-term mutually beneficial relationship between industry professionals and educators. In addition, such a development will benefit immeasurably the planning and

implementation of genuine internship practices by highlighting deficiencies and indicating ways to bridge the gap between educational theory and actual practice.

Action 2: Active Government Involvement

When a country's economy depends heavily upon the hospitality industry, the government should take some measures to ensure its continuity and future. Government, in particular the Ministry of Education and Culture, needs to invest more in the industry by enhancing its involvement, which could take a number of forms, ranging from informational campaigns to public high schools, organization of in-school presentations by prominent industry leaders, and the provision of special permission to conduct educational field trips to hospitality establishments. An even more effective measure is the involvement of the Cyprus Tourism Organization (CTO), a statutory semi-governmental body which aims to organize and promote tourism in Cyprus, in an effort to promote the industry's image and reputation in order to attract qualified individuals to its ranks.

Action 3: Hospitality Advisory Boards

Conroy et al. (1996) inform us that the American institutions offering hospitality programs have utilized advisory boards since their early beginnings. Advisory boards offer advice to program administrators and faculty, provide valuable feedback regarding the industry's perception of the program's quality, assist students with their industrial placement requirements, offer ideas regarding fundraising, and strategic planning. In addition, the image and reputation of the industry leaders participating in the advisory board would most certainly enhance the program's image, visibility and reputation. Unfortunately, Cypriot hospitality educators have failed to recognize the benefits of such a venue.

Reflecting on the research findings, and in particular the issues hospitality professions experience with regard to their image and reputation, advisory boards constitute an inexpensive measure that could alleviate some of these problems. Such an initiative would enhance the cooperation between stakeholders, thus increasing the industry's input in the programs' curriculum development. The authors believe that advisory boards would formalize the education-industry relationship and lay the foundation for more joint efforts in improving the image and reputation of the hospitality professions in an attempt to attract more qualified individuals to the industry.

Action 4: Improve the Industry's Image by Committing to a more Employee-centred Mentality

For many years the Cyprus hospitality industry has embraced the philosophy that "the end justifies the means". In other words, all means are justified when the bottom line results, always represented by financial goals and objectives, are achieved. Unfortunately, this pragmatic condition has been externalized to the public and contributed towards the development of a rather negative perception towards hospitality professions.

The ethical approach suggests that both the ends and the means must be justified. While achieving the financial objective is important for all hospitality establishments, especially in a highly competitive environment such as Cyprus, it is not a panacea. Industry professionals have to justify their bottom line results with the means utilized to achieve them. It is time to move away from short-term economic objectives and commit to a more employee-centred approach. Such a shift in mentality will benefit immensely the industry's efforts to attract more qualified individuals to its ranks.

The research study investigated secondary school students' perceptions of the hospitality professions. The findings revealed that students have moderate to negative perceptions on specific factors that define the industry. Many local hospitality stakeholders, with whom the authors talked and shared the study's findings, argued that while a number of student perceptions were unrepresentative of the pragmatic industry conditions, others were more representative. In particular, students' perceptions of irregular and excessive working hours and below average work benefits tend to reflect the actual conditions of the industry. Hospitality stakeholders should not only strive to change students' misperceptions but they should also concentrate their effort to improve the actual conditions of their industry. A pivotal role in such an effort is a paradigm shift that will enhance the industry's level of professionalism and commit to more employee-centred practices.

Action 5: Organized Tours to Local Hospitality Establishments

In order to modify perceptions, we need to enhance secondary students' awareness towards the industry. The Cyprus Tourism Organization in collaboration with the Cyprus Ministry of Education and Culture and the local industry should organize field trips to prominent hospitality establishments in which students will have the

opportunity to experience the true qualities of the industry. Industry professionals will have the opportunity to guide students through their establishment; explain to them the operation's mission and goals; define the different divisions and departments; introduce them to current employees; and answer relevant questions. If a picture is a thousand words, then imagine the impact of such an experience on students' attitudes and perceptions towards the industry.

Action 6: Improve the Image and Project the Genuine Qualities of Secondary Technical Education

Unfortunately, the Cypriot society perceives secondary technical institutions as inferior, compared to the other public and private secondary schools. Society stereotypes technical schools as providing a chance, some call it an alternative or even a way out, to individuals with lower academic aspirations and skills to learn something that could help them in their future professional development.

The Government, particularly the Ministry of Education and Culture which oversees secondary education in the country, should strive to reverse this negative perception towards technical schools by projecting the true qualities and uniqueness of such an educational experience. The difference between regular secondary schools and technical schools is not the quality of the learning experience provided to the students but the nature of it. The authors strongly believe that the government should undertake all necessary measures to enhance the image and reputation of technical education to the public.

Action 7: Series of Speeches and Presentations

With the approval of the Cyprus Ministry of Education and Culture, hospitality professionals could visit secondary schools in order to conduct informative speeches and presentations to the students. This face-to-face interaction would most certainly enhance students' awareness since it will enable them to express their concerns regarding the industry and receive comprehensive responses by industry professionals. Along those lines, individual students who expressed their interest towards such professions could be invited to visit a particular establishment with their parents, interact with employees and managers, discuss career potential, and review the physical demands and rewards of the industry.

Action 8: Put Technology in Use

Secondary school students are internet-savvy. While most of the times the Internet is used by students for "entertainment" purposes, with the necessary planning and preparation it could be utilized to provide information and generate interest towards the industry. The industry could finance the development of an innovative and interactive website that directly targets secondary school students. The primary objective of this site would be to inform students of facts and issues relevant to their country's number one industry enable them to request information about the industry, seek career advice from hospitality professionals, and exchange, through a forum session, their views and opinions regarding industry related issues. The site should also enable students to link with other relevant websites such as the Cyprus Tourism Organization, local hospitality establishments, and professional associations. In addition, such a web page can be used to inform secondary school career counsellors as to the latest news and trends of the industry. Therefore, the key ingredient of such a technological tool is the interaction of all industry stakeholders with the students in order to enhance student awareness of this industry.

In addition, hospitality stakeholders could utilize the media, both electronic and printed in an effort to present the industry's activities. It is imperative that the industry's daily activities are exposed to the general public. In the last couple of years, culinary programs, incorporated in local morning shows, are broadcast almost daily by television stations. Reputable chefs exhibit their culinary expertise and address the viewers' questions, comments and suggestions. Television executives are quite satisfied with the popularity and acceptability of such programs. It is important to note, that a number of hospitality stakeholders argue that such programs have enhanced the image, reputation, and social acceptability of culinary professions. Educators agree that this positive media exposure might have contributed to the dramatic increase in enrolment in culinary programs.

Action 9: Mentorship Programs Targeting Secondary School Students

Mentoring is the supportive development of the individual employee or student through the use of an experienced person. It is widely recognized that mentoring success depends upon committed individuals and pre-established goals. Mentoring is a cost-effective technique that if implemented properly has the potential of enhancing the industry's public image and reputation. Hospitality professionals could become career mentors for secondary school students who are interested in pursuing a relevant career. It is acknowledged that mentoring at

such an early stage of the individual's career decision stage will greatly influence their perception as to what constitutes the hospitality industry. Therefore, mentoring will help students gain a realistic view of the required personal demands and sacrifices of such a career. In the long term, such activities will enable graduated students, to socially assimilate in the organization; thus reducing their anxiety that might cause symptoms such as burnout, turnover and drop out.

Action 10: The Development of Advanced Hospitality Programs

Unfortunately, the majority of hospitality programs offered in Cyprus are perceived by the public as vocational. The public believes that such programs aim to equip students with the basic technical skills essential for a hospitality career. While such programs may serve certain operational imperatives, they may also discourage others who wish to be exposed to a more academic learning environment. It is important to note that no public university offers a four-year hospitality degree in Cyprus; a country that bases its economy on this industry. The development and offering of advanced hospitality degrees by the newly established Cyprus University of Technology may assist in the transformation of the public's perception towards hospitality education.

CONCLUSION

The research study investigated secondary school students' perceptions and attitudes towards the hospitality professions. The findings confirmed some long time assumptions expressed by industry stakeholders. The most important finding, which necessitates the immediate attention of all stakeholders and should be further investigated by future research studies, is the relatively low image and reputation hospitality professions "enjoy" amongst secondary school students. It is suggested that the industry provides careers which are relatively unattractive to the vast majority of secondary school students, especially the ones with above average academic qualifications. Findings suggest that the industry is able to attract individuals with average or below academic qualifications who mostly attend secondary public technical schools.

Reflecting on the research findings, the authors presented a number of recommendations that aim to enhance the public image and reputation of the industry. These recommendations are founded on a symbiotic and mutually beneficial relationship amongst hospitality stakeholders, secondary school students, and the Cyprus Government. The quality of this relationship will become the determining factor in all of our efforts to improve the industry, its image, and the quality of individuals attracted by it. Tertiary education has a crucial role in this effort since it represents the bridge on which individuals should successfully pass en-route to a prosperous and long-term career.

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