A Strategic Evaluation Model for Hotel Investments:

A Value Management Approach for Key Stakeholders

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This research was undertaken under the auspices of
London School of Commerce

Submitted in partial fulfilment for the award of the degree of
Doctor of Business Administration

Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

2024

Declaration

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

Signed: (Ho Chin Wei)

Date: 10th February 2024

STATEMENT 1

This thesis is the result of my own investigations, except where otherwise stated. Where correction services have been used the extent and nature of the correction is clearly marked in a footnote(s). Other sources are acknowledged by footnotes giving explicit references. A bibliography is appended.

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STATEMENT 2

I hereby give consent for my thesis, if accepted, to be available for deposit in the University's digital repository.

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Abstract

The Covid-19 pandemic severely impacted the hotel industry, with hotels bearing the brunt of the onslaught, to a greater degree than the airlines and tour operators. Preceding the advent of the pandemic, hotels were already habitually perceived by a broad consensus as a precarious hybrid asset-class investment, simultaneously encompassing the risks of both physical real estate and business operations.

To further confound the predicament, there is no systemic evaluation framework for hotel investments, with each stakeholder appraising opportunities based on their own criteria in silo, and allegedly at odds with one another.

This study proposes to identify the key stakeholders and determinants in the hotel industry, to weight and rank said determinants in developing a Value Management approach to evaluate hotel investments.

A Sequential Exploratory Mixed-Methods research design was adopted, with the preliminary inductive approach utilising textual thematic analysis identifying 75 components across 11 categories. In contrast, the second deductive approach quantitatively collected and analysed responses in form of value predilections from 104 participants across 4 key stakeholder groups. Data collected was evaluated to be valid and reliable, but non-normally distributed. All 11 independent variables were deemed statistically significant, while “Location Specific”, “Financial Considerations”, and “Property Specific” aspects were designated the three lead predictors towards a successful hotel investment.

Near homogeneity among the stakeholder groups were observed, with “Financiers (Equity/Debt)” and “Asset Owners & Developers” placing higher emphasis on Financial Considerations as a predictor determinant towards a hotel investment’s success, as opposed to “Hotel Management, Operators & Chains” and “Advisor & Consultants” stakeholder groups.

The findings were subsequently mapped into an evaluative model with a Multi-Criteria Decision Making method, in line with the principles of Value Management.

This study is expected to contribute academically in terms of empirical knowledge to the domain of hotel investments, while practically, the resultant research model is expected to be utilised as a readily deployable analysis tool or frame of reference to support hotel investment decision making.

Keywords: evaluation framework, hotel investments, value management, multi-criteria decision making, stakeholder theory.

Acknowledgements

First and foremost, I would like to give my heartfelt appreciation to my supervisory team, Dr. Selvamalar Ayadurai, my Director of Studies & Lead Supervisor, along with Dr. Vincent Wee Eng Kim, my Study Supervisor. Without their academic and moral support, this endeavour would be but a distant reverie.

Gratitude flows to my teachers, guides, tutors and study groups, having patiently guided me along the many facets of analysis techniques, academic and scholarly writing, how to "own" my research, and putting up with a seemingly endless stream of often ludicrous questions.

Gratitude goes to all my research respondents, participants and testers, for your time, feedback and insights. You all have made what once appeared to be an unsurmountable undertaking into a labour of passion.

My family, life partner, and friends, for their silent tolerance and sufferance all these years. Without you all, none of this would have been possible.

To my course mates, peers and fellow researchers preceding me, my admiration knows no bounds. I thank you for setting impossibly high standards, and for paving the path ahead. I salute you all, for I am truly standing on the shoulder of giants.

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List of Abbreviations

ADR	Average Daily Rate
AOR	Average Occupancy Rate
AHLEI	American Hotel and Lodging Educational Institute
AHP	Analytic Hierarchy Process
AI	Artificial Intelligence
ANFIS	Adaptive Neuro-Fuzzy Inference System
ANOVA	Analysis of Variance
CAQDAS	Computer-assisted qualitative data analysis software.
CPTED	Crime Prevention Through Environmental Design
CSF	Critical success factors
df	Degrees of freedom
DV	Dependent Variable
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
F&B	Food and beverages
EFA	Exploratory Factor Analysis
FDI	Foreign domestic investments
GDP	Gross domestic product
GOP	Gross Operating Profit
IRR	Internal Rate of Return
ITA	International tourist arrivals
IV	Independent Variable
KPI	Key performance index
KMO	Kaiser-Meyer-Olkin

LTV	Loan-to-value ratio
MCDA	Multi-Criteria Decision Analysis
MCDM	Multi-Criteria Decision Making
MICE	Meetings, incentives, conventions and events
MOF	Margin of Financing
NPV	Net Present Value
OCC	Occupancy Rate
OLI	Ownership, location and internationalisation
PAF	Principal Axis Factoring
P&L	Profit & Loss statements
REIAC	Real Estate Investment Advisory Council
REIT	Real Estate Investment Trust
RevPAR	Revenue per available room
RO	Research Objective
RQ	Research Question
rxy	The correlation coefficient between X and Y
SEM-ANFIS	Structural equation modelling with adaptive neuro-fuzzy inference system
sig	Significance
UNCTAD	United Nations Conference on Trade and Development
USALI	Uniform System of Accounting for the Lodging Industry
VA	Value Analysis
VE	Value Engineering
VM	Value Management
WSM	Weighted sum method

Chapter 1: Introduction

1.1 Background of Study

The hotel industry epitomises location specific businesses susceptible to the synchronised market forces of mutual demand and supply (León-Darder, et al., 2011), serving as an important contributing constituent of the economy, at both a localised and global scale (Rushmore, 2002, pp. 21-22).

Modern hotel and motel developments were relatively muted for the first half of the 20th century, but observed subsequent monumental growth in the second half, most notably in the ‘60s and ‘80s, leading to what most have deemed to be an overbuilding phenomenon (Kim, 2002).

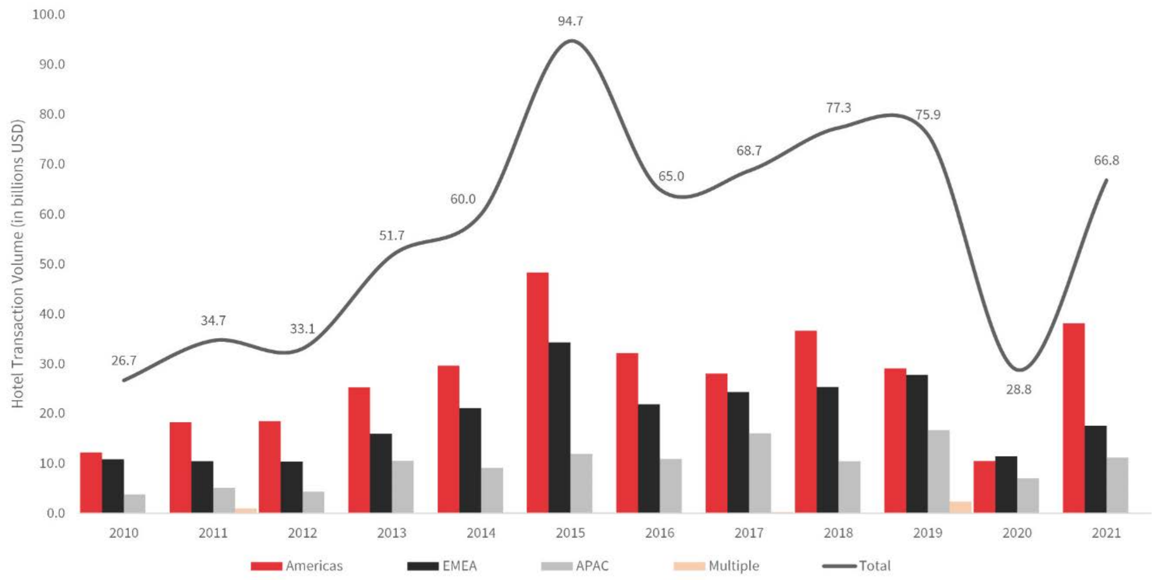

Figure 1 Global Hotel Transactions 2010 to 2021

Source: (Kang, 2022, p. 3)

Traditionally, hotel transactions account for over 6.5% of the total global real estate transactions annually (Barkham & Luo, 2019), the estimated volume of hotel transactions of

USD 77.3 billion in 2018 alone, being the strongest in terms of transactions since 2007 (STR, 2019), with the Americas leading in sheer volume, followed by Europe, Middle-East and Africa as indicated in the preceding chart (Kang, 2022, p. 3).

The trend was expected to drop to USD67.2 billion in 2019 (Ferroni, et al., 2019), but in actuality surpassed expectations at USD75.9 billion, with an projected subsequent global supply momentum of nearly 1% per annum. However, due to the Covid-19 pandemic, that prediction remains unrealised (Çolak & Öztekin, 2021).

Business tourism has been growing increasingly competitive on both the international and domestic fronts due to market saturation from increased supply (Wang, et al., 2012), while speculation is rife within the leisure tourism domain, as both hotel developers and chains seek to predict the next tourist destination hotspot (Yang, et al., 2012).

Enabled by modern technology, the rise of alternative accommodations, in the form of the peer-to-peer market or the sharing economy has left its impact on the age-old trade of accommodations. With AirBnB championing the foray into short-term stays, this has affected the hotel industry, particularly within the budget accommodations subsector (Fang, et al., 2016), capturing market share as much as 10% away from the hotels' market share (Zervas, et al., 2017).

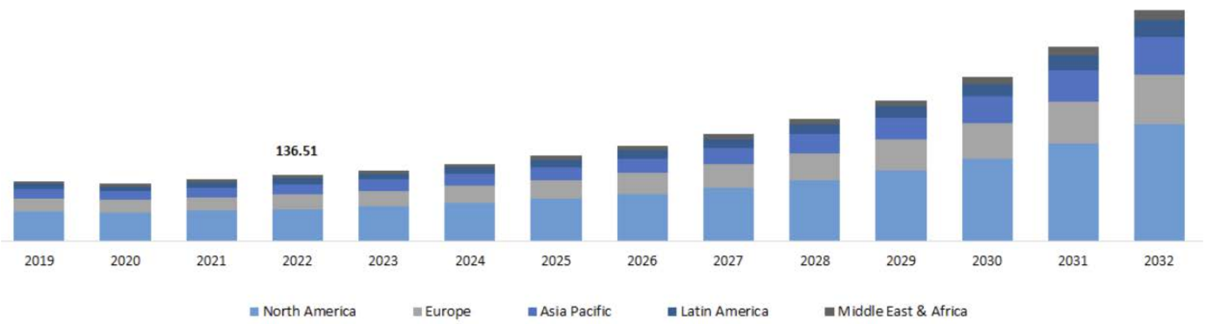

Figure 2 Alternative Accommodation Market Projections 2019 to 2032

Source: (Polaris Market Research, 2023)

Indicated in the preceding bar chart, and often viewed as a business model innovation of the existing lodging industry, the alternative accommodation market was estimated to be worth USD136.51 billion globally in 2022, and has been expected to more than double within the next decade at a compounded annual growth rate of 14% annually, well above the growth projections for the traditional hotel market (Polaris Market Research, 2023).

Sawides (1994) portends that investments risks stems from uncertainties associated with the determinants in a hotel development undertaking, therefore evaluation of an opportunity would engross the firm's capacity to identify and comprehend the characteristics of said variables, while employing the right methods and methodology to evaluate the potential returns.

The hospitality and hotel business is not exempt from such risks. Beyond the systemic risks typically encountered by other commercial real estate classes, hotels are particularly susceptible to operational risks due to the dynamic and cyclical nature of its course of business (Butler, 2013, p. 3; Rushmore & Goldhoff, 1997), embodying the most intense form of simultaneity and boundedness of the service sector (León-Darder, et al., 2011).

Although the hotel management companies and chains have mitigated their risk exposure by employing asset-light strategies, investors and owners on the other hand, inherently bears the brunt of the asset ownership and development risks (Kim, et al., 2019) due to intrinsic ties to the speculative nature of the asset’s market value (Corgel, 2002).

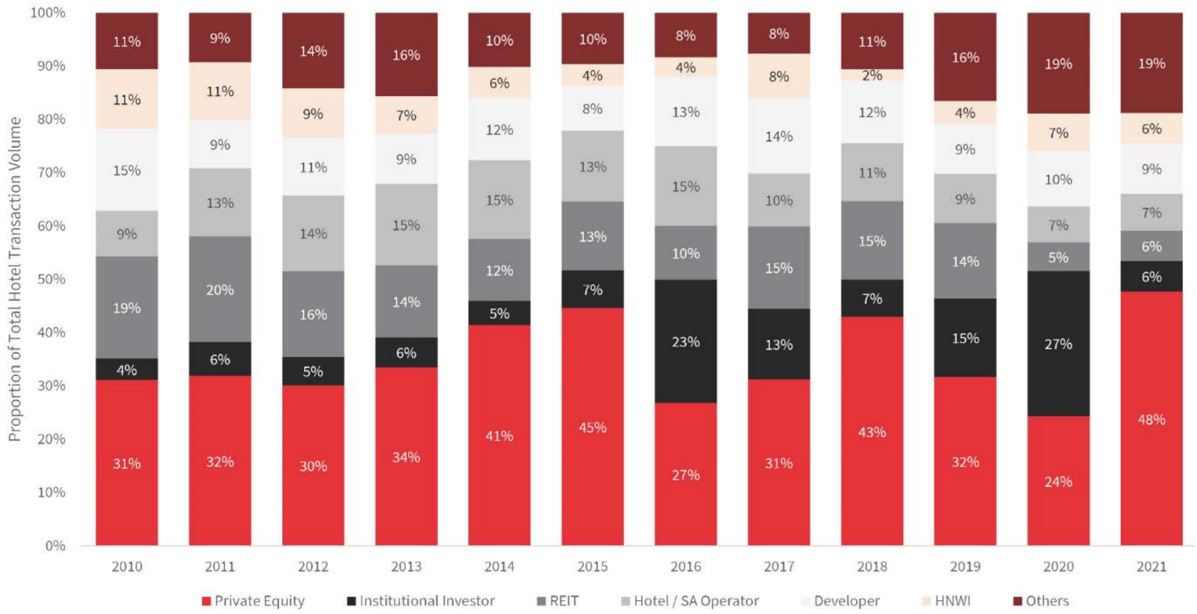

Figure 3 Global Hotel Buyer Types 2010 to 2021

Source: (Kang, 2022)

Indicative of risk exposure, in the form of private equity investments, owners and developers' traditionally form the bulk of hotel buyers, with ownership amounting to nearly 50% in 2021's tally (Kang, 2022), as depicted in the chart above. It is said their risk profiles increases significantly if the intended hotel sits in a higher rate category or product positioning, exemplified in luxury class hotels (Rushmore & Goldhoff, 1997).

Furthermore, with debt outpacing equity as the primary capital source, along with the narrowing of capitalisation rates and ascending borrowing costs (Quantum Real Estate Advisors, Inc, 2019), these financial obligations further compound the challenge of investing in the appropriate hotel developments and deriving an equitable yield from them.

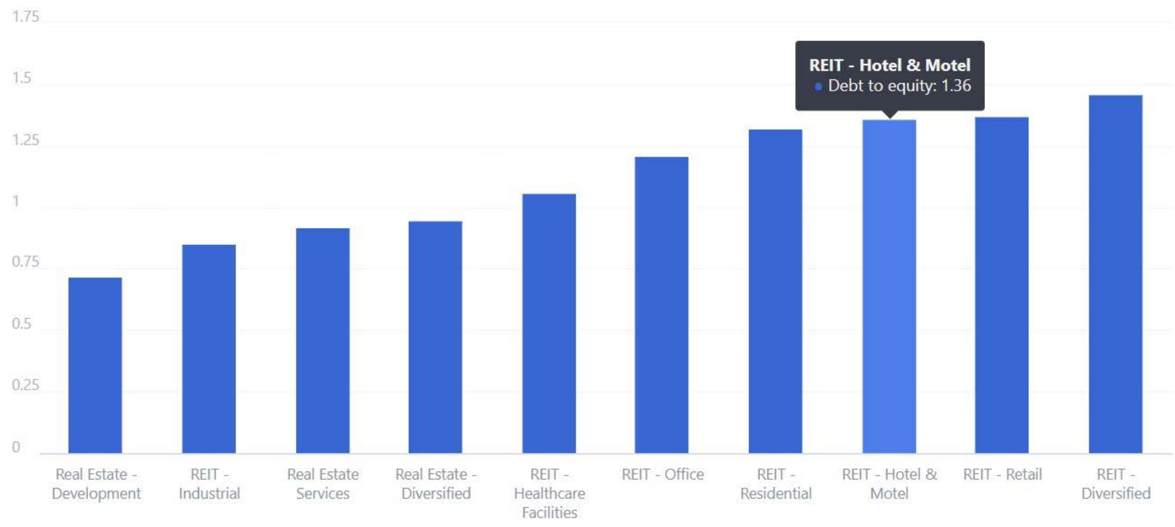

Figure 4 Debt to Equity Ratio - US REITS December 2023

Source: (Full:Ratio, 2023)

Exemplified by the publicly traded REIT market of the United States, hotels are one of the highest leveraged real estate assets, only second to retail REITs as indicated in the chart above. Even more concerning, are the debt to equity ratios for listed companies in the United States, rising from 1.87 in 2017 to 2.71 in 2021 (Ready Ratios, 2023), indicative of hotels being increasingly financed by borrowings, thereby increasing risks towards the investors if the hotel is unsuccessful, or the lenders in event of foreclosure.

To navigate the challenges in the hotel industry, an investor has to be able to effectively assess and measure the specific development opportunity's parameters and determinants, in order to evaluate, and subsequently to effectively manage and affect the desired investment outcome (Kaplan & Norton, 1996, p. 30).

The primary fallacy when it comes to evaluating determinants within a hotel investment is the frequent absence of any explanation on how or where the determinants were derived from, lending suspicion that these determinants were arbitrarily nominated (Jang & Yu, 2002).

The second and perhaps most glaring fallacy, as observed by Popovic et al (2019) and Ginevičius & Zubrecovas (2009), is the evident void within the body of knowledge pertaining to the weighted values of these determinants, naively implying that all the investment parameters are equally important during evaluations.

While similarities exists between other commercial properties and hotels, the hotel development mechanism has uncommon and eccentric characteristics, which are not present in other property developments (Venter & Cloete, 2007), due to its business-property hybrid nature (Newell & Seabrook, 2006).

Both historically and contemporarily, hotel developers employ two popular frameworks: development frameworks, which are procedural in nature and distinguishes sequential phases along the hotel's development cycle (Kim, 2002; Venter & Cloete, 2007), and evaluative frameworks, which are analyses focused on determining whether a hotel development could be executed with adequate return on investor's capital (Hodari & Samson, 2014).

Presently, there are no official or formal formats of an evaluative framework for hotel investments, however the common elements found in most hotel feasibility studies are room rate and occupancy projections, demand and supply forecasts, along with financial projections (O'Neill, 2013).

While the distinctions are often blurred due to interdependencies between the modules, these economic studies typically range from the minimalistic "market study" to the detailed "appraisal" or "valuation" reports, they are most commonly referred to as "hotel feasibility studies" (Beals & Troy, 1982).

Commissioned by the investing or lending parties and most often prepared by hotel consulting firms, these feasibility studies were intended to be independent analyses on a hotel development's viability for an audience of stakeholders (Singh, et al., 2011), however impartiality has been observed to be habitually absent.

Comprising primarily of equity investors, debt providers and hotel operators, these popular stakeholder group's financial requirements are allegedly at odds with one another. It has been suggested that it is unlikely the specific criteria adopted in evaluating an opportunity will satisfy the other parties' financial requirements (Hodari & Samson, 2014), which raises the question, who are the relevant stakeholders in a hotel investment?

Opinions have been divergent on the matter of key stakeholders, with each stakeholder group trumpeting their own importance. Hotel chains boldly claims the indispensability of their brand portfolios (Wang & Chung, 2015), local communities surrounding the hotel defending their relevance (Lee, et al., 2018), and hotel guests themselves are convinced in their essentiality as the utmost contributing party towards the hotel's success (Yadegaridehkordi, et al., 2018).

The conundrum is further muddied when the various stakeholder groups either directly or inadvertently exert influence the evaluation process or introduce bias, affecting the results of the studies by the virtue of their participation itself (Hodari & Samson, 2014).

In addition to the biased perspectives, the current evaluative frameworks are riddled with faults and gaps, chief among them being:

- Omission of risks (Kim, 2002).
- Narrow focus on certain investment aspects (Newell & Seabrook, 2006; Venter & Cloete, 2007).
- Ambiguous and insufficiently prescriptive (Beals & Troy, 1982; Venter & Cloete, 2007).
- Plagued by illogical operating (Troy & Beals, 1982).
- Illogical financial assumptions (Rushmore, 2002).
- Lack of weighting or a value system (Kim, 2002).

These identified faults in current evaluative approaches should not be solely attributed to the appraisers or the consultants, as most end users lack comprehension on the limitations of the evaluative exercise (Singh, et al., 2011). The identified shortcomings are discoursed in further detail within Section 2.10's "Theoretical Frameworks" segment.

While multiple standalone suggestions on improving the evaluation methods of hotel development opportunities have been put forth by thought leaders, the industry as a whole however, have yet to adopt these suggestions in entirety (Damito, et al., 2009).

This is primarily due to being overly time consuming, resulting in costliness, and to a certain extent, too impractical to be effectively implemented (Rushmore, 1996), while a lack of contemporary research in updating the determinants and methodology have been causes cited as well (Hodari & Samson, 2014).

A feasibility study or any other evaluative framework however, is not a business plan. Therefore, any framework developed has to be sufficiently comprehensive and forward-looking to convert planning functions into actionable steps to progress the hotel proposal from an idea into reality (Harper, 2017, p. 68).

As it currently stands, the knowledge gaps are palpable. With the hotel industry constantly evolving, so must the accompanying evaluative framework in terms of content, position and accuracy (Kim, 2002), in order for the industry to be able to weather the next adversity encountered, as well as thwart the excessive overbuilding of non-performing hotel assets.

1.2 Problem Statement

With the premise provided by the background of this study and the literature review in Chapter 2, it is evident that the current frameworks and approaches utilised in evaluating costly hotel investments are afflicted by several research and knowledge gaps, exemplified as:

i) Empirically insufficient research undertaken to identify the determinants contributing towards a hotel's successful development.
ii) Absence of objectivity due to singular and biased perspectives.
iii) Sporadic application with reliance on intuition.
iv) Non-conclusive identification of the key stakeholder groups involved in hotel investments.
v) Contextually dissonant from the hotel's market.
vi) Questionable accuracy or predictive ability.
vii) Narrow focus on certain investment aspects while omitting others.
viii) Ambiguously framed and insufficiently prescriptive.
ix) Focus on financial metrics only.
x) Plagued by illogical operating and/or unrealistic financial assumptions.
xi) Lack of scoring or ranking of the determinants utilised, resulting in the equal, arbitrary or omission of weightage applied to investment determinants.
xii) Poor end user comprehension.
xiii) Resource intensive resulting in costliness and lengthy analysis durations.
xiv) Too impractical to be effectively implemented.

These established flaws in current approaches have contributed to issues plaguing the hotel industry, which have in part attributed to:

i. Hotels being viewed as risky investment.
ii. Uneven risk distribution among key stakeholders.
iii. Lacking in transparency.
iv. Owner's inability to service debt commitments.
v. Overpriced acquisitions or development cost overruns.

vi. Increasing competition, both internally among hotels and externally with alternative accommodations.
vii. Overbuilding of non-profitable hotels.
viii. The hotel industry's impoverished resilience in face of adversity, affecting both national and individual income.

These preceding research gaps ultimately underscores an absence of a systemic evaluation model, which encompasses the weighted determinants contributing to a hotel development's success, while strategically acknowledging the value philosophies observed by the key stakeholder, in which this research aspires to explore and address.

1.3 Research Objectives and Questions

To devise "A Strategic Evaluation Model for Hotel Investments: A Value Management Approach for Key Stakeholders", the proposed research objectives and corresponding questions are:

RO1: To understand how current evaluations of hotel investment opportunities are made, and whether they adopt a Value Management approach.
RQ1: How are investments into hotels currently evaluated, and do they adopt a Value Management approach?

RO2: To identify the key stakeholders in a hotel investment.
RQ2: Who are the key stakeholders in hotel investments?

RO3: To discover which factors are important in hotel investments.
RQ3: What are the prime consideration determinants for hotel investments?

RO4: To determine the ranked importance of the identified factors to key stakeholders.
RQ4: What is the ranked significance of these determinants?

RO5: To develop a systemic strategic model for evaluating hotel investment opportunities.
RQ5: How should the ultimate desirability and feasibility of hotel investment opportunities be evaluated?

1.4 Scope of Study

In devotion towards conciseness and succinctness, this research is framed in scope to:

i) The immediate context of hotel investment industry, which excludes other aspects of the tourism sector such as tour and attraction operators, government officials, logistics and airlines, as these elements are not engaged materially and directly to the investment aspects of the accommodations industry.

ii) Stakeholders material to hotel investments, for instance, the management personnel or decision makers of hotel ownership and management firms, the chains and brand owners, bankers and lenders specialising in hotel borrowings, development feasibility and construction consultants, along with lawyers and solicitors handling hotel transactions and developments.

iii) The hotel categories subject discourse in this thesis will generally meet the minimum of 3-star rating or midscale hotel and resorts. This excludes the residential property or the home sharing economy, such as AirBnB, as they are not subject to the same regulations and considerations as registered tourist accommodations, and neither do they offer a reasonable amount of facilities or services beyond beds.

iv) While the research is conducted from Malaysia, geographically, the study is contextually global due to the homogenous nature of hotel ownership aspects worldwide, and due to the potentially restricted quantity of respondents in Malaysia itself.

v) Decision theories and evaluation of strategic options pertinent to the successful hotel investments, which excludes other classes of real estate and other types of businesses unrelated to the hotel industry.

In a similar vein of thought, for enhanced concision with intent to avoid straying from the core subject matter, this research undertaking observes the following exclusions:

i) Change management or restructuring processes an organisation may be obligated to undertake in accommodating the proposed hotel investments.

ii) Procedures pertaining to the contractual, legal, regulatory, operational, procedural, management and local compliance processes of the investment or managing a hotel

iii) Discourse or recommendations on which particular region or specific locality a hotel developer should invest in, as the primary purpose of this research is the evaluation of options, and not an exercise in business development.

iv) Budget hotels, unless discoursed comparatively. While budget hotels are considered as accommodations, they however lack the facilities and services that define contemporary hotels.

v) Discussions on Covid-19's impact will be limited to the hotel and hospitality adjacent industries only.

1.5 Significance of Study

1.5.1 Contribution to Academic Knowledge

Academically, this proposed research expects to contribute seminal knowledge to the domain of investment analysis of hotels.

i) Mitigation of perspective bias.

- Discussed earlier, current analysis methods of hotel investments suffer from perspective bias, and a systemic framework which encompasses all relevant factors is contemporarily non-existent.
- For instance, analysing a hotel investment from a legal, compliance and regulatory perspective, such as those conducted by law firms in their acquisition due diligence, often neglects the commercial viability aspects of a hotel development.

ii) Identify key stakeholder groups within hotel investments.

- Firm perspectives and ardent outlooks certainly are inevitable, however this research proposes to identify key stakeholder groups, which are reasonably material to the hotel investment, as opposed to minor stakeholders of lesser consequence, which are negligibly able to affect or be affected directly by said investment.

iii) Identify critical success factors within hotel investments.

- In the course of deriving this systemic model, this research intends to decisively identify CSFs of hotel investments, and set them apart from inconsequential ones.
- Discrete fragments of contemporary literature denotes the importance of these factors, however there is limited discussion of the correlations and interdependencies between them, particularly amongst the leading schools of thought.

iv) Weigh and rank determinants identified.

- While certain determinants have been traditionally prioritised over others, there is a lack of a formalised value system to assign weightage to the various criteria.
- While the design and aesthetic aspects of a hotel are definitely significant, but it may not necessarily be more so than the financial considerations involved within the development.
- This research expects to rank the importance of the factors identified.

v) Application of MCDA/MCDM within hotel investments.

- Multiple criteria decision analysis/making or often abbreviated as MCDA/MCDM, has roots in actuarial sciences and sits on the fringe of business academia.
- This research expects to contribute knowledge in the application of MCDA in the realm of hospitality investments.

vi) Application of Value Management within hotel investments.

- Similarly, with Value Management principles as the underpinning approach to addressing the research gaps in hotel evaluation methodologies, this study expects to contribute knowledge of VM applications into the hotel investment context.

1.5.2 Contribution to Business Practice

In practical application:

i) As a hotel investment analysis tool.

- The proposed resultant research model is intended to be utilised as an analysis tool to assist and potentially guide decision makers in their hotel investment verdicts when selecting from a pool of available options.

ii) Understanding the determinants within a hotel investment.

- The research is expected to impart clear understanding on determinants deemed material and important in selecting the most promising investment opportunity, and identify the stakeholder group's perspective to be taken into consideration in originating an investment decision copacetic to the parties.

iii) Bridging the terminology.

- Areas discussed within this study are additionally anticipated to impart guidance to bridge the terminological differences between academics and practitioners in resolving confusion over the jargon adopted by the different disciplines.

iv) Basis for investment reports.

- Backed by credible methodologies, the research findings are expected to form the fundamental basis of an investment study or business proposal to be presented to potential underwriters, lenders, investors, authorities, and other stakeholders, leading to an analytically backed investment recommendation or proposal to investor's or promoter's leadership.

v) Convenient and rapid deployment.

- In terms of practical deployment, the systemic evaluation model can be condensed and modelled into spreadsheets for expeditious assessment of hotel investment opportunities.
- The resultant research model is not anticipated to substitute an organisations decision making deliberations, but instead contribute validation or generate due apprehension of the contemplated opportunity.

vi) Structure for mindfulness.

- It is eventually envisioned that the research model would function as a cognitive structure intended to encourage mindfulness regarding the multitude of determinants necessitating careful evaluation before embarking on resource-intensive hotel investments.

1.6 Thesis Structure

This doctoral thesis, titled "A Strategic Evaluation Model for Hotel Investments: A Value Management Approach for Key Stakeholders" has been organised into a 5-chapter structure intent on conveying a coherent and comprehensive presentation of the research findings.

The structure of the thesis has been intended to facilitate a clear understanding of the research process, from the initial exploration of the topic to the development of the resultant research model. The following chapters traces the logical progression of the study and provides a framework for readers to engage with the research journey as the Researcher has intended.

Chapter 1: Introduction

- This introductory chapter serves as the foundation of the thesis by providing a concise introduction to the study.
- Commences with an exploration into the background and preliminary context of the research, establishing the rationale and impetuses for investigating the strategic evaluation of hotel investments.
- Subsequently outlines the research questions and objectives, setting the scope and trajectory of the study.
- The significance of the study from both an academic and practical perspective in the field of hotel investments are highlighted, emphasising the potential contributions to academia and actual practical applications.

Chapter 2: Literature Review

- Presents a critical literature review, examining the existing body of knowledge on the context of hotel investments.

- Written with concision as a guiding principle, this chapter offers a comprehensive textual analysis and synthesis of pertinent perspectives and empirical studies, linked to the theories and constructs adopted in this research undertaking.
- Existing theoretical frameworks were deliberated, and the Researcher's novel conceptual framework underpinning this study is presented, drawing upon peer-reviewed literature to provide a solid theoretical grounding for the ensuing research.
- By critically evaluating the authoritative literature, identifying research gaps, and distilling potential themes, elements and actors involved, supplemented by a methodical hypercritical discourse, this literature review chapter establishes the underpinnings for the selection of research methods and development of a robust research model.

Chapter 3: Research Methodology

- Outlines the research methodology employed in this study, and the philosophical inclinations leading to the adoption a Sequential Exploratory Mixed-Method as the selected research design.
- With transparency as a regulatory principle, this chapter attempts to provide a detailed discourse and rationale of the Researcher's philosophical research ideologies, research design, data collection methods, sampling approaches and sizes, data analysis techniques and instrument development in uncovering the findings.
- As primary data collection was employed in the course of this study, ethical considerations are also addressed, ensuring that the research adheres to ethical guidelines and safeguards the rights and confidentiality of respondents, along with adherence to the university's code of ethics.
- A prominent and recurring theme of the third chapter is the rationale and necessity for adopting both inductive and deductive perspectives to achieve a comprehensive understanding of the subject matter.

Chapter 4: Analysis and Interpretations of Findings

- Presents the analysis and interpretations of the findings obtained from the data collected in both phases of the research process.
- Offers a detailed examination of the qualitative and quantitative data in a logical and chronological order, applying appropriate analytical techniques to derive meaningful insights from the data.
- The results have been represented in an unadulterated, explicit and systematic manner in this chapter, supporting the findings with relevant citations and rationale for the selection of frameworks, tests and calculations the data were subjected to.

Chapter 5: Conclusion

- Engages in a comprehensive and meaningful discussion of the research findings and introduces the research model developed based on the findings.
- In a forthright manner, this chapter intends to provide a critical scrutiny and interpretation of the findings, discussing their implications within the broader context of hotel investments. Organised in accordance of the order of research questions posed, Chapter 5 correlates the results of this research's findings against the existing literature, thought postures, arguments and results from past studies, highlighting their circumstantial consistencies and divergences.
- Explains potential contributions to knowledge produced by this research, contextually emphasising how the study and its findings extends the current academic understanding of evaluations in hotel investments, and its potential practical applications in real world settings.
- Acknowledgement of the limitations of this study, addressing potential constraints and areas for improvement.
- Finally, recommendations of avenues for future research are provided, identifying areas for further exploration along with suggestions on methods to address the identified limitations.

By adhering to an organised thesis framework as summarised in the diagram below, this study intends to provide a rigorous and systemic examination of the processes leading to the development of a strategic evaluation model for hotel investments by adopting a value management approach for key stakeholders.

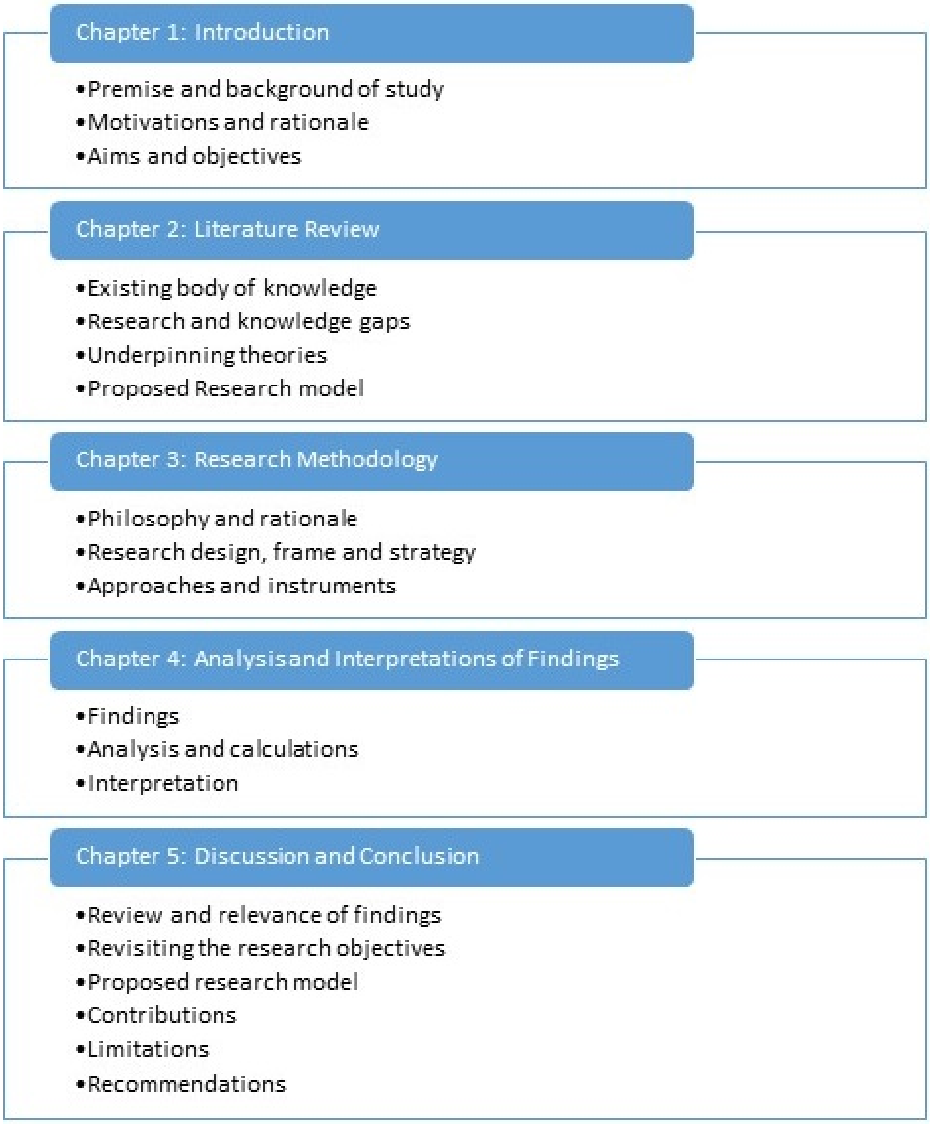

Figure 5 Key Elements of the Thesis

Source: Developed by Researcher

Chapter 2: Literature Review

2.1 Introduction

The critical literature review presented in this chapter aspires to convey a comprehensive, analytical and in-depth exploration of the context which contributes to the success of hotel investments.

Departing beyond sheer descriptions of past studies and publications, by critically analysing and synthesising existing literature, partially conducted in tandem with the theoretical sampling data collection, this literature review seeks to discuss differing sentiments, highlight weaknesses and strengths, identify knowledge gaps as well as potential limitations on the subject matter.

The principles observed by the Researcher in conducting this literature review are:

i. Materiality.
ii. Quality over quantity.
iii. Coherency and clarity.
iv. Criticality.
v. Concise without compromising on meticulousness.
vi. Neutrality and bias-adverse.

As illustrated in the diagram following, this critical literature review commences on the broad aspects of hotel investments, involving classifications, rationale, significance, taxonomy, and actors involved in the industry, culminating in discussions on the determinants themselves and knowledge gaps discovered throughout the passage.

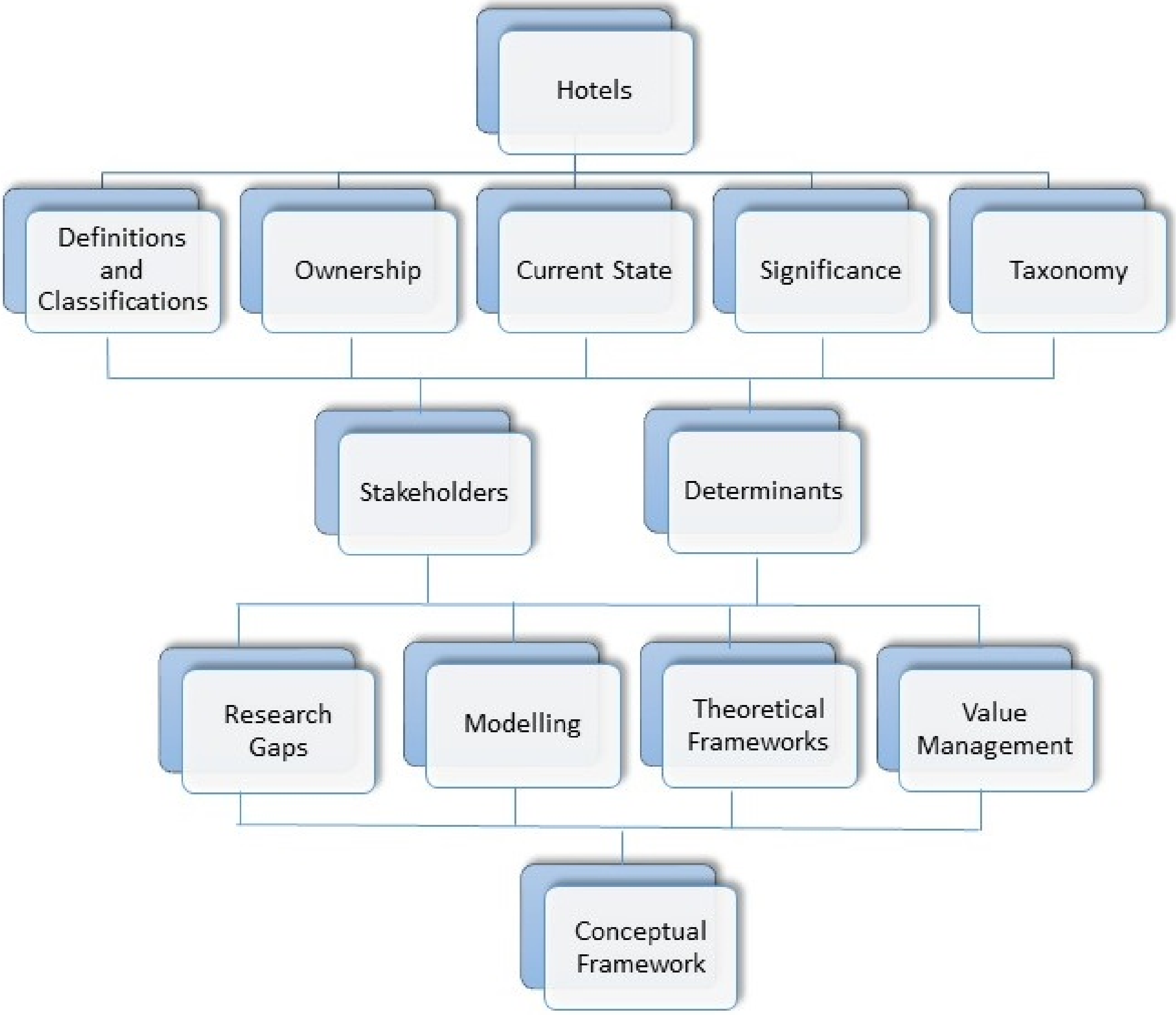

Figure 6 Critical Literature Review Flow Chart

Source: Developed by Researcher

This chapter culminates with a review of existing theoretical frameworks, both hotel and non-hotel specific, along with discourse on Value Management as an approach to the identified weaknesses, and concludes with the presentation of the Researcher's conceptual framework.

2.2 Hotels

2.2.1 Definitions and Classifications

The hotel industry exemplifies location specific trade subject to the simultaneous market forces of demand and supply (León-Darder, et al., 2011), and functions as a constituent of the economy, both locally and globally (Rushmore, 2002, pp. 21-22).

While there are no consistent definitions of the term "hotel", the contemporary consensus would appear to be a facility for short-term lodging in shared or private rooms, either with or without facilities, ranging from economic to luxury in term of standards (Harper, 2017).

Efforts to categorise hotel types evolved from the traditional accounting based measurements, being the manner of how the property creates value or generates its revenue, to the nature of the asset, which can be as broadly differentiated as commercial or gaming (Jang & Yu, 2002), to the amount of amenities and facilities provided, such as limited-service or luxury (Younes & Kett, 2007).

A resort however, further distinguishes itself from a hotel by providing more recreational and dining facilities than a standalone hotel, citing said facilities and often-complementary services to be an integral and immutable reason for attracting its base clientele (Harper, 2017).

Despite efforts to portray the uniqueness of hotel brands by the marketing community, Jenkins (1982) claims that while the geographical destination themselves are distinct, international tourism itself, and hotel brands by relation, are not highly differentiated products. This claim is supported by Santos et al (2016), which emphasises that the high levels of both intangibility and immateriality of services renders the services themselves heterogeneous and indistinguishable.

The perspective of hotel experiences being generic is disputed heavily by the international hotel chains, claiming the hotel brands provides an inalienable and intangible form of competitive advantage to the chains (Zhang, et al., 2020).

2.2.2 Investment Rationale

The main reason corporations, being the primary drivers behind hotel developments, invest into hotels is similar to their motives behind other investments: as a method to derive new revenue streams, along with conceiving and enhancing value for their stockholders (Dogru, 2017; Jang & Yu, 2002).

On the most basic level, like other commercial real estate investments, hotels are expected to provide both an income from the business conducted at the property, as well as capital growth, partly driven by perceived limitations in supply and long-term increases in demand (Harper, 2017), at monetary and time costs (Popovic, et al., 2019).

As hotel investments are characterised by unique, illiquid and non-commutable assets, that would suggest this form of investment is less efficient than that other capital markets, such as the stock or bond markets, which may motivate savvy investors to acquire and capitalise upon undervalued investment opportunities presented by the efficiency differential (Petersen, et al., 2003).

Both Rushmore (2002) and Kim (2002) contends that the motive behind investing in hotels are identical to the reasons behind other investments into real estate, being a natural hedge to the influence of inflation. Butler & Baltin (2013) however, disputes this, and claims that most hotel acquisitions are at least partly driven by emotional incentives, such as having an owned venue to host their guests.

This is partially supported by Rushmore's (2002) opinion of personal prestige often associated with novel hotel developments, and Beals & Troy's (1982) observation of anomalous and frequently idiosyncratic decision rules behind the investments into hotels.

Historically, the popularity of hotels as an investment was driven by an increase of occupancy rates from 72% in 1919 to 86% in 1920, furnishing the perception that it was a safe investment vehicle (Rushmore, 2002) with substantial appreciations in capital value (Harper, 2017).

With improvement of industry fundamentals and values which are increasingly favourable to alternative investments, investors are taking the opportunity to delve into hotel investments (Butler, 2013). But apparently, not all arguments were economic in nature, as civic pride and desires to improve the neighbourhood served as catalysts as well (Rushmore, 2002).

A separate impetus driving hotel investments are conceivably alignments with corporate strategy. Developers may choose to build hotels adjacent to demand generators such as educational or sporting facilities as part of their short term strategy, or part of their long term strategy by having hotel assets in certain cities or parts thereof, and perhaps even as a complementary component in their mixed development projects (Butler & Baltin, 2013).

Other reasons driving hotel investments have been cited as portfolio diversification, tax efficiency, competitive returns, recurrent income, stability compared to equities, security, tangibility, and scarcity (Harper, 2017; Rushmore, 2002).

Risk is rife however, and there have been arguments on whether hotel investments should be considered as part of core property portfolios, or to be adopted as an alternate asset class with higher risk profiles (Newell & Seabrook, 2006), particularly in light of the fragility displayed by hotel industry during the Covid-19 outbreak.

2.2.3 Social and Commercial Significance

Tourism as a whole, is a sector which can effectively influence the economic development of certain regions, and even entire countries by raising awareness of a destination (Harper, 2017), rendering the construction or increase in existing accommodation providers, being primarily hotels, a necessity in enhancing the tourism prospects within a territory (Popovic, et al., 2019).

Harper’s utilitarian perspective on hotels purports the provision of accommodation to be essential to the performance of the worldwide economy, citing the multifaceted uses for hotels in the business context, ranging from meeting spaces to layovers for inconveniently timed flights (Harper, 2017).

The hotel industry is touted as the most internationalised or globalised, as claimed by Santos et al (2016), facet of the tourism sector, and is characterised by the high foreign direct investment outflows and inflows, along with the undeniable dominance of international hotel chains and brands (Falk, 2016). The general importance and necessity of a hotel increases as a nation migrates from the primary economy, being agriculture or mining, to a tertiary economy of services (Harper, 2017).

Other than the initial investment, hotels generate a significant amount of taxable income for the host country, contributing to the nation’s development economically, while socially enhancing the perception of the nation in the eyes of the world (Harper, 2017).

Since the 1960s, hotels, being inextricably linked and publicised as the most important facility in the tourism sector, and have been considered as drivers of innovation, employment and investment for the host countries (Dimitrić, et al., 2019; Harper, 2017).

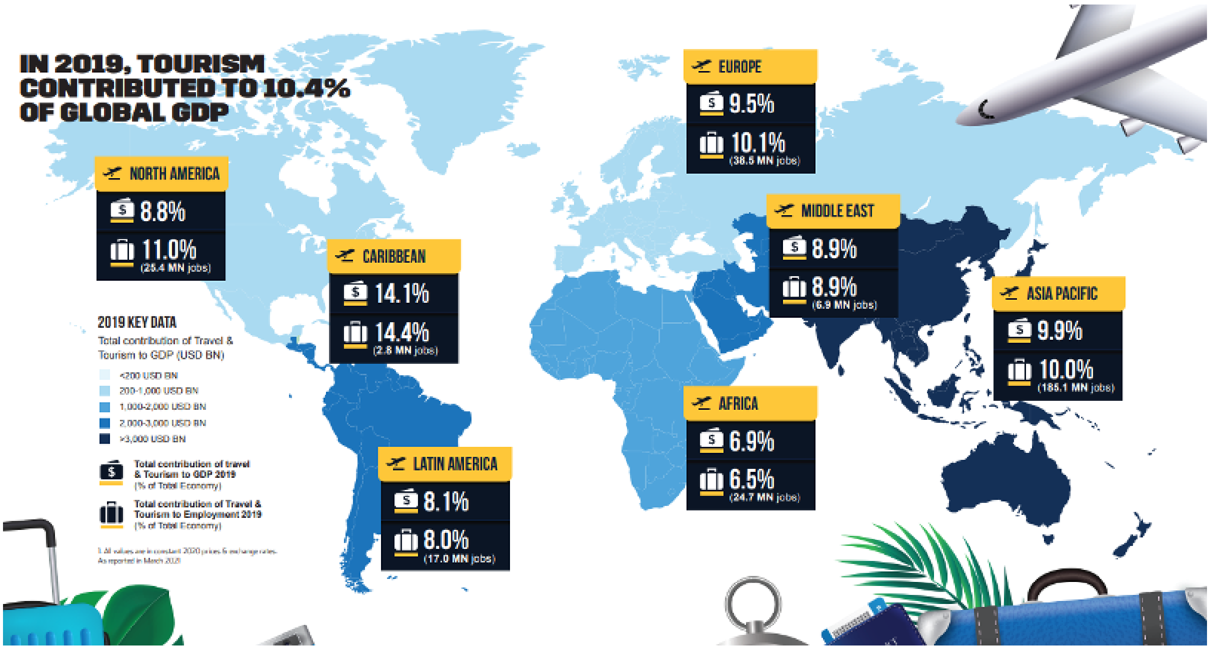

Figure 7 Tourism's Contribution towards Global GDP YA2019

Source: Entrepreneur Middle East, 2021.

The tourism sector, which the hotel industry serves, has evolved significantly across the past seven decades. In 1950, international tourist arrivals (ITA) stood only at 25 million, while tourism spend was at USD2 billion globally. Depicted in the figure above, as of 2019, the figures have grown to a gargantuan 1.5 billion ITA and over USD1.7 trillion globally (Entrepreneur Middle East , 2021).

Researchers argued the hospitality industry has increasingly become an essential source of economic development for the world, while in the ASEAN tourism context, Malaysia is currently the 2nd most visited destination on the continent from its humble tourism beginnings in 1960 (Yadegaridehkordi, et al., 2018).

The hotel industry in Malaysia, has been described as having immense potential, contributes increasing amounts annually to the development, and has been attributed as a prime sector of the nation’s economic achievements (Lee, et al., 2018).

Cited as a hedge against unemployment (Dimitrić, et al., 2019), hotels employ individuals from all segments of society, ranging from unskilled labour to professional levels, thus allowing the local population to enhance their economic standing, while additionally generating secondary employment in complementary industries (Harper, 2017).

In developing countries, as a subsector of tourism, hotels are considered as a major “export” activity, particularly for developing countries, as they are often constrained by a scarcity of domestic funds and expertise (Jenkins, 1982). Furthermore, the opportunity to earn foreign currency enables governments to adjust their foreign exchange fund balances (Harper, 2017).

Despite being grounded in tangible assets, the hotel industry is service based, and in the context of developing countries, while hotels are intended for export consumption, it is consumed locally as well in the host country (Jenkins, 1982).

Far from being a social enterprise, while developers tout the positive contributions a new hotel brings to a particular location (Harper, 2017), what appears to be less discussed is the potential of hotel developments gentrifying a locality, particularly if it was traditionally rural or residential to begin with.

In the Malaysian context, the hospitality industry, being part of the tourism sector, which is the third largest contributor to the Malaysian economy at 4.2%, provides 3.1 million employment opportunities, which is approximately 9.5% of the national workforce (Hamid, et al., 2021).

2.2.4 Taxonomy: Hotels as a Real Estate Class

Hotels distinguish themselves apart from other commercial real estate types by incorporating ongoing business operations and associated risks, in addition to the existing property concerns, which adds additional angles in terms of investment considerations (Quan, et al., 2002).

While arguments over whether hotels should be given the same considerations as other real estate are still ongoing (Newell & Seabrook, 2006), it is said that hotels exhibit higher volatility than many other types of assets, or even financial instruments such as the stock or bond markets (Rushmore, 2002; Petersen, et al., 2003).

In fact, the sharpening yields in core real estate sectors, being typically commercial types such as offices or retail, have resulted in investors seeking greater yields from hotel investments, and acceptance of higher levels of risks (Harper, 2017).

Often cited as an typical specimen of a principal-agent problem, initially researched by Ronald Coase (1937), and subsequently expanded by Kenneth Arrow as a manifestation of "contract theory" (Abdelaziz, et al., 2015), it is palpably evident that hotels are evidently as much a business as it is a building.

While hotels carry many similarities with other real estate asset types such as illiquidity, considerable lot sizes and high transaction costs (Harper, 2017), the lack of transparency, reliance on their earning capacity as a value determinant, and long-term cyclical occupancy trends causes hotels to be regarded by a significant portion of the investment community as a high-risk use of capital and time (Rushmore, 2002; Troy & Beals, 1982).

This opinion is mirrored by Newell & Seabrook (2006), but disputed by Petersen et al (2003), additionally citing reasonable risk adjusted returns despite being plagued by higher volatility than other property sectors such as offices and industrial assets (Popovic, et al., 2019; Kim, 2002).

Petersen et al (2003) contends that volatility is not necessarily an undesirable trait. While being sharply affected by adverse market conditions, hotels are also positioned to achieve diversification gains when properly timing of the cyclical components of this subsector's returns, during the upswing, potentially outperforming other real estate classes.

Butler (2013) purports that hotels are dual natured, being special-purpose real estate integrally intertwined with sophisticated operating businesses, epitomising dynamicity with no major tenant leases, requiring each room to be resold every night and dining capacity to be sold by the hour. Viewed positively, hotel lease structures, running contrary to other property subsectors, can be adapted and evaluated on a daily-basis, embodying the highest efficiency and flexibility possible in the real estate context (Petersen, et al., 2003).

Apart from being highly capital intensive in terms of initial outlay (Younes & Kett, 2007), unlike other real estate classes, hotels are primarily characterised by high operating costs (Dimitrić, et al., 2019), primarily due to its labour intensity from services rendered (Lee, et al., 2018).

The hotel business is dissimilar any other, hoteliers are required to sell both the same “goods”, being the room inventory coupled with “services”, being hospitality from the employees, repeatedly on a daily basis, often subject to lengthy management contracts by third-parties (Rushmore, 2002, p. 4; Butler & Baltin, 2013).

Another point of differentiation from other forms of real estate, hotels demonstrate the ability to endure in its same utilisation purposes for extended periods (Harper, 2017), evident from historical hotels with over a century’s worth of chronicles.

Setting itself apart from other types of real estate, the hotel industry is highly dependent on other sectors including the tourism market (Newell & Seabrook, 2006; Popovic, et al., 2019), displays low market efficiency (Younes & Kett, 2007), location boundedness (Santos, et al., 2016), involving more stakeholders than a typical static real estate asset (Hodari & Samson, 2014) and requiring management expertise (Popovic, et al., 2019; Dimitrić, et al., 2019), among others.

While there are parties advocating that hotels should be considered as part of the base real estate segments, the potentially high-returns notwithstanding, hotels are a prime example of high-risk investment of time, capital and other diverse resources, causing detractors to propose hotels should be contemplated as a higher risk asset breed (Newell & Seabrook, 2006).

While the reality is prospectively somewhere in between, it is irrefutable that hotels are definitely a hybrid asset class, and that the key stakeholders particularly the promoters, must comprehend that a myriad of determinants add to or subtract value from investments into hotels (Jang & Yu, 2002).

Regardless of the opposing thoughts pertaining to the nature of the hotel industry, the general consensus would be investing and developing hotels are definitely high risk enterprises (Venter & Cloete, 2007; Petersen, et al., 2003).

Another rare consensus between both professional practice and academia is the appallingly limited research that has been conducted on which determinants are significant in hotel investments, along with both how and why they are important (Newell & Seabrook, 2006).

2.2.5 State of the Hotel Industry

<u>Transactions</u>

Beginning from the 1960's, hotels have emerged as increasingly significant economic drivers globally, although growth has been disproportionate in different regions (Harper, 2017), most notably the Middle-East suffering a decline in guests in recent years, understandably due to the region's turmoil (Santos, et al., 2016).

Prior to Covid-19, data in 2018 suggests hotels contributed to as much as 32% of the commercial real estate volume, up to 10% of global GDP, providing one out of ten jobs, and evidences momentum growth in worldwide tourism, and hotels' overall KPIs proving resilient despite increased supply (Deloitte, 2019).

From its inception to the mid-90s, there was a dearth of data pertaining to hotel transactions, causing difficulties in the valuation process. In current times but limited to certain locations however, multiple parameters are tracked and recorded, particularly the cost per room and capitalisation rate at which hotels were transacted (Rushmore, 2002).

Despite readily available data on hotel transactions, experts believe that the market still remains out of equilibrium, with a severe disconnect between the vendors and purchasers, particularly in terms of expected pricing (Butler, 2013).

Competition

While far from being a sunset industry, the hotel market has seen increasing competition and fickle customer loyalty in recent years (Yadegaridehkordi, et al., 2018), with this trend expected to continue for the near future. Competition is not limited to rival chains, but the new technology enabled what was initially termed as "home-share" and "couch-share", but later evolved into a form of alternative accommodations, has notably affected the profitability of certain segments in the hotel markets (Harper, 2017).

Having remained largely unchallenged since its inception, within the last decade itself, alternative forms of lodging such as AirBnB have threatened hotel's standing as the prime choice of accommodations for travellers, making it more important than ever to identify the potential antecedents of hotel performance (Nalley, et al., 2019).

The hotel market itself, is perennially in a state of flux, due to the additions to supply and constant changes in the make-up of existing supply, which has in a way made for much stricter underwriting despite the ready increase in availability of debt financing (Rushmore, 2002).

Despite having roots firmly grounded in lodging and short-term accommodations being the main purpose of patronising the building, it is currently not uncommon for visitors to intentionally frequent a hotel for dining, particularly with the dawn of exclusive restaurant concepts, presence of celebrity chefs, destination dining and a demarcation of leadership between lodging and dining (Lee, et al., 2018).

The increase in hotel supply on a global scale is estimated to have increased significantly across the past century, however growth are evidently at dissimilar rates in different regions (Harper, 2017). Studying foreign domestic investments trends across the past decade, there has been a gradual shift of investments from established traditional destinations such as Europe, to developing countries such as China and India in Asia, United Arab Emirates of the Middle East, Mexico in the Americas, and even Russia in the Eurasian regions (Falk, 2016).

Risk Migration

On the hotel brands front, the past decade alone saw volumes of hotel chain mergers, acquisitions and consolidations which rivals the previous century’s combined (Zhang, et al., 2020), evidencing the perennial competitiveness and struggle for market share in the hospitality industry (Beals & Troy, 1982).

The requisite to expand has also contributed to the “asset light” strategy employed by the hotel chains (Deloitte, 2019), which inadvertently caused a dissonant rift between hotel owners and operators in terms of the hotel’s strategic, operational and financial objectives (Turner & Guilding, 2010; Hodari & Samson, 2014), with the alleged conflicting objectives among stakeholders expected to persevere for the foreseeable future.

While global tourism has remained largely unaffected by events such as financial crisis, evidenced by the growth enjoyed even after the Lehman Brother’s fiasco in 2009 (Santos, et al., 2016), the same cannot be said about the Covid-19 pandemic. Financing, particularly to build hotels, have drastically dwindled, especially in countries more severely affected by the pandemic (Çolak & Öztekin, 2021).

Tourist Arrivals and Revenue

In terms of regional tourist arrivals, Asia Pacific formerly enjoyed the fastest growth rate, with STR citing up to 3.6% annually, while established regions such as Europe and the Americas are only expanding at moderate rates of approximately 1%, with globally tourism generally outpacing economic growth rates in the early 2000s (Santos, et al., 2016; Harper, 2017). In fact, global tourist tipped a record of 1.4 billion arrivals in 2018, representing an increase of 6% from the previous year, despite a worldwide economic slowdown (Deloitte, 2019).

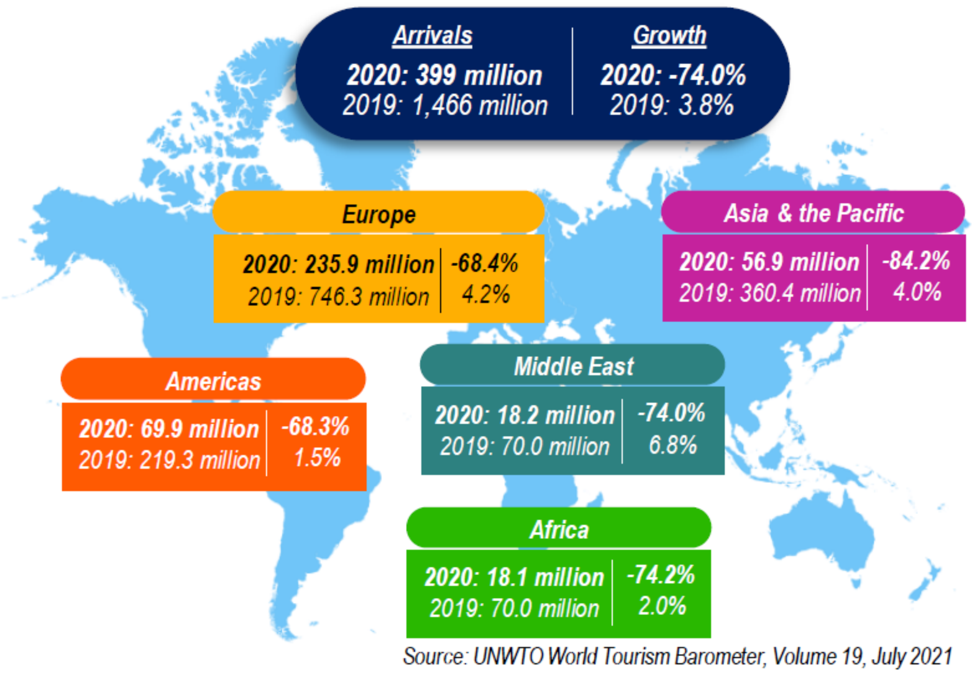

Figure 8 International Tourist Arrivals 2019 against 2020

Source: (The World Tourism Organization, 2021)

The Covid-19 pandemic however, effectively brought the tourism sector, and its key component of lodging and accommodations, to its knees in 2020, as the world witnessed a staggering aggregated drop of 73% of tourist arrivals, with Asia-Pacific recording its worst performance in history at 84.2% (The World Tourism Organization, 2021), evidenced in the preceding figure.

YEAR	ARRIVALS	RECEIPTS (RM)
2022	10.07 million	28.23 Billion
2021	0.13 million	0.24 Billion
2020	4.33 million	12.7 Billion
2019	26.10 million	86.1 Billion
2018	25.83 million	84.1 Billion
2017	25.95 million	82.1 Billion
2016	26.76 million	82.1 Billion
2015	25.72 million	69.1 Billion
2014	27.44 million	72.0 Billion
2013	25.72 million	65.4 Billion
2012	25.03 million	60.6 Billion
2011	24.71 million	58.3 Billion
2010	24.58 million	56.5 Billion
2009	23.65 million	53.4 Billion
2008	22.05 million	49.6 Billion
2007	20.97 million	53.4 Billion

Figure 9 Malaysia Tourist Arrivals and Receipts 2007 to 2022

Source: (Tourism Malaysia, 2023)

Malaysia itself intended to attract 36 million international visitors in 2020, with a target of RM103.6 billion of contributions towards the country's gross national income (Yadegaridehkordi, et al., 2018). Regrettably, due to the Covid-19 pandemic, this target did not come to pass, with only 4.3 million ITAs to Malaysia in 2020, indicating a 83.4% drop from the previous year (The Borneo Post, 2021), as predicated by the preceding figure.

Even as of 2022 year's end, with only 10.07 million, Malaysia has yet to scavenge 40% in terms of international visitor arrivals, indicative of an over 61% drop from pre-pandemic levels, while losses of potential tourism revenue for the country are estimated at over 67% of 2019's high of RM86.1 billion (Tourism Malaysia, 2023).

Conversely, past studies have shown that the hotel sector recovers quicker than other property sectors post-recession or after economic slowdowns (Petersen, et al., 2003), citing 1991-1992 as an example. Whether this trend holds true for the Covid-19 pandemic, has yet to be observed.

Figure 10 Tourist Arrivals & Receipts 2019 against 2022

Source: (World Tourism Organization, 2023)

As it currently stands, despite being geographically the most immediately affected by the pandemic and possessing the low-base effect, indicated in the preceding chart, tourist arrivals and expenditures in Asia-Pacific are afflicted with the slowest recovery rates among all global regions (World Tourism Organization, 2023).

Employment

In 2019, the travel and tourism sector globally consisted of over 7 million employers, of which 30% were microenterprises, and provided 334 million jobs, both directly and indirectly, contributing to 10.6% of the estimated total worldwide employment (International Labour Organization, 2022, p. 11).

In just a matter of months from the pandemic's onset, with most hotels only having sufficient capital reserves to sustain two or three months of operational costs, the world saw in sequence the discontinuance of financing, cessation of long-running hotels, and considerable layoffs within the industry (Bajrami, et al., 2021; Çolak & Öztekin, 2021; Suib & Salleh, 2021).

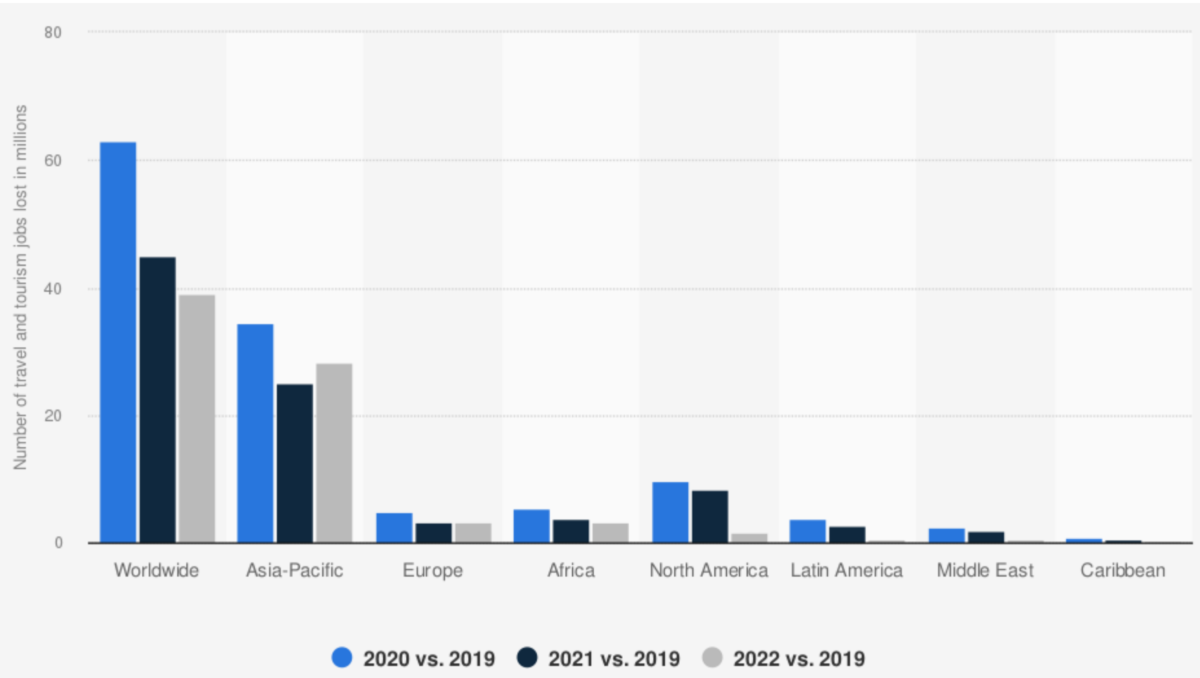

Figure 11 Loss of Employment within Travel & Tourism 2019 to 2022

Source: (World Travel & Tourism Council, 2023; Statista, 2023)

Depicted across a three year comparison chart, of the 334 million employed within the travel and tourism sector, it is estimated between 63 to 120 million employees lost their jobs within the first year of the pandemic. This represents employment losses seven times more severe than the September 11 attacks, while cumulatively the tally stands at over 140 million job losses by 2022 (Hamid, et al., 2021; World Travel & Tourism Council, 2023).

In the 2019 Malaysian context, the tourism sector as a whole employed 3.6 million individuals, contributing 23.6% of the nation's total employment (Suib & Salleh, 2021), while the accommodations and F&B industry workforce stood approximately at 852,300 workers (Department of Statistics Malaysia, 2023, p. 32).

However, due to the Covid-19 pandemic, the number has dwindled to 787,900 by year 2021, representing job losses of over 64,000 or approximately 7.5% nationwide (Department of Statistics Malaysia, 2023, p. 32), which was higher than the initial predicted 5% to 6% for the tourism sector as a whole (Yuan, 2023). This is potentially indicative that job cuts within the hotel industry were direr than other constituents of the tourism sector.

The employment losses in Malaysia was further aggravated by improper termination, with many employers implementing forced pay-cuts and compulsory unpaid work leaves to the extent of inducing resignations, so save upon retrenchment benefits from proper severance practices (Gan, et al., 2023).

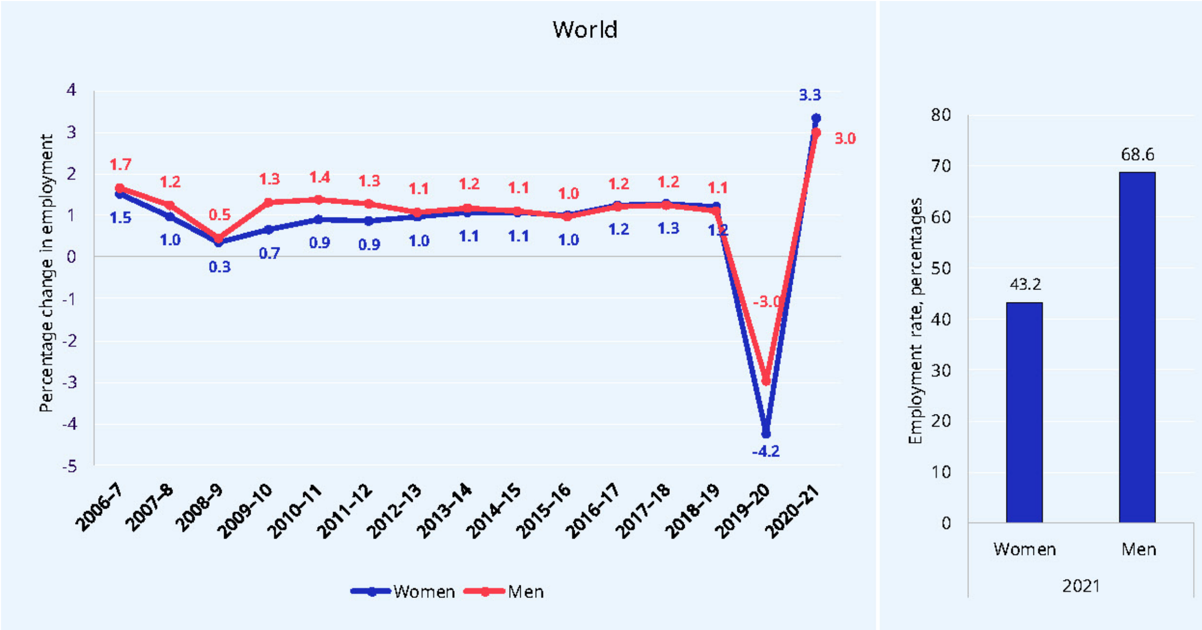

Figure 12 Percentage Change in Employment by Gender within the Tourism Sector 2006 to 2021

Source: (International Labour Organization, 2022)

The female gender has traditionally been under-represented in terms of employment within the tourism sector. Based on the preceding chart from the International Labour Organization, the gender gap within tourism employment has only managed to achieve a semblance of parity in 2019, with female employees slightly outpacing males by a ratio of 54:46 (International Labour Organization, 2022, p. 11).

This equilibrium however was abolished during the pandemic, with more female employees losing their jobs as compared with their male counterparts. As of 2021, women only represent 43.2% of employees within the global tourism sector (International Labour Organization, 2022, p. 19).

Hotel Performance

It could be said that the impact of the pandemic is most evident when reviewing arguable the key two top-line metrics of operating hotels globally, being the Average Occupancy Rate (AOR) and to a lesser extent, the Average Daily Rate (ADR) (Sheel, 2020).

Table 1 Global Average Occupancy Rate 2019, 2020 and 2022

Region	2019 AOR	2020 AOR	2020 v 2019	2022 AOR	2022 v 2019
United States	66.1%	44.0%	-33.43%	62.7%	-5.14%
Europe	72.2%	33.1%	-54.16%	64.6%	-10.53%
Asia Pacific	69.3%	44.5%	-35.79%	52.3%	-24.53%
Middle-East	66.2%	45.9%	-30.66%	63.6%	-3.93%
Africa	61.3%	29.0%	-52.69%	54.2%	-11.58%
Malaysia	60.6%	30.9%	-49.01%	52.4%	-13.53%

Source: Calculations by Researcher, data retrieved from various reports published by (Smith Travel Research, 2023) and (Tourism Malaysia, 2023)

The 2019 occupancy rates were emblematic of stable hotel industry norms, as hotels across different regions of the globe generally stood above 60.8%, which was the lowest recorded global average occupancy rate since 1992 resultant from the Persian Gulf War (Rushmore, 2002, p. 40).

Year 2020, being the onset of the pandemic led to widespread global travel restrictions that severely led to curtailment of business travel, which was a major contributor to hotel occupancies. Sequentially, the lockdowns, and declines in tourism, caused sharp drops in hotel occupancy rates globally (Çolak & Öztekin, 2021).

While the region of Africa recorded the lowest occupancy among all regions in 2020 at 29%, the region of Europe in actuality endured the most significant reduction in terms of occupied hotel rooms at a drop of 54.16%, due to the high-base effect. Malaysia in comparison lagged severely behind their Asian counterparts, registering over a 49% drop in hotel business, and only managing a 30.9% occupancy for year 2020.

At the time of writing, hotels in the Middle East region leads in terms of recovery, trailed closely by the United States. However, despite recovery being on the horizon, as of 2022, hotel occupancy rates globally have yet to revert to pre-pandemic levels. Furthermore, considering the many hotel closures during the pandemic in mind, the data sets were likely affected by the low-base effect, thus the actual current occupancies based on the number of hotels that operated in 2019 may yield a lower statistic.

Table 2 Global Average Daily Rate 2019, 2020 and 2022

Region	2019 ADR	2020 ADR	2020 v 2019	2022 ADR	2022 v 2019
United States	$ 131.21	$ 103.23	-21.32%	$ 148.83	13.43%
Europe	$ 122.50	$ 102.67	-16.19%	$ 148.97	21.61%
Asia Pacific	$ 98.73	$ 74.99	-24.05%	$ 84.38	-14.53%
Middle-East	$ 143.70	$ 117.23	-18.42%	$ 173.10	20.46%
Africa	$ 109.33	$ 103.12	-5.68%	$ 140.74	28.73%
Malaysia	$ 54.18	$ 50.61	-6.59%	$ 51.87	-4.26%

Source: Calculations by Researcher, data retrieved from various reports published by (Smith Travel Research, 2023) and (Tourism Malaysia, 2023)

A hotel's occupancy rate should not be studied in silo. The other correlated business indicator, being ADR or room rates commanded reflects a hotel's ability to generate revenue from the occupied rooms as a measure of its competitive positioning within the selected market (Vasić, et al., 2022).

The two main strategies employed by hotels during the pandemic's onset in 2020 were cost cutting and price reduction in nature, leading to ADR drops across the board, while in Malaysia, additional complementary strategies include volunteering hotels for quarantine business, and F&B delivery (Deraman, et al., 2021).

Asia Pacific saw the most significant drop in terms of room rates at the onset of the pandemic in 2020, and despite the low-base effect, Asia Pacific is practically the only region that has yet to recover to pre-pandemic ADR levels. This is ostensibly due to Asia Pacific's largest constituent being the People's Republic of China and their border closure zero-Covid policy that lasted until 8th January 2023 (Zreik, 2023).

At the time of writing, hotels in Malaysia, along with the rest of Asia, have yet to recover to pre-pandemic levels in both occupancy or room rates.

Challenges

Some would contend, that the pandemic itself did not cause the downfall of the industry, but merely to highlight the inherent and perennial flaws in the hotel development industry raised by many thought leaders (Hodari & Samson, 2014; Beals & Troy, 1982; Troy & Beals, 1982), but seemingly disregarded by most of the practitioners.

With persistent inflation, inevitably raising the construction and material costs, as well as increasing cost of capital, there is a need for a more exhaustive quantitative decision model for hotel investments, with improved specification accuracy and objectivity for the critical inputs/determinants for the said decision model (Beals & Troy, 1982; Hodari & Samson, 2014).

Heedless of the reason, with realisation of the investment risks and challenges in the context of the hospitality industry, a new approach is required, as specific problems require particular solutions (Nordin & Kowalkowski, 2010).

2.2.6 Hotel Ownership

While hotels have always been a mainstay of real estate, they have often been viewed as exotic and risky investments, primarily stemming from investor's feeble comprehension of the investment parameters (Sawides, 1994). However, subsequent to the Global Financial Crisis in 2008 and 2009, hotel investments have garnered renewed interest from various asset owners and investors (Kang, 2022).

Hotel developments are often viewed as costly and convoluted processes, involving numerous stakeholders, possessing unique but oftentimes conflicting objectives (Hodari & Samson, 2014), resulting in each stakeholder utilising criteria specific to their group to evaluate a hotel's worth, and ultimately propounding projects which are unlikely to satiate other stakeholder's requirements.

Hotel ownership itself, has been viewed from both an equity stake perspective, and a non-equity collaborative perspective (Harper, 2017), with impetus and motives behind such ownership ranging from purely economic to purely emotional (Butler & Baltin, 2013).

A positive emerging trend however, appears to be the increasing joint participation of all parties in the investment process, from the management companies, developers, equity investors and debt providers (Beals & Troy, 1982).

2.3 Stakeholders

2.3.1 Definition

Following its introduction in 1984 by Robert Edward Freeman (Freeman, 1984), the term "stakeholder" has undergone numerous interpretations and been construed with over 435 definitions, with a researcher going as far as to claim a new definition of the term exists in every 1.13 articles published (Miles, 2011).

With its roots in political science and policy making, the decision makers recognised early on the importance of interests groups when passing policies through legislation (Brugha & Varvasovszky, 2000). Realising that policy actors consisted were not limited to those in power such as the elitists or technocrats, the notional concept of stakeholder analysis was required to identify and balance leverage across multiple interest groups.

To an organisation’s management, stakeholder could simply mean “anybody who is not an equity shareholder”, but simultaneously to external parties in relation to the organisation, it could be as broad as the entire population (Bonnafous-Boucher & Rendtorff, 2016).

Generally contrived as a party with economic interest in the investment (Miles, 2011), the Researcher is inclined to interpret stakeholder as groups or individuals contributory towards the potential realisation of the hotel investment in the context of this study.

Examples of stakeholder’s effects upon the economic, managerial, leadership, and social implications upon the organisation are riddled throughout literature (Freeman, 1984; Freeman, 2007; Bonnafous-Boucher & Rendtorff, 2016, p. 8), which is why Freeman (2007) suggests organisations need to define the value and characteristics of their liaisons with their stakeholders in a sombre demeanour.

Which brings us to the next line of questioning, on who are the relevant stakeholders within the context of hotel investments, and in what sense are they material?

2.3.2 Identification and Analyses

It is well documented that no single list of specific stakeholders applies universally across an entire organisation, much less a particular industry, with consideration to variances in location, dispositions, and geographical location at a precise moment in time (Gil-Lafuente & Paula, 2013).

With consideration to the above, the Researcher has categorically decided to identify specific stakeholder groups for this research, instead of roles or positions undertaken by individuals, with the key criterion being “dependency” (Bonnafous-Boucher & Rendtorff, 2016, p. 11), as in which parties the hotel development is essentially dependent on for its success, and vice-versa?

While Bryson (2004) claims there are fifteen commonly used methods of stakeholder identification across four diverse approaches, most of them are nevertheless tilted towards the public domain, conjecturably being a legacy of stakeholder theory's policy making roots. Two of these methods however, applied in sequence, is deemed ideal for the investment context.

Power-Interest Grid

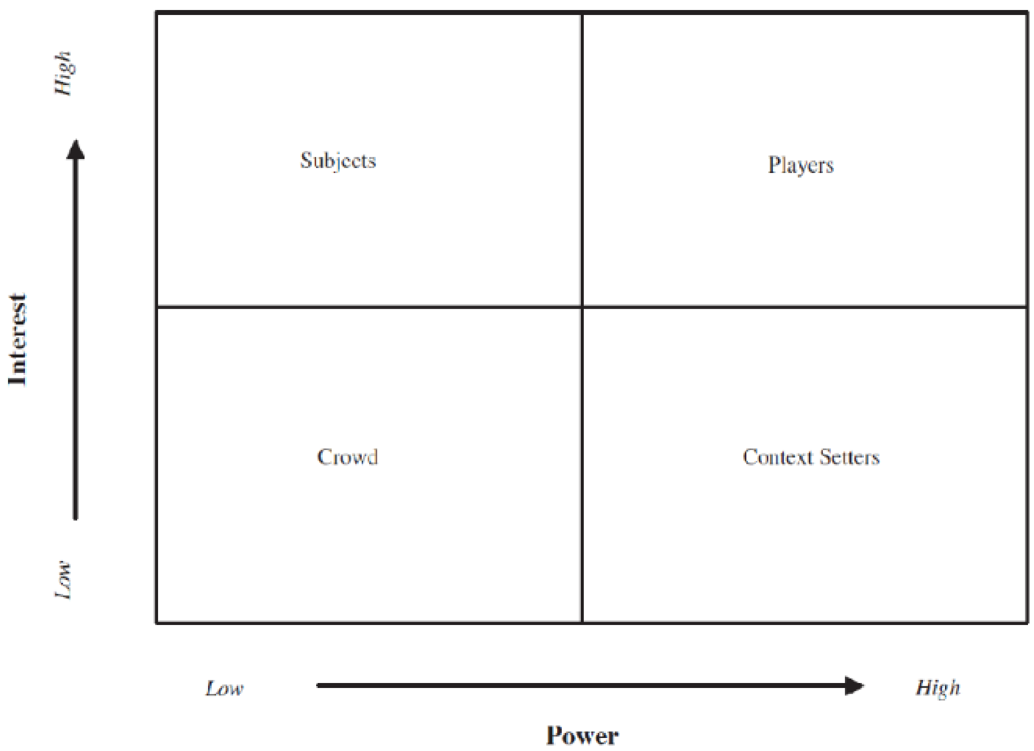

Figure 13 Power-Interest Grid

Source: John M. Bryson, 2004

To understand and gauge the relative weightage of each identified group, the Power-Interest Grid segregates the general stakeholder population into four quadrants (Bryson, 2004), along the following categories:

a) Crowd: low interest, low power

b) Subjects: high interest, but low power

c) Context setters: low interest, but high power

d) Players: high interests and high powered.

Recognising the heterogeneous disposition of the stakeholders, and their diverse perspectives (Wolfe & Putler, 2002), this grid serves to assign the relative weight of the stakeholder groups, with the "Player" quadrant evidently the most influential, and would most likely be able to affect the outcome of the investment.

<u>Bases of Power & Directions of Interest</u>

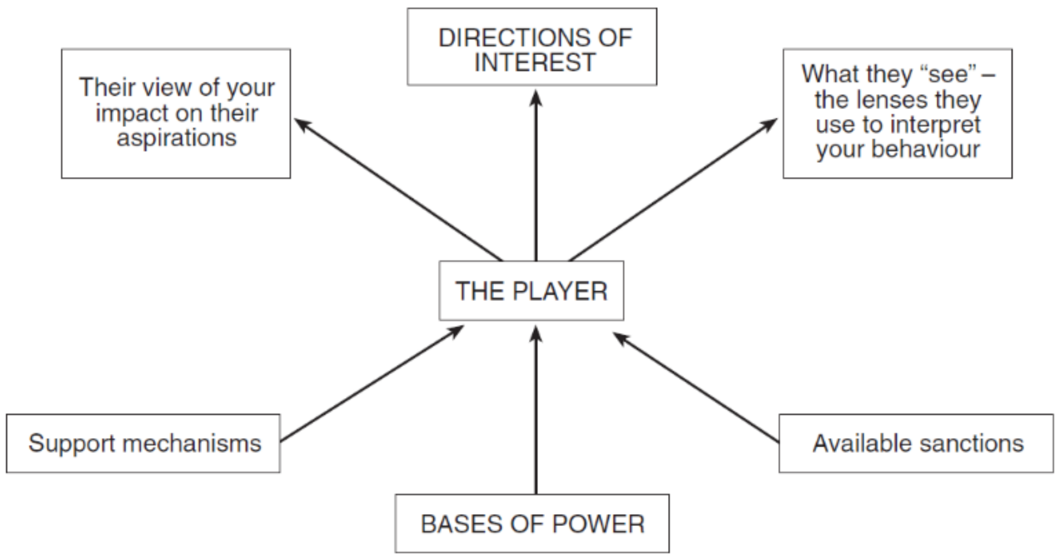

Figure 14 Bases of Power and Directions of Interest Diagrams

Source: John M. Bryson, 2004

The subsequent analysis technique of "bases of power and directions of interest", is applied to the Player character to obtain an in-depth understanding of that stakeholder group, primarily in where their source of authority is from, and what do they want out of the investment (Bryson, 2004; Bonnafous-Boucher & Rendtorff, 2016, pp. 11-12).

While there is likely no consensus on the definition of stakeholder, considering it is a classic definition of an essentially contested concept (Miles, 2011), much less has been published on the scant research performed on stakeholder parties in investments (Johnson, et al., 2003).

Also undeniable is the need for further and future research in evolving existing or creating new methods and tools to identify and rank these stakeholder groups in the field of hotel investment research.

2.3.3 Stakeholder Groups

In discerning which stakeholders groups are relevant towards a successful hotel development, the measure of those who can directly affect or be affected by the development applies.

While the scarcity of supply in third world or developing countries may have made raw material suppliers for construction and daily operations as essential at the turn of the millennia (Rushmore, 2002), however in current times, globalisation has rendered supply issues and the bargaining power of suppliers moot.

Yadegaridehkordi et al (2018) argues that the actual hotel guests themselves are valuable stakeholders; however guests do not directly influence the hotel's development, and neither do insurers despite their indispensable roles in underwriting the hotels (Kim, 2002).

While the authorities, being the government and regulatory agencies, can determine whether a hotel is allowed an accommodation license or the various operating permits (Rushmore, 2002), similar to the utility providers, these stakeholder groups are considered as part of the rules and regulations to abide by, rather than a direct influencer.

Other stakeholder groups exists in the forms of industry associations, which in the Malaysian context is primarily the Malaysian Association of Hotels (MAH) and the Malaysian

Association of Hotel Owners (MAHO), and on an international scale, HOFTEL represents a slew of hotel owners worldwide (HOFTEL, 2022).

Hotel chains themselves adopt taxonomy system, dividing their stakeholders into internal stakeholders such as employees and managers, external stakeholders such as suppliers and competitors, and macro stakeholders, being the community the hotel serves in (Ivanova, 2011).

2.3.4 Conflict among stakeholders

Conflict occurs when the owner has to allocated capital between physical assets, being the building and the land it sits on, and intangible assets, being the customers, the brand holders, the employees, and alliances formed (Venter & Cloete, 2007), essentially having to support both sides of the business.

A prime example of conflict among stakeholder groups is the dissonant rift between hotel developers and hotel chains, mostly along the aspects of the property's strategic, operational and financial objectives (Turner & Guilding, 2010; Hodari & Samson, 2014).

In most management contracts, a target of higher revenue benefits the hotel chains due to their fee structure, while developers implicitly prefer a higher profit, for them to serve loan repayments and return dividends to the stockholders (Rushmore, 2002).

The other perennial conflict stems from lenders, operators and developers, being the stakeholders most commonly commissioning feasibility studies, often cherry pick and interpret data selectively, causing a schism as to what attributes a successful hotel development (Hodari & Samson, 2014).

Other disputes among stakeholders can occur in terms of design direction, investment sums, construction periods, borrowing amounts, location, market segments to target, and even the choice of development to undertake among others in a hotel investment decision (Harper, 2017; Rushmore, 2002).

2.4 Findings from Past Studies and Research

As hotels have been progressively contributing to the service sectors of national economies, and as one of the key attractants of foreign-domestic investments, they have been subject to the attention of commercial driven multinational enterprises and academia (Santos, et al., 2016).

A consensus on hotel's success is typically defined as being able to provide a return on capital sufficient to in appealing to investors in carrying out the proposed development (Hodari & Samson, 2014), or being adequate net earnings to investors after all costs have been paid (Henderson, 1963). Other measures could be as simple as being able to sell the hotel for more than the cost required to construct it (Harper, 2017).

Past studies on profitability and success determinants in hotel developments were conducted from disparate perspectives in varied economies, often encompassing both internal and external determinants along with diverse management practices within the industry (Dimitrić, et al., 2019). The frequency of past studies on factors in successful hotel developments, along with their findings have been in equal parts sporadic and potentially biased to the author or promoter's dispositions.

Despite claims from certain parties that critical success factors (CSF) applications in the hotel industry only began in 1985 (Yadegaridehkordi, et al., 2018), recorded interest in the topic commenced over half a century ago in the 1930s, entrenched in evaluative models from other real estate assets, and subsequently modified to suit hotels (Hodari & Samson, 2014).

During 1962, at the precipice of shift from motel to hotel developments, Henderson's trailblazing research identified "financing" as the main determinant of import at 70%, while "site evaluation" stood at 20%, and every other remaining factor occupying only 10% importance (Henderson, 1963).

Geller's qualitative study consisting of interviews with 74 predominantly high level executives across 27 hotel companies in 1983 surmised a divide between industry wide or what the author terms as "universal critical success factors" and company or situation particular CSFs (Geller, 1985). His findings however, were somewhat inconclusive as there was no clear segregation of pure third party hotel operators and owner-operator respondents, indicating an etymological gap of knowledge, as well as ambiguously defined determinants.

Furthermore, Geller advocated that certain company specific CSFs should not be taken into account on grounds of them being temporary (Geller, 1985), however it would introduce an element of bias if situational CSFs were discarded. The Researcher believes that all possible relevant CSFs should be accounted for, with scoring based on the presence of identified individual factors.

In 1982, Dunning & McQueen took a simplistic approach by stating ownership, location and internalisation as the only three critical factors in the advantages framework they developed (Dunning & McQueen, 1982), while despite considering a wide range of locational factors, both national and local, Assaf et al's research team distinguishes only 7 determinants as relevant (Assaf, et al., 2015).

Assaf et al's study, contrary to most studies that were conducted in a localised or regional scope, a wider case study across 120 host countries discovered 20 factors but mostly limited to only the hotel's locational settings was conducted in 2015. That study however failed to consider parameters other than the location, such as financial, management efficiency, and the project's attributes contributions towards the development's success.

Despite having a relatively small sample size, Newell & Seabrook's (2006) two-stage survey respondents provided a balanced view between hotel investors and operators, both publicly and privately held, albeit in the Australian context. While some might nit-pick over a lack of representation of other key stakeholders such as debt financiers and consultants, their unprecedented discovery of 30 factors affecting decision-making in hotel investments has set the benchmark for future studies in this area.

More importantly, their study highlighted the difference in priorities among the stakeholder groups, with hotel owners and operators placing emphasis upon operational drivers while investor stakeholders being more aware of business and corporate aspects in hotel investments (Newell & Seabrook, 2006). The disparity is evident when investors prioritises financial outcomes while operators were strictly focused upon operational processes involved in achieving said financial results.

Ginevičius & Zubrecovas (2009) in their search for success factors in real estate investment projects divides the factors into two broad categories: project environment and economic efficiency with 3 sub-groups each, for a total of 43 sub-criteria. While their study positively assigned a significance cut-off and weightage of the identified criteria, the factors identified are solely based in the realms of commercial real estate, which as discussed earlier, is distinctive from hotels, being a hybrid asset class (Butler, 2013).

Through a localised case study across two hotels in Seoul, Korea, Ha et al (2015) claims the only common factors among the hotels are financial and financial related success determinants, and additionally observes that direct investments are more finance and investment related, while indirect investments tend to be more focussed on regional and environmental determinants. Regrettably, the sample size of only two hotels, both in an urban setting localised to a single city, and studied from a single investor stakeholder perspective would render any observations myopic, biased and ungeneralisable.

In 2018, Yadegaridehkordi et al conducted an extensive literature review of eight critical success factor studies within the hotel subsector, across various geographical context, utilising a SEM-ANFIS method, and proposes twelve CSFs across four categories being technological, human, organisational and environmental as predictors for successful hotel developments (Yadegaridehkordi, et al., 2018). To their credit, they have acknowledged difficulties identifying the CSFs due to different terminology and categorisation methods adopted by different authors, along with potential bias due to having only the hotel manager's and owner's viewpoints taken into account.

In that study's Malaysian context, the research team studying a rather disparate set of CSF variables, concluded the key success to a hotel development is a rather generic "customer satisfaction", claiming that the business is customer driven (Yadegaridehkordi, et al., 2018). One may point out that the argument is both granted and shallow, as all businesses are customer driven, and the dependent variable itself would be "customer satisfaction", thus the research should have been to discover the independent variables on what would lead to customer satisfaction in the first place.

Within the Malaysian context, research on this subject has been both limited in both attempts and scope. Utilising findings of international researchers as a base, and a qualitative approach to case studies via interviews, a Malaysian academic team identified 10 critical success factors tied to the hotel industry (Lee, et al., 2018). These 10 CSFs however are unlikely to be generalisable as they had a sample size of only 4 case studies limited to the luxury segment of the hotel market in the Klang Valley region of Malaysia, and somewhat skewered towards F&B aspects of hotel operations due to the profile of the selected interviewees.

Despite being saddled with widely reported deficiencies, a consensus stands that existing feasibility frameworks are institutionalised by the main promoters, being the lenders, developers and hotel management companies, who are often the end users, due to time and cost constraints, low perceived value and use of the feasibility framework, and a perceived absence of responsibility by the end users (Hodari & Samson, 2014).

Furthermore, in the real world situation where there is no “one size fits all”, hotel frameworks are unable to be applied in a rigid or fixed manner, and often certain components of the framework would have to be omitted in adaptation during application (Venter & Cloete, 2007). One would argue however, that instead of omission, these components should still be considered but to the extent dependent on the weight of assessed importance.

Venter & Cloete (2007), further concludes that the success requirements in a hotel development is surmised as a consolidation of construction, marketing, consultant team, economic, enterprise, locational, planning and design factors, but stops short of identifying the importance of each stated factor, evidencing a supplementary lack of weighted values.

Younes & Kett (2007) supports this argument by stating harmony is required among all parties involved to produce an economically viable investment, indicating that a compromise among the relevant stakeholders are required, however did not discuss or attempt to discern the identities of the stakeholders in their argument.

A prominent theme found in the literature is the element of biases. Thought leaders from legal backgrounds continue harping on statutory, contractual and compliance aspects of hotels (Harper, 2017, p. 55; Butler, 2013), while financial returns appears to be the end-all for consultants with accounting backgrounds (Deloitte, 2017; Curran, 2016).

In respect of the past studies conducted, it is perhaps their recommendation for a need of thorough research focussed on validating the critical success factors for hotel developments will evolve into an industry wide benchmark for successful hotels (Venter & Cloete, 2007).

2.5 Identified Determinants in Hotel Investments

2.5.1 Financial Considerations

Economic Feasibility

One of the first questions that an investor asks, is whether the hotel development is feasible? Featuring more prominently than either macro-environmental or physical feasibility, is the hotel's potential financial viability (Venter & Cloete, 2007).

Financials certainly play a large part in any investments. Whether performing a rudimentary market study, or a detailed asset appraisal, the economic feasibility of the hotel, being whether the economic value is greater than the sum of its development costs, has to be determined (Rushmore, 2002).

To reduce subjectivity and uncertainty, hotel developments are often preceded by a feasibility study (Troy & Beals, 1982; Rushmore, 2002), intended to provide the decision makers with information required to predict a project's financial viability. However many quarters contend a feasibility study's accuracy at predicting the actual performance of the subject hotel (Hodari & Samson, 2014).

Butler (2013) contends that a hotel development's economic feasibility is essential in developing a proposed acquisition price or development budget, as the assumptions contained herein projects the future market conditions along with the hotel's performance within that environment. If the assumptions fail to provide an adequate or attractive profit margin, the undertaking may been deemed unfeasible and subsequently cancelled (Harper, 2017).

Over half a century ago, Henderson (1963) insisted that the economic feasibility of a lodging property, being an adequate profit after all debt has been paid from the pro-forma earnings, is the ultimate measure of project's success, with what he labels as "mundane" factors such as locations, plans and design taking secondary and significantly less consideration.

While this may hold true even today, very few investors or promoters take the prospect of feasibility seriously. Even executives familiar with the anomalous nature of hotel investments summarily dismiss any form of investment analysis as a humorous exaggeration (Beals & Troy, 1982). Researchers are culpable as well, as they have largely neglected feasibility studies as a research area in past years, despite the challenges the industry currently encounters (Singh, et al., 2011).

Harper contends however that an economic feasibility of the proposed development should not be limited to having positive cash flow or profits. It should instead be able to stress test whether the hotel business is able to withstand potentially encountered risks, remain operationally viable in the long term, as well as meeting the objectives, both financial and otherwise, of the promoters (Harper, 2017).

Despite misgivings and inherent weaknesses in the current format of feasibility studies, a project's economic feasibility endures as an important role in a hotel's development (Hodari & Samson, 2014), the extent of its importance however, is questionable.

Hotel Purchase Price & Affordability

The price paid to obtain ownership and control over the hotel is vital, as it ultimately forms part of the value of the unified facility (Rushmore, 2002), and has been cited as a crucial element to the success of the hotel (Butler, 2013; Venter & Cloete, 2007).

The sale price is said to be affected by multiple factors, such as negotiations, building condition, willingness to contract, value added offers such as financing, spread of payments, leases on the property and others (Butler & Baltin, 2013). However the most significant element on the purchase price is apparently the potential earnings from the asset, often measured in valuation multiples similar to the stock market counters (Curran, 2016).

The criteria of affordability is considered as important by the investor and their funders, but significantly less so by the vendor understandably, as other than the debt repayments consuming the property's earnings, the overpaid amounts could be utilised to maintain or even improve the property and consequentially, its value (Harper, 2017).

Without having the pricing in place to justify the transaction's economics, syndicators would overpay and inevitably secure unreasonable amounts of debt on the purchased assets, which the business may not be able to sustain the repayments (Rushmore, 2002). In relation to the high pricing, Harper (2017) warns against hefty transaction fees associates, which includes legal, valuation, and taxes, all of which reduces subsequent investment returns.

Declining interest rates, favourable tax laws, strong capital markets, healthy domestic economy, and foreign participation as a result of globalisation has driven up hotel purchase prices (Rushmore, 2002). Harper (2017) warns however, reasonably priced should not be construed as being cheap, instead the risk-reward relationship has to be favourable towards the purchaser.

Limited hotel transaction data and inefficient markets, along with psychologically based value distortions such as overestimating certain risks and subsequently overcompensating for those risks have similarly resulted in providing the perception that hotels are simultaneously over-priced and over-valued (Rushmore, 2002; Newell & Seabrook, 2006).

This point may be moot however, as there is contradicting but empirical evidence portraying hotel investments as being very efficient, in the sense of high risks being rewarded by high returns (Petersen, et al., 2003).

An acceptable purchase price which is both reasonably priced and affordable in the long run is cited as a paramount decision as well, however the relative importance of this criteria may vary for different purchasers, depending on the investment purpose (Harper, 2017).

Profitability, Yields and Financial Returns

Economic feasibility aside, the question remains: will the hotel's potential earnings be sufficient to satisfy the required rate of return to the financiers (Butler, 2013)? A multitude of factors affects a hotel's yield, including the cost of capital, potential appreciation or depreciation of the physical asset, the cost of both debt and equity, and the applied terminal capitalisation rate, which varies in cycles, among others (Younes & Kett, 2007).

It is suggested that the ultimate objective of any hotel development is to allow for the highest return of investment, to the extent that both profitability and growth are at the top of all hotel executives' corporate goals (Geller, 1985).

Therefore, having a contemplated hotel development being economically feasible is insufficient, as the question arises whether the projected return on investment matches or exceeds the expectations of the developer and other financial partners (Venter & Cloete, 2007), assessed in relation to benchmarks within the hotel market (Kim, 2002).

Financial returns from a hotel business are derived from two sources, one being profit from operations, which is the effective yield, and the other being proceeds from capital appreciation upon divestment of the hotel. Jang & Yu (2002) argues operational profit takes pivotal importance over capital appreciation, being the cash flow that sustains the business, as it would determine the eventual price the hotel is sold at.

Rushmore (2002) on the other hand, disagrees with Jang & Yu's opinion, and proposes to focus on capital appreciation in attempts to maximise total returns, as current yields may be offset by capital losses, indicating that current income is not a reliable indicator of the underlying asset value.

There is a line of thought that risk adjusted yields are more important than simple profitability or financial returns, and there isn't simply just one hotel market. Apparently defying logic, lenders in particular would be willing to willing to finance high-risk full service or luxury hotels over limited service or budget hotels, due to the latter's risk of obsolescence (Younes & Kett, 2007). This observation however, is over a decade old, and lending sentiments may have shifted since.

Thus yield, being the returns against amounts invested, is highly vital, to the extent of being labelled as the most critical success factor in hotel investments by many (Kim, 2002; Rushmore, 2002), as in event of poor returns, it would be difficult to sell the hotels themselves at a reasonable price (Jenkins, 1982).

Contradictorily, Henderson (1963) advises against taking estimated earnings potential at face value, and suggests inflating the cost structure to more realistic levels or basing on current operating results (Kim, 2002), to facilitate equitable comparisons with the benchmarks.

Newell and Seabrook's 2006 study suggests that decision makers are focused on the medium term, being the first 5 years forecast return on investments, as well as the historical rates of return, utilising the gross operating profit (GOP) as the measure (Newell & Seabrook, 2006). While this study was conducted strictly in Australia, its findings are arguably and at least partially generalisable as over 35% of Australia's GDP was a result of foreign direct investments (Pandya & Sisombat, 2017).

While Kim (2002) advocates an increasingly profit orientated outlook by all parties, particularly the lenders, equity investors and even management companies, Butler & Baltin (2013) disputes the hotel's profitability and yield to be the end-all, as investors would often consider alternative investments available, strategic considerations and other factors, instead of having financial returns as the sole contemplated point.

The current trend of sharpening yields does not only cause prices of hotels to inflate, but when compounded with the issue of leverage, this forces debt level hikes, increasing risks towards lenders (Harper, 2017), and forces investors to seek hotels in developing marketplaces with softer yields, and inevitably higher risks (Rushmore, 2002).

Property Value & Appraisals

Key stakeholders such as hotel owners, operators, investors and lenders frequently perform appraisals to determine the value of hotels they have vested interests in (Rushmore, 2002; Pagourtzi, et al., 2003). Other than to test economic feasibility, appraisals are used to verify assessed values for tax purposes, transaction or sale prices, company accounts/audits, management's internal use and levels of security for mortgage debts (Harper, 2017; Butler, 2013).

Among the classes and history of commercial real estate, in difficult economic cycles, the values of hotels generally do not decline as drastically as the business' income, allowing owners and lenders to wait out the downward cycle and only sell upon market recovery (Rushmore, 2002).

Having established that appraisals are important and necessary, there are multiple issues of valuations and appraisals, one of them stemming from arbitrariness. Professional appraisers typically utilise a combination of three approaches to valuations, being the cost, income and market comparison methods.

Frequently, the valuation figures differ from each approach despite in theory; they should derive similar if not the same value estimate (Rushmore, 2002; Beals & Troy, 1982), but is often at merely a best estimate of the building's trading price (Pagourtzi, et al., 2003). Further subjectivity occurs when appraisers are allowed to adjust the values based on their knowledge, experience and most disturbingly, their opinion (Harper, 2017).

The second issue is the scarcity of market evidence of contractual obligations in transactions. In the hotel market, there is not set of formulaic standards for management contracts or leases to be compared with the institutional leases which are commonplace to other commercial real estate assets (Harper, 2017). This can be particularly challenging when it comes to trophy assets, high in intangible value and subject to the market's prevailing appetite.

The third issue of appraisals comes from bias, as a valuation study would be commissioned and paid for by a developer, and despite attempts at neutrality, the consultant performing the valuation would inevitably be taking directions from the developer (Rushmore, 2002).

With all these issues identified, one would doubt the importance of these appraisal exercises, as the question of how accurately reflective is the value figure assigned, in comparison with the actual market or utilitarian value of the hotel?

2.5.2 Funding

<u>Capital Availability</u>

Very few entities acquire or build hotels without some form of financing, as promoters commonly lack the internal funding or they intend to leverage for superior returns (Henderson, 1963). Even when funding was scarce in the 1960s, studies show that availability of financing had 70% importance during the deliberation process of building of motels then (Kim, 2002).

The availability of capital is a cornerstone of any investment, and was cited as one of the key reasons the investment community shifted support from other property sectors to hotels in the mid-2000s (Newell & Seabrook, 2006). Another reason for growth in hotel investments was attributed to investment firms having access to an excess of debt funding (Dogru, 2017).

Even large REITs or cash rich investors may acquire hotels purely with cash, but will attempt to seek financing later at their leisure, allowing them the advantage when bidding for properties (Butler & Baltin, 2013), which is partly accredited to a culture of leverage (Harper, 2017).

Current studies have indicated that financial constraints is a primary deterrent towards hotel developments, as liquidity facilitates transactions while absence of said liquidity allows minuscule capital flows which affects the ability to command pricing (Rushmore, 2002; Newell & Seabrook, 2006; Dogru, 2017).

Availability of financing simply boils down to how much capital can the development partners invest, and how much debt could the developer incur for the contemplated hotel development (Venter & Cloete, 2007). The "boom period" of hotel development in the United States during the mid-70s was primarily attribute to favourable demand and readily available development capital (Rushmore, 2002).

Access to funds are affected by many factors. If a reputable developer or hotel operator is involved, lending institutions may be more incentivised in view of lowered risks, conversely making the opposite true, they may not lend at all if no brands are attached to the proposed development (Harper, 2017), owing to a difficulty in securing lenders (Rushmore, 2002).

The prevailing investment climate, which is closely linked to economic conditions, affects lending and funding sentiments as well (Harper, 2017). In terms of the global environment, Deloitte's (2019) study in 2019 indicated an appetite for sustainable yielding assets and strong tourism fundamentals as factors contributing to an increased availability of borrowings and financial institution's willingness to lend.

However, the Covid-19 pandemic has drastically reduced the freedom of borrowing, particularly in countries more severely affected by the pandemic (Çolak & Öztekin, 2021), which will inevitably cause loan underwriting to be more conservative, and widening the equity requirement gap in developing new hotels (Butler, 2013). Internal misappropriation is an issue as well, particularly in listed conglomerates, which may channel the funds for other purposes or reallocate them to other projects (Liang & Gan, 2017).

An absence of funding can lead to multiple issues, the most significant being delays or cancellation of planned developments. Citing the Radisson Blu hotel in Lagos, Nigeria, the 8-year delay from the planned opening date was attributed to the lack of funding (Harper, 2017). Capital availability, along with its costs, could affect a hotel's returns more than the industry's fundamentals (Rushmore, 2002).

Favourable Lending Terms

In an environment where high levels of debt are freely available, yields and returns tend to improve by leveraging, as opposed to when debt is limited, requiring more equity from investors to fund the acquisition (Harper, 2017).

The cost of funding is the weighted financing costs from the capital stack, being interest rates from debt instruments and expected rate of return from equity investments (Butler & Baltin, 2013), which should be measured to decide whether the cost is affordable (Harper, 2017).

Modigliani and Miller's aged and controversial theory of debt appears appropriate to hotel returns in contemporary investments. They theorised, as interest repayments are corporate income tax deductible, the higher amounts of borrowings, the higher the value to the firm, as a portion of interest expenses are paid by the government in forms of tax reductions (Modigliani & Miller, 1963). This theory however, may not hold true in the hotel context due to fluctuating financial returns, which may hinder the repayment of the loans and subject the investment itself to losses.

During prime times, most notably late 2007, as the last recession faded from memory, there were an abundance of funds from all manner of lenders, leading to leverage levels in excess of 70% to 85% (Harper, 2017; Hodari & Samson, 2014), which came to a halt during the financial crisis spurred by the Lehman's Brother's bankruptcy in 2008 (Santos, et al., 2016).

Despite discrepant opinions about the "right" margin of financing among developers, advisors and lenders, the current loan-to-value ratios are generally between 60% to 65% for hotels (Harper, 2017). However, there is a risk correlation to the levels of borrowings, being the riskier a hotel deal is, the less the financing, dropping LTV down to levels of 50% (Rushmore, 2002).

Repayment tenures or amortisation schedules have reduced from a 30-year norm in the 1980s, to 20-year norms in the early 2000s (Rushmore, 2002), and a 12 to 15-year norm presently, reducing the effectiveness of Modigliani and Miller's theory on leveraging.

High levels of borrowing are not necessarily favourable. For example, in during the US stock market crash of 1929, the Hilton corporation suffered tremendously and lost liquidity due to their highly leveraged hotels (Rushmore, 2002), while in the late 1980s multiple highly leveraged hotels could not afford the debt service and were foreclosed (Kim, 2002).

And more recently, a small scale study localised to hotels in Tunisia, discovered a negative correlation between the asset's levels of indebtedness towards the financial performance of the hotel (Sami & Mohamed, 2014). The case study of 27 hotels however, did not benchmark the actual percentage of gearing, thus making it difficult to gauge what would be considered as "excessive" borrowing.

It is suggested that hotels with a higher equity over debt ratios enjoys lower risk of distress and greater security in times of crisis, giving them increased flexibility in accessing financing and more favourable borrowing terms due to credit worthiness (Dimitrić, et al., 2019).

An inconclusive study in 2002 hypothesised a significant relationship between debt ratio and hotel profitability, to the extent debt ratios are construed as a causal factor influencing hotel investment returns, even more so than revenue or hotel scale expansion (Jang & Yu, 2002).

The lull period of hotel developments in United States during the early 1980s were caused by prime interest rate hikes as a result of US Federal Reserves tightening monetary policies, while the decline in interest rates in 1983 produced reverse effects (Rushmore, 2002), evidencing the potential correlation between favourable lending terms and quantum of hotel developments.

There is a risk of an underinvestment problem when firms are forced to abandon value-increasing undertakings due to lack of internal funds. The cost of external capital, being mostly debt, is frequently significantly higher than the cost of internal capital, being equity, to the extent it could reverse the hotel investment's financial feasibility (Dogru, 2017).

There is evidence that lenders offer more favourable lending terms to branded developments, over an unaffiliated hotel (Harper, 2017), exemplified when the Sheraton and Hilton chains were successful in persuading sceptical financiers to invest in their respective organisations (Rushmore, 2002).

Ultimately, it is palpable that the amount of funding available, being borrowing levels, repayment tenure and the applicable rate of interest, being the cost of funds, have direct impact towards the economic feasibility of a hotel development (Rushmore, 2002), the extent of which however is not yet apparent. Harper's (2017) perspective differs diverges at this point, arguing that the borrower's ability to repay the loan is more important than the funding itself.

Capital Sources & Financing Options

It is said that financing, in its broadest form, represents 70% of all the issues encountered in developing lodging facilities (Henderson, 1963). This is supported by O'Neill's (2013) argument that any contemplated hotel development's feasibility relies mostly on the availability of debt funding and financing as a whole.

Hotel financing traditionally comes from an almost even combination of equity and debt, and is derived from various sources including commercial banks, insurance companies, credit firms, pension funds, private equity firms, real estate investment trusts, and other institutional investors (Harper, 2017; Rushmore, 2002).

Prior to the 1960s and the bank's willingness to lend towards what were viewed as risky investments, the limited financiers for hotels were pension funds, insurance companies and even the property seller in efforts to enhance liquidity (Henderson, 1963), thus creating an prohibitive environment for new hotels.

Subsequent to the 1960s, insurance companies or pension funds usually provided first mortgages (Kim, 2002), however the role of loan providers gradually shifted to commercial banks in the early 1990s and real estate mortgage investment conduits by the mid-1990s (Rushmore, 2002).

Newell & Seabrook's (2006) study claims that private investors still represent the majority of hotel ownership, as a result of the hotel industry's failure to attract institutional investors. However, with the growth of private equity firms and hotel REITs in the past two decades, this may no longer hold true.

It is suggested that obtaining a form of mortgage financing is the single most critical step in hotel developments, and despite declining margins of financing, mortgage debt still represents the largest source of cash in a hotel transaction and thus bears the largest stack of capital risks (Rushmore, 2002; Harper, 2017; Singh, et al., 2011).

Other sources of debt financing are possible via private credit companies and mezzanine lenders, however these forms are financing are generally avoided due to high borrowing rates and arduous terms, and are only contemplated when all other avenues have been exhausted (Rushmore, 2002).

While uncommon, third party financing could be made available by the property's vendor, either in a form of debt or equity investment into the purchaser's proposed hotel development (Butler & Baltin, 2013). While this could in a way inspire confidence in the purchaser's choice of purchase, but the convenience offered would typically inevitably result in the detriment manifesting in the form of a higher selling price.

In reading the theory of financing, referencing the cost of equity being higher than debt, allows for faster and less restrictive in the usage of funds (Liang & Gan, 2017). To assist in funding new hotels, developers have often sold off the residential components of the development to retail purchasers, which proceeds are reinvested into the hotel portion in form of equity (Harper, 2017).

In fact, given the difficulty of borrowing in the past two decades, large hotel owner groups have been utilising the joint-venture structure in securing opportunities for acquisitions and expansions, which carries added advantages of sharing of risks, access to greater resources and relationships (Butler, 2013).

Investor sentiments aside, macroeconomic factors such as a nation's economic structure and financial policies can influence the availability of capital for hotel developments (Dimitrić, et al., 2019). Similarly, a well-developed financial sector and economic institutions allows for an efficient capital market (García-Muiña, et al., 2020), desirable for both developers and investors.

In the early 1990s, when financing from traditional lending institutions such as banks, savings funds, and insurance companies were unwilling to lend, hotel growth continued due to presence of private credit companies seeking to expand their previously limited market share (Rushmore, 2002), correlating financing options with hotel developments.

Defaults in borrowing arrangements have caused funding to be withdrawn, forcing earlier than expected lump sum payments, and inevitable potentially causing developers to lose their entire investments (Harper, 2017). Butler (2013) advises to avoid these financing fallacies by encouraging developers not to expect the hotel operations to be able to service the entire debt, as a safeguard.

At any rate, lenders and investors have to be attracted with risk-adjusted returns of a hotel investment opportunity before financing (Venter & Cloete, 2007). A lack of capital sources and financing options leads to scarcity of investment funds, which can be a severe problem, particularly in developing countries attempting to grow their tourism appeal (Jenkins, 1982).

2.5.3 Location Specific

Attractiveness of a Location or Area

Featured prominently in various international business literature (García-Muiña, et al., 2020), a hotel's location is of paramount importance in terms of contribution towards the businesses success (Harper, 2017; Geller, 1985; Yadegaridehkordi, et al., 2018), supported by Butler's (2013) quote of "*location, location, location*", emphasising that the importance of location for a hotel does not differ from other real estate types.

Not only can a hotel be classified by their location, very frequently, the location themselves influence the market segments the hotel attracts, such as out of the way resorts drawing leisure tourists, while hotels capitalising on gentrifying localities often see more business travellers (Rushmore, 2002).

One of the earlier academic studies to explore locational factors of hotel internationalisation was a proposed “ownership location and internationalisation” framework, abbreviated as OLI, by Dunning and McQueen (1982). More recently however, it is said a location’s tourism potential as well as travel “welcome-ness” are apparently imperative locational factors that spurred the hotel industry’s internationalisation (Assaf, et al., 2015).

This is further supported by Deloitte, which deems that locations deemed by visitors as “poor destinations” affects the hotel’s performance (Deloitte, 2017), while Curran (2016) suggests studying the developer’s preference, as there might be regions or cities which the developer is averse to having a presence in.

Santos et al takes an opposing view of the matter. While academic interest in overseas expansion of hotel chains commenced relatively late, studying the expansion of hotel management companies with their “follow the customer” motives, he believes that distant and unfamiliar localities may be rendered more desirable should the hotel’s brand be recognised for reliability and services (Santos, et al., 2016).

Thoughts are varied as to what defines attractiveness of a location (Butler & Baltin, 2013). Giannotti et al (2011) stresses on centrality and prominence, while Rushmore (2002) prefers convenience as an indication of a superior location within the destination.

A study that encompasses both eastern and western guests discerns that the size, nature and infrastructure of cities are their locational advantages (Liu, et al., 2014), while Yagadegaridehkordi et al (2018) says the agglomeration level, urban development and accessibility are all important lead indicators with respect to location.

It is suggested that a location’s reputation as a business destination is as important as their reputation as a tourist locale, as being able to cater for both retail and business customers would complement each other mutually and gain foreign domestic investments, particularly in emerging markets (Falk, 2016; Giannotti, et al., 2011).

Kim’s (2002) case study suggests demand as the only appropriate lag-determinant to gauge a location’s attractiveness, denoted by guests’ willingness to spend nights in a particular location, while Harper (2017) clarifies that financial figures matter, being how many guests and how much they are willing to spend in that location.

Demand Generators Available

It is said that a contemplated hotel’s location in relation to demand generators is as important as other locational factors such as access (Rushmore, 2002). Demand generators can range from buildings such as convention centres and offices, transit hubs like airports and marinas, tourist attractions and events, or even smaller venues such as non-hotel F&B options (Troy & Beals, 1982), and is typically bounded by a vicinity of a 5-minute drive from the hotel. (Rushmore, 2002).

Possibly more important than the distance, it is implied that one should study the dynamics of the relationship between a demand generator and the proposed hotel, and whether said relationship is mutually reciprocal to predict the market’s potential (Kim, 2002). An example of this reciprocal relationship would be the number of guests staying at a hotel because there is a conference centre neighbouring it, and the number of events held at the centre attributed to the presence of the adjacent hotel.

Hotels are seldom isolated buildings. Very often, hotels are a valuable component in mixed-use developments, often undertaken by the same owner, and can be a part of business park, office towers, residential apartments and even hospitals. Harper (2017) warns for building with varied occupier types, there may be issues stemming from consumption, contribution and affordability, which may even deter guests from considering a stay at that hotel.

It is argued that demand generators which propagates both weekday and weekend demand reduces the risk of a hotel investment, and while not being completely immune to economic downturns, they are unlikely to shutter the business due to the availability of different demand sources (O'Neill, 2013).

It would stand to reason that demand generators are inevitably linked to trends, and site selection for a hotel should not only take into account of the current potential of a particular demand generator, but the future potential as well, or possible lack thereof (Rushmore, 2002).

A study in 2013 affirmed vicinity to a prime demand generator such as universities and institutions of higher learning correlated positively to successful hotel developments (O'Neill, 2013), however said correlation did not automatically indicate causation, due to limiting conditions of an exploratory study, which one may note would be similar to the study this Researcher has undertaken.

Geographical Region & Host Country

Along with market and climate, the concept of geographical advantages or disadvantages are not novel, and has been publicised as an important factor in gaining FDIs (Falk, 2016). Research has been focused on understanding the factors, particularly the informal and intangible ones, on why firms select specific locations (García-Muiña, et al., 2020; Kim, 2002).

Scholars are divided in an ongoing debate on selecting a developed or a developing country. Jenkins (1982) argues that most visitors from developed host countries are desirous of visiting developing countries, however they still expect the same quality of accommodations and amenities as their home country.

The trend however does seem to have somewhat shifted, as tourist from developing countries recently formed the bulk of international travellers, evidenced by tourists from the People’s Republic of China dominating the outbound tourism market for over the past decade (Johnson, et al., 2020).

Instead of choosing destinations based on status, Rushmore (2002) suggests studying the pace of economic developments in host countries, as those with contemporary rapid development and strong economic growth trends tend to offer more opportunities to investors than economically stagnant regions. Santos et al (2016) agrees, and adjoins hotel investments tend to gravitate towards countries with larger GDPs, evidenced by expansion strategies adopted by global chains such as Accor.

It is said both formal and informal institutions of a particular host country are main determinants, as one indicates an expected level of stability or uncertainty, along with information complexity, while the other attracts culturally similar guests (García-Muiña, et al., 2020).

Concurring with García-Muiña et al's, from corporate's "follow the guests" expansion strategy, researchers have discovered that travellers tend to prefer destinations which are culturally similar to their source country, citing the example of Spanish hotel chain's resource commitments to Latin America (Santos, et al., 2016).

Rushmore on the other hand, does not concur nor disagree with cultural distance. He purports that locations which are geographically closer to the source are more desirable, considering that hotels are businesses requiring constant attention, and having them physically clustered closely is more efficient than being scattered widely (Rushmore, 2002).

Jenkins (1982) supports Rushmore's perspective, claiming that locations themselves are highly substitutable, viewing tourists as beings of convenience that would flock to any location nearby which has the ability to cater to their needs.

Both Rushmore (2002) and Harper (2017, p. 51) takes a prescriptive stance, going as far as to suggest acquiring underperforming hotels in portentous markets. This is disputed by the maverick Curran (2016), who takes a more emergent route in suggesting locations which are familiar and plays to the developer's strengths.

Some developers build further away from their home bases for the sake of geographical diversification in mitigating risks of their asset portfolios (Newell & Seabrook, 2006). Falk's (2016) study however, depicts waning interest as the physical distance between the hotel and the developer's home base increases, which Ghemawat (2001) claims that effect could be more due to divergence between economics, administration and culture rather than physical distance.

Geographical regions do matter as a key business driver, and a hotel's chances of success is greatly increased when they are able to capture crossover demand driven both nationally and internationally from other geographic areas, rather than just locally sourced (Harper, 2017).

2.5.4 Chain & Brand Affiliations

Often clumped together by those not within the industry, a hotel's brand affiliation and their day-to-day business operations are usually administered by different third parties, with both being considered as key decision makers in shaping the hotel's identity (Daun & Klinger, 2006; Rushmore, 2002).

<u>Brand Standards</u>

The multiple regulations and standards developed by and applied to all the hotels within the chain are generally regarded as the "brand standards", with the purpose of ensuring uniformity in operations and representation (Rushmore, 2002).

Implementation of brand standards are manifested visually as the logo, concepts and colours, or procedurally in operating procedures, customs, and even processes such as training and inspection programs among others (Geller, 1985; Lee, et al., 2018; Venter & Cloete, 2007).

Seen as a form of service standardisation in promoting efficiency, which influences functional, technical, operational, and representational aspects of a hotel, brand standards has been widely attributed as a critical factor in the success of hotels (Yadegaridehkordi, et al., 2018; Rushmore, 2002).

With proper execution, findings display such homogenisation creates a positive impact on guest expectations in a particular hotel, and when such a hotel is associated with a brand, it benefits from superior brand awareness as opposed to an unaffiliated or independent hotel (Harper, 2017).

While there have been exceptions during occasions where enforced brand standards are unsuitable for certain properties or deemed unacceptable by particular owners, chains are generally against deviations from the ecosystem developed (Rushmore, 2002), portraying potential demerits from the implementation of brand standards.

Santos et at (2016) theorises the importance of brand standards as a result of guests' tendency to avoid uncertainty, thus motivating them to select a familiar or known "supplier", despite the simultaneity of consumption and production which generally reduces levels of standardisation in other service industries.

The international chains claim that brand standards allows them to attract a large number of guests while limiting the number of guest requirements, being supported by new technologies easing the delivery of consistent service performance, with the ultimate goal of securing guest satisfaction and ultimately, loyalty (Yadegaridehkordi, et al., 2018).

Some however, appear to be mildly sceptical of the chain's brand standards cost-effectiveness, citing the often high capital expenditures required for repositioning or adapting a hotel, particularly to suit different chains, as it ultimately enhances the chain's own brand value and recognition instead of the hotel owner's (Harper, 2017).

Given the inflexibility of the application of brand standards, other criticisms stems from the fact that franchisors and brand tenants are essentially at the financial mercy of the franchisors or brand owners, as they suffer risks of contract termination despite sunk costs (Rushmore, 2002). Other criticisms are attributed to uneven standards enforcement among different hotels, even within the same chain (Aaker, 2004).

Branding, Chain Affiliations & Loyalty

A widely recognised critical success factor in the hotel industry is the creation and management of strong brands (Wang & Chung, 2015), with parties claiming that a brand is able to reach more consumers as opposed to a standalone property, along with customers often basing their stay decisions on their perception of a hotel's brand (Jiang, et al., 2002).

As a form of identification (Butler & Baltin, 2013), the brand affiliation, analogous to other incorporeal determinants such as human capital, are intangible assets which are rapidly being perceived to be as influential as tangible assets, and affect hotel valuations in the current economy (Venter & Cloete, 2007).

A new hotel, when adopting a brand affiliation, is able to enjoy almost instantaneous recognition even upon mere inception (Rushmore, 2002), as opposed to the traditional periods required to build up a businesses' brand reputation.

Other than a claim to fame, chain affiliated hotels have demonstrated an ability to encourage higher revenues attributed by the room prices consumers are willing to pay over unbranded hotels (Harper, 2017), essentially driving ADR, however actual profits may not differ significantly due to the royalty fees paid to the brand owners.

A perceived marketing advantage of being a branded asset is the communication of consistent and proven messages to the potential guests, reliability in particular (Venter & Cloete, 2007), further more so with the concerns associated during turbulent macro-environment times (Santos, et al., 2016), such as the current Covid-19 pandemic.

Santos et al (2016) claims that having a reliable hotel brand recognised by travellers in their source country provides a competitive advantage in popular locations. Zhang et al (2020) concurs by stating brand awareness is paramount in the hospitality industry as the brand presents a guise of intangible competitiveness, with presently over half of the hotels globally affiliated to a chain.

The increase from 35% hotels in the United States being chain affiliated in 1970 increased to 75% by 1995, lends further credence of American hotel owners' belief in the competitive advantage of brand affiliation (Rushmore, 2002). Further evidence has portrayed branded hotels being able to sell faster and at sharper capitalisation rates than unbranded hotels (Butler, 2013; Harper, 2017).

This is to the extent some financial institutions are unwilling to lend money to developers without a branded management's involvement (Harper, 2017), being adverse to providing capital to new developers or new construction projects with potentially inexperienced operating team and unknown moniker (Rushmore, 2002).

As guests experiences a brand primarily in its physical manifestation, being the hotel building, critics argue that the brand itself is easily interchangeable among other hotel buildings (Wang & Chung, 2015). Other criticisms were levied over the actual effectiveness of the brand's distribution system, frequent traveller programs, websites, mobile applications and other services provided (Rushmore, 2002; Harper, 2017).

The subject of bias arises when an analyst upgrades a hotel's performance over what is potentially achievable, often under the influence of the brand owner, when a hotel is affiliated with a particular brand (Beals & Troy, 1982). Such ineffective or partisan feasibility studies, results in poor brand selection, and potentially contributes to the downfall of a hotel (Hodari & Samson, 2014).

There are countless proponents claiming the solution to a successful hotel development is a strong brand, most of these proponents being the brand owners and chains themselves (Wang & Chung, 2015). Contradictorily, there are parties denying the existence of any empirical data or consistency in pro-brand arguments towards its contribution in brand portfolio strategies (Aaker, 2004).

Regardless, there are an abundance of case studies and research providing examples of how brands add significantly to the performance of a hotel, suggesting brands do add value to the underlying physical asset (Harper, 2017), which ultimately contributes to the hotel's success. The question is, which brand is the right one for the hotel?

Business & Operating Strategy

When a hotel is managed by a chain, or affiliated with a brand, the chain's overarching global business strategy and operational direction, along with understanding of the market they operate in, impacts the individual properties under their banner directly (Venter & Cloete, 2007).

Depending on their clientele, an international chain's strategy typically involves following their clients abroad to destinations (Santos, et al., 2016), then filtering and selecting hotel projects for their expansion (Hodari & Samson, 2014).

Hotel chains' growth was further fuelled immensely during the 1970s and 1980s due to the shift from owning their own assets to managing other's assets, as a form of third-party ownership, thus effectively reducing their own risk, while increasing available capital and presence (Rushmore, 2002).

Despite these examples, past empirical studies have researched hotel brands from a consumer's perspective, while very few studies have investigated brand strategy from the chain's viewpoint (Wang & Chung, 2015).

A proper strategy enhances the chain's managerial efficiency to prepare budgets, design and launch successful hotel opening, meet ever-changing requirements in challenging environments, train the necessary talent, optimise trading, implement financial controls, resolve problems, and evaluate past performances (Kim, 2002; Harper, 2017; Rushmore, 2002).

Extracting samples from hotels in the United States, an empirical study in 2013 discovered a brand's diversification strategy could positively influence the brand owner's performance in terms of geographic diversification (Wang & Chung, 2015), indicating a measure of benefaction towards the hotel's success.

Rushmore (2002) exemplifies, having excessive growth plans can be equally onerous as having no growth plans, therefore adopting the right business strategy is vitally important towards increasing both the potential earnings and the earning multiples applied to the investment, thus enhancing not only the revenue, but also the efficiency which income is translated into returns for the investors (Harper, 2017).

Centralised or Shared Services & Procedures

A highly centralised management structure or a decentralised organisational approach forms the two basic operating philosophies within the hotel industry. It is imputed both philosophies allow for advantageous results, but the method of how the results are obtained are markedly different (Rushmore, 2002).

A centralised management approach would often involve sharing of reservations, advertising, purchasing, referrals, insurances and services such as accounting or legal counsel, resulting in reduced fees, costs and access to established market segments.

The centralised structure levies on economies of scale advantages (Newell & Seabrook, 2006), and if geographically clustered while gaining critical mass, the participating hotels would tend to outperform the median, while leaving very little to chance or human error (Rushmore, 2002).

It is claimed that one of the most effective tools in a centralised approach stems from its reservation services (Venter & Cloete, 2007; Rushmore, 2002). However, as such systems are allegedly difficult to protect via patents compared to manufacturing activities, centralised approaches may not necessarily be an ownership advantage (Santos, et al., 2016).

Another critique levelled at centralised approaches, is the stifling of creativity. Contrarily, and perhaps out of necessity borne from lack of scale, a decentralised operating philosophy encourages individual liberties, freedom, flexibility and creativity, all traits which are desired and viewed favourably, if not contradictorily, within the hospitality industry (Rushmore, 2002).

Engagement Terms

The term of a management, lease or franchise contract, being the engagement duration, is the length of time, which the management contract remains intact, and in effect. While it is said most terms last between ten to twenty-five years, there does not seem to be a consensus on what would be the ideal length, despite experts believing any period outside of the usual range could be detrimental to the value of investment (Harper, 2017).

In the past, where brand owners were more selective of hotels and locations due to fear of spreading resources too thin, franchisees and hotel owners faced challenges of a hotel’s reversionary value being discounted on account of the brand rights not being extended (Rushmore, 2002).

While this scenario is extremely unlikely presently, there still remains a dichotomy between the chains and hotel owners. Management companies and brand owners are often concerned over potential adverse publicity from identification loss should a hotel owner discontinue their brand (Rushmore, 2002), while most hotel owners prefer shorter but renewable contract tenures (Harper, 2017).

The three primary modes of engagement, being a management, franchise or leases, allows for a plethora of varied fee structures, including base fees, incentive fees, brand fees, EBITDA-based rents, turnover/variable leases, and even the traditional structure of monthly fixed rentals (Rushmore, 2002; Harper, 2017).

Ostensibly, hotel owners desires a fair return on their investment, which partly contradicts with an operator's need to secure a reasonable amount of fees. When either party's returns are deemed too low, this inevitably leads to dissatisfaction, lack of performance and ultimately affects the hotel investment (Harper, 2017). This is viewed as a potential point of discord among these two stakeholder groups.

While the actual contract term is a subject of compromise, frequently influenced by other factors such as the location of the subject hotel and the balance of power between the parties, thought leaders concur in stating that the engagement duration is a contributing factor in the success of the development (Rushmore, 2002; Harper, 2017).

Other than the contract duration, a legitimate formalisation of the relationship between the hotel owner and operator is vital towards the successful hotel investment (Rushmore, 2002). At the start of the modern hotel industry, the chains had limited alternatives other than to build or acquire their own hotels (Dogru, 2017).

Upon gaining sufficient critical mass, the chains adopted time-tested franchising arrangements from other practices initially, however 1960s saw the emergence of the management contract, allowing hotel chains to sell their “know how” without incurring ownership liabilities (Henderson, 1963; Rushmore, 2002) and potentially circumventing cultural distances, embodying a mode of entry which rarely exists in other industries (Santos, et al., 2016).

The most common mode of entry into a host country for hotel chains were FDIs up to the early 1980s. Since then, franchising and management contracts became the dominant mode of expansion abroad, accounting for at least 66% of mode of entries (Falk, 2016). This was inherently inevitable once the chains discovered they could make virtually as much profit with a management contract as a lease, without the risks (Rushmore, 2002).

Both these modes of engagement carries different advantages and disadvantages to the hotel’s benefit (Kim, 2002), and is often a matter of the hotel owner’s internal capabilities (Venter & Cloete, 2007), while lesser-known methods of engagement are joint ventures and strategic alliances, which the chains are not keen on (Santos, et al., 2016).

Studies have also shown that hotel chain’s preferred mode of entry to be dependent on the host countries characteristics. Both management contracts and franchising arrangements appears to be more popular in developed countries, allowing capital investments from the host country (Jenkins, 1982), while equity investments are often seen in developing countries (Falk, 2016), potentially due to the scarcity of domestic capital investments.

This would appear to be evidently true, as in locations with relatively expensive real estate costs, such as Spain, approximately 85% of the hotels are leased by the hotel chains. This trend however is predicted to shift downwardly given the risks on the current economic cycle (Deloitte, 2019).

Considering that the risks are significantly lower for non-equity participating hotel chains, their initial enthusiasm and support may not always reflect the hotel owner’s best interests, as a failed development would not affect the chains as severely as the owners (Hodari & Samson, 2014). This is particularly evident in franchise arrangements, as franchisors, being the chains, typically have low financial interest in the franchised properties themselves (Rushmore, 2002).

Outside of a management company's abilities, it is suggested that the legal and business terms in a management agreement can subtract or add 25% of the hotel's nominal value (Butler, 2013), particularly considering that hotels are typically sold as operational entities or ongoing business concerns with agreements intact (Harper, 2017).

Evidently, management agreements and franchising contracts are the favoured mode of entry for risky countries and markets, allowing the risks to be carried by the hotel owners (Falk, 2016). While studies support and contradict different mode of entries, only a minority of studies investigates the impact of the mode of engagement upon the hotel itself (Dogru, 2017).

The experts concur however, that the wrong mode of engagement, being a poorly conceived arrangement, could have detrimental impacts upon the hotel's operational profit, and ultimately eroding the capital value of the hotel (Harper, 2017).

From an investors perspective, one of the more important provisions when engaging with a hotel chain are performance clauses, which specifies operating metrics the chain has to satisfy to remain as the appointed operator for the hotel (Rushmore, 2002).

Depending on the fee structure, and the understanding that maximising turnover is not necessarily optimising turnover which balances the long-term future of the asset, performance clauses have the ability to prevent exploitation of the hotel (Harper, 2017).

Even at the best of times, the relationship between a hotel owner and hotel operator, can be relatively strenuous, particularly when it comes to the short-term goals for the hotel. Sometimes called the “agency problem”, the lack of congruence among operators and owners has proven to negatively influence a hotel’s performance (Hodari, et al., 2018).

Very often, a revenue-based fee structure, as opposed to a profit-based one, encourages the constant upgrades of a hotel’s facilities, amenities and services, increasing the revenue and the associated base fees, while reducing profits for the owner (Rushmore, 2002).

Often seen as a form of guarantee on both parts (Butler & Baltin, 2013), an equitable performance clause allows the hotel owner to rid themselves of incompetent operators, while simultaneously preventing a capable management company from being terminated for circumstances beyond reasonable control (Rushmore, 2002).

Implementation of performance clauses however, is arduous at best, as not all contracts possesses performance or termination clauses, and those which do are often plagued by lopsided terms and difficulty in selecting appropriate competitors for benchmarking (Harper, 2017).

Financial Contribution to Property

Infrequently discussed in the literature, is the ability, willingness and tendency which a brand owner or management company financially contributes to the development of the hotel, a role typically reserved for financiers (Beals & Troy, 1982; Butler, 2013), which may manifest in guises of loan, equity, working capital or key money.

The hotel owners view financial contributions by the hotel chain desirably as an indication of confidence towards the hotel development, as well as reducing the burden of the committed financiers. However, contributions in form of loans are often criticised and perceived as insincerity, as it is unlikely to expose the chain to any risk of monetary losses (Rushmore, 2002).

Any kind of financial contributions however, would appear to be subject to the size of the organisation, as a matter of affordability, considering larger firms are able to afford substantial contributions beyond smaller firm's affordability (Dimitrić, et al., 2019).

This is evident particularly when second-tier hotel chains do not have the necessary fiscal strength to inject meaningful investments into a property or to financially underwrite operating results (Rushmore, 2002).

Despite the larger chains' fiscal ability to provide meaningful financial contributions to the property, this practice is understandably still frowned upon by the chains, and is often only utilised as a last resort in negotiations to secure the management rights to a desired hotel.

Flexibility

Flexibility manifests itself in many forms, and at various stages of a hotel's development. When contemplating the purchase of a hotel, the flexibility to replace the management or franchise is paramount if the buyers have designs to manage the hotel themselves, or already have an alternative brand in mind (Butler, 2013).

Lenders, particularly financial institutions such as commercial banks, may desire the right to subordinate or assign the management contracts or obtain certain rights under the brand arrangements (Rushmore, 2002).

In difficult times, such as the economic onslaught caused by the pandemic, flexibility could decide the continuity or survival of the business. For example, turnover leases allows the hotel owner to benefit from the investment, while not unduly penalising the tenant in event of trade declines, allowing the tenant to weather difficult periods (Harper, 2017).

Having the right to cancel a management contract by paying a termination penalty or reasonable buyout provisions are viewed as the ultimate expressions of flexibility, but are often eschewed by the hotel chains, particularly the top-tier ones (Butler, 2013).

Second-tier management companies often fill this chasm in the market. A general willingness to extend more flexible management terms allows smaller hotel chains the agility to capture additional market share, most notably from post-foreclosure interim management contracts, potentially to the benefit of the hotel development (Rushmore, 2002).

Group Size, Growth Rate & Financial Standing

Academic interest in the expansion of hotel chains began relatively lagged around the 1980s, primarily spurred by interest in ownership, location and internalisation (Santos, et al., 2016). The financial position or standing are often reviewed by various rating agencies (Harper, 2017), while the size of the company tends to be measured in an expression of "total assets value" across a 5-year period (Jang & Yu, 2002).

First-tier hotel management companies are viewed to be more "financeable" as opposed to second-tier management companies, which are viewed with reduced bankability and subsequently less attractive to asset owners (Rushmore, 2002).

According to several empirical studies, the underlying theory behind the advantages of a larger groups is principally economies of scale, allowing them to achieve higher profitability levels via access to cheaper funding, as well as able to make substantial investments beyond the smaller groups' financial means (Dimitrić, et al., 2019).

Additional studies specifically on hospitality firms have shown a positive relationship between the firm's size, age, liquidity, leverage levels, and portfolio upon its financial performance (Wang & Chung, 2015; Dimitrić, et al., 2019).

Rushmore (2002) however, advocates instead of studying the chain's size, one should actually focus on the rate of growth of the subject chain, among other parameters, as he believes that the rate of growth accelerates the essential process of guest recognition, leading to superior value capture.

One of the deficiencies of accelerated growth is potentially negative cash flow until critical mass is achieved, thus leading to capital constraints (Rushmore, 2002). Information asymmetries exist between external investors and hotel chains, particularly the smaller ones, and raising capital to undertake new investments or expansion projects could prove too costly, thus resulting in loss of market share and opportunities (Dogru, 2017).

As a potential solution to financial constraints, hotel chains have resorted to mergers and acquisitions, to the extent of independent hotel operators' market share having shrivelled from 49% in 2000, to only 27% in 2018 (Deloitte, 2019).

In addition to mergers and acquisitions, hotel chains have turned to management contracts and franchises as a source of financial resources rather than external investors, allowing them to grow at a relatively fast pace without significant capital risk exposure (Dogru, 2017).

Regardless of the method of expansion, the financial standing of the operator, due to perception of quality, affects the yield investors are willing to pay, and ultimately the terminal value of the hotel (Harper, 2017).

Competiveness

With the objective of differentiation in terms of quality and service, the past two decades marked intense competition both between and among hotel chains and various management groups (Santos, et al., 2016). The abundance of competition inevitably led to options, which has turned the market very much in the favour of the consumer, being hotel owners and investors (Harper, 2017; Rushmore, 2002).

Contradictorily, research on the hotel industry's brand portfolio strategy is still relatively in their infancy, as an insignificant amount of studies have attempted to provide insight on how brands are able to persevere and prospect in an increasing competitive hotel market (Wang & Chung, 2015).

In an alternate school of thought, in crowded market spaces heavily served by internationally recognised hotel brands, the hotel owner may be wise to select an unrepresented brand and chain, thus receiving increased attention and focus, as a form of competitive advantage (Rushmore, 2002).

Unlike traditional economic or financial portfolios, a hotel brand portfolio is meant to encourage chains to achieve financial targets by differentiating the brands, creating synergy among them and increase cost efficiency while leveraging market risks (Aaker, 2004).

To provide reassurance, hotel chains have oft conceded restricted areas to hotel owners (Butler, 2013). This form of competition restriction limits the number of hotels the chain is able to operate within a geographic locality, but it is often applicable to just the same brand name and for a limited period of time (Harper, 2017; Rushmore, 2002).

A survey conducted in 2015 however concluded that the main international hotel chains, adopting an endorsed or sub-brand loophole, had an average of 3.47 brands competing within a single guest segment, indicating high potential of guest segment cannibalisation within the same chain (Wang & Chung, 2015).

While an unambiguous marketing strategy contributes in the propagation of a hotel's portfolio of brands (Venter & Cloete, 2007), studies have shown an excessive number of brands, particularly targeting the same segment of guests can confuse the market, cause managerial and communication challenges arising from contradictions, and potentially the loss of formerly loyal guests (Jiang, et al., 2002; Rushmore, 2002).

Wang & Chung (2015) concurs with Jiang et al's position, adding a chain's brands competing for the same guest segments are indisputably internal competitors as they provide similar services to the same market, rendering them inevitably easily substituted for one another.

The competitiveness situation has resulted in an owner's dilemma. A chain with multiple other hotels operating within the same vicinity could be said to have superior local knowledge and economies of scale, however the chain would have exponentially more beds to fill, thus undermining each individual hotel's performance (Harper, 2017).

The subject of guest loyalty is fickle. New brands entering into a chain may dilute the brand positioning, cannibalise guests from the same market segment, and potentially obscure the relative position and unique value propositions of each brand (Aaker, 2004).

<u>Knowledge, Expertise, Reputation & Experience</u>

Experts have recognised the selection of a capable hotel management company to be a key determinant in realising the success of a hotel investment (Rushmore, 2002; Butler & Baltin, 2013), as effective asset management positively influences financial returns (Harper, 2017).

As hotel chains seldom indulges in promises or performance statistics, for fear of such claims being constituted as guarantees and condoning risk of litigation, Rushmore (2002) advocates the selection of the hotel management to be based on the reputation of the contending chain instead.

Through a survey conducted in 2005, hotel operators identified knowledge of distribution channels, strategic planning and guest requirements to be the major management advantages

(Santos, et al., 2016), while Troy & Beals (1982) explicitly states that the sole purpose of an operator is to illustrate meticulous knowledge of the local market.

Instead of merely the local market, Wang & Chung (2015) suggests a firm's competencies in regional management allows them to optimise the portfolio of brands and hotels, while being able to account for regional differences across different continents and countries. This holds particularly true, when a host country lacks local expertise and has to rely on foreign management (Jenkins, 1982).

Harper (2017) believes in addition to experience in the region, the hotel operator or manager requires experience in managing the particular type of asset, considering that leisure driven resorts with multiple F&B outlets are very different entities from a business hotel and have different risk associations.

Increased sophistication among hotel investors and lenders has placed emphasis on quality, ability and track record of the management company as the key drivers of a successful hotel venture, with lenders often insisting on having a reputable chain in place before lending to the development (Rushmore, 2002).

In hotel feasibility studies, analysts tend to discount occupancy projections when an operator lacks the necessary management acumen (Beals & Troy, 1982). The volatile nature of hotel investments requires the operator to react rapidly to shifts in market dynamics if they intend to retain market share (Harper, 2017).

In the context of developing countries, major barriers to tourism developments are often cited as the scarcity of indigenous investment funds and managerial expertise (Jenkins, 1982). The reputation of both the hotel and management company are factored by the rating agencies, as one of the parties involved in the fund raising process (Rushmore, 2002).

Often described as “tenant risk”, the perceived quality of the management affects yields applied in evaluating an investment. A local less experienced operator may cause a softening of the yield, while an experienced international hotel operator in strong financial standing will attract investors via a perceived lower-risk profile, thus allowing the hotel to be transacted at a sharper yield and higher price (Harper, 2017).

A choice of impoverished management gravely affects the competitiveness in the local market, business referrals received, market standing, the amount of revenue it is able to generate, the efficiency that affects profitability, and ultimately the financial success of a hotel (Rushmore, 2002).

Marketing & Distribution Capabilities

Multiple academic studies on hotel critical success factors have indicated the marketing and distribution capabilities of a management company as an indispensable factor towards the hotel’s success (Yadegaridehkordi, et al., 2018; Lee, et al., 2018; Venter & Cloete, 2007).

The short-lease nature of the hotel industry requires the management to be able to secure guests for rooms vacated on a daily basis, which places emphasis on the importance of the management’s marketing abilities (Wurtzebach & Miles, 1994).

Marketing seeks to attract new guests and retain existing ones, while a robust marketing proposition helps enhance the hotel’s bargaining position, requiring less discounts or other forms of inducement to secure patronage, thus improving the hotel’s profitability (Rushmore, 2002).

Depending on the effectiveness of the marketing efforts, increased patronage to the hotel may not be evident for months, or even years (Rushmore, 2002), thus marketing activities have to be planned and launched as early as possible to avoid low occupancies when the hotel commences operations (Butler, 2013).

Geller (1985) believes a hotel manager's prowess in marketing is said to be measured by both volume and quality of business booked, the repeat rate of business and the ability to achieve positive market share in each market segment contended, while Venter & Cleote (2007) measures successful marketing as catering to an increasing and unsatisfied levels of demand.

The management's internal marketing capabilities are directly responsible for discouraging guests from dining outside and frequenting the hotel's in-house F&B instead, allowing the hotel to achieve higher profits from the secondary revenue stream (Lee, et al., 2018).

For MICE oriented hotels, the ability to appoint a hotel chain with group marketing focus and presence of regional marketing offices which generates meeting, convention and group business, offers substantial advantages to realise the maximum potential of the hotel and penetrate the meetings/conventions segment, a feat often overwhelming for standalone hotels (Rushmore, 2002).

Technology, Abilities & Services

Multiple studies have attributed the usage and adoption of technology as a critical success factor in the hotel industry, particularly information and communication technology for conveying services and messages between the internal and external stakeholders (Yadegaridehkordi, et al., 2018).

The hospitality industry remained largely unchanged throughout the years, until the adoption of sophisticated processing technology in the mid-1980s, fuelling an information explosion. However, the information system's manner of use and flow of information still leaves much to be desired, and causes the operator not to receive the information required (Geller, 1985).

Furthermore, despite the advances in technology, both academic studies and managerial practices have yet to undertake any genuine analysis on the compromise conundrum between revenue maximisation and market penetration inherently found in yield management systems (Venter & Cloete, 2007). Oddly, it is a consensus however, that yield management technology does improve marketing, income and ultimately value, despite the lack of exact sciences (Rushmore, 2002).

With focus on guest acquisition, supply chain, enhancing guest engagement, and yield/profitability management, the adoption and implementation of proper technology systems can lead to competitive advantages and considered a critical success factor in not only the hotel, but practically in any industry (Yadegaridehkordi, et al., 2018).

When selecting a hotel management company, a perceptive owner should be able to differentiate between generic services offered by most management companies, and specialised or unique services limited to a particular operator (Rushmore, 2002).

Unique abilities can manifest in the form of exceptional expertise, having a strong position in a niche market, willingness to take over distressed assets, being a recognised segment leader, being renowned for strong financial positions or alacrity in providing special conditions within the legal agreements (Harper, 2017; Rushmore, 2002), all of which directly benefits the subject hotel.

2.5.5 Market Specific

An understanding of the market a hotel is contending in, along with its associated components, is crucial to make the necessary decisions, which affect the investment. The market itself however, is comprised of abstract intertwined elements, making it difficult to identify and even more challenging to navigate (Rushmore, 2002).

Distinguishing itself apart from the hotel’s physical location, the hotel’s market is often referred as a separate determinant, characterised by its demand or economic base, being the guests, and the supply, being the existing hotels serving but not necessarily manifested physically in a particular location (Jang & Yu, 2002; Rushmore, 2002).

Supply & Competition

As seen in the 1980s, despite the positive performance of the economy as a whole, the hotel industry stagnated due to room oversupply spurred by increased construction, which was in turn encouraged by an expanding economy and favourable lending rates (Rushmore, 2002; Kim, 2002). This vicious feedback loop germinated into an oversupplied market hampered trading performances of every hotel within that market (Younes & Kett, 2007).

From a study in 2014, the higher degree of business agglomeration, in this case hotel oversupply, in popular destinations had an inversely causal relationship upon the hotel's profitability (Dimitrić, et al., 2019). But as to what constitutes as competition, Henderson (1963) advocates questioning: who are the competitors, how reputable are they, what are they offering, and at what price?

Therefore, one of the most crucial aspects of a hotel investment is the examination of the strengths and weaknesses of competitors in the target market (Troy & Beals, 1982), particularly to which degree other hotels in the area would compete with the contemplated development, both now and in times to come (Rushmore, 2002). A lack of proper data supply has been cited as key weaknesses in hotel viability studies (Singh, et al., 2011).

In Newell & Seabrook's (2006) seminal study, hotel investors and operators' positive outlook on the industry was primarily influenced by a few factors, with limited new hotel supply due to high barriers of entry being one of them.

Parts of determining future supply is knowing or expecting which hotels are shuttering permanently, particularly so if the competition comprises primarily of unbranded or independent hotels (Harper, 2017), while newly developed, repositioning or renovating of existing hotels will add to the supply (Butler, 2013).

Depending on the type of hotel, one should not study competitive supply just by room count, as a hotel with significant F&B components should consider local bars and restaurants as potential competition as well, likewise with health clubs for wellness orientated hotels (Harper, 2017).

Lee et al (2018) expands on the non-hotel competitors further, by claiming lower priced alternatives from freestanding restaurants, increased international food franchises and illegal food operators have captured significant F&B market share from the hotels.

Heightened supply or competition additionally directly affects hotel investment strategies, in the sense developers would be less focussed on the pole positon, and the emphasis would instead be on operating cost reductions and maximising returns from assets (Beals & Troy, 1982).

While Rushmore (2002) cautions against assuming every new lodging facility is a competitor, unfortunately, the ever increasing rate of competition appears to be a perennial trend to the hotel industry (Kim, 2002).

Demand

Demand can be surmised simply as “how many guests are likely to stay in the vicinity of your hotel’s location?” (Henderson, 1963), and is considered as an essential component of hotel market studies (Beals & Troy, 1982).

It is said as an economy’s structure evolves from a primary economy, being agricultural or mining based, to a secondary economy, being industrial, to a tertiary one of services, the levels of demand for hotel accommodations increases throughout the evolution (Harper, 2017).

Proper assessments of lodging demand requires study of societal and economic trends, instead of casual guesswork (Rushmore, 2002).

Demand, in the form of incoming tourists to a particular host-country weighs heavily upon a hotel chain’s expansion strategy (García-Muiña, et al., 2020), while hotel developers and investors expect market demand to metamorphose into operational profits after paying expenses (Jang & Yu, 2002).

Butler & Baltin (2013) suggest any form of demand analysis should not be studied in whole or averaged, but scrutinised individually instead across different market segments, such as tour groups, leisure or commercial. This is supported by prior research, which discovered different types of markets have varying sensitivities towards demand determinants (O'Neill, 2013).

Unfortunately, analysts and other parties attempting to ascertain levels of demand rarely addresses the potential of untapped or latent demand, contributions of individual market segments or demand fluctuations (Troy & Beals, 1982).

Not all demand are created or should be deemed equal. The performance of a hotel is not only dependent on the levels of demand, but the nature of demand as well from the segments a hotel participates in. Certain neighbouring industries simply creates more demand that others, while some businesses demand different quality and affordability of hotels (Harper, 2017).

Primary demand can induce or introduce secondary forms of demand. An example would be demand from a university causing additional athletics demand. Secondary forms of demand however, are often unquantifiable, as metrics allowing reasonable comparison seldom exists, making it difficult to model into viability studies (O'Neill, 2013).

As the benefaction of distinct market segments are difficult to identify under current feasibility standards, these challenges extend to both demand oscillation and immature demand as well.

It is however argued, that demand projections from secondary indicators contribute very meagrely to the aggregate demand as a whole, rendering them practically negligible (Kim, 2002).

Alternatively, Rushmore (2002) claims that capital availability and cost affects financial returns more than traditional hospitality industry's fundamentals of occupancy and average room rates. Nonetheless, while this perspective does diminish the importance of demand in a hotel development, it does not nullify said importance entirely.

Shifting from a domestic to a global perspective, a 2007 survey conducted United Nations Conference on Trade and Development on international hotel chains identified tourism demand from developed countries, along with economic growth and market size as the most important host country determinants for FDI in the hotel industry (Falk, 2016).

Levels of demand has to be assessed to determine the market's ability to absorb additional supply, potentially in the form of new hotels, expansion of an existing one or the acquisition of a particular facility (Rushmore, 2002).

Failure to assess lead indicators of demand, essentially being the volume and type of guests in the future, primarily caused by foreseen but unpredictable environment changes, migrates into errors in estimating potential earnings and ultimately the profitability of a hotel (Kim, 2002).

<u>Achievable Room Rates</u>

Prior hospitality research has adopted a host of indicators to quantify hotel performance, and one of the more notable metrics are average room rates or revenue per available room (Nalley, et al., 2019; Newell & Seabrook, 2006). Typically representative of the single largest income stream in the hotel industry (Harper, 2017), and is said to be the most influential variable in financial forecasts, as it is directly causal towards the market value and financial feasibility of the hotel (Rushmore, 2002).

While earlier research hypothesised ADR as a predictor of accommodation demand, it was eventually discovered that studying room rates in silo creates a simultaneity conundrum, as room rate fluctuations does not result in changes to market demand. Later research discovered that market demand would actually predict the achievable room rates, and not the other way around (O'Neill, 2013).

This was particularly true for a case study conducted in 2017, where a hotel developer failed to acknowledge a market with a USD200 per night cap, and built a luxury resort with a USD600 per night asking price, expecting room rates to dictate demand, but unfortunately resulted in pricing themselves out of the market (Harper, 2017).

Primarily influenced by the type and location of the property, the relevance of achievable room rates towards the hotel's performance is significant, as slight increases in room prices contributes immensely towards the profitability, due to the considerable fixed cost structure in a hotel's operation (Rushmore, 2002).

A study of achievable room rates across the year will generally determine the price-sensitivity levels of the segments within the market (Troy & Beals, 1982), as well as seasonal price fluctuations and tariffs adopted by the competition (Beals & Troy, 1982).

Both operators and owners conduct their own assessment to determine whether a hotel can achieve the required room rates which meets their projected profitability hurdle, and usually only select hotels which are appropriate for their expansion strategies (Hodari & Samson, 2014).

Being able to realistically determine a hotel's achievable room rate will allow parties to assess the rate resistance by market segment, as well as develop rack rate pricing strategies

(Rushmore, 2002). Dimitric et al (2019) however contends that room rates alone is not a measure of profitability, unless taken into account with occupancy rates.

Rushmore (2002) supports this understanding, and further adds that studying room rates in isolation could be a fallacy, as competing hotels with lower costs structures can afford to undercut room rates while remaining notoriously profitable.

Several studies have shown that room prices is a predictor of overall guest satisfaction, leading it to be a crucial determinant of a hotel's financial performance (Yadegaridehkordi, et al., 2018). Inversely, erroneous room rate estimates have been blamed for failed hotel investments (Singh, et al., 2011).

Barriers to Entry

Seen as an external factor (Younes & Kett, 2007), barriers to entry are measures of resistance towards new competitors entering the market (Butler, 2013), as should the barriers be relatively low for new entrants, that would culminate in an over supplied market condition (Newell & Seabrook, 2006).

A unique market position attained by a performing hotel may rapidly morph into an overbuilt position if there are a lack of barriers, allowing other competitively duplicated products to casually enter the market (Rushmore, 2002).

Being based in real estate, typical barriers to entry for hotels can be policy based such as planning regulations, scarcity of land, zoning restrictions, environmental issues, licensing approvals, and the typical associated bureaucracy (Younes & Kett, 2007; Harper, 2017; Rushmore, 2002).

Other barriers to entry could be business based, such as local politics, financing availability, low market values, costs of borrowings, local protectionist sentiments, or even limited acquisition opportunities (Rushmore, 2002).

Studies have shown that low entry barriers encourages aspirants to recklessly enter the industry without the necessary expertise or experience, thus lowering the industry's reputation on aggregate, detriment the prospective market outlook, and cause significant challenges in collective bargaining (Lee, et al., 2018; Kim, 2002). It is thus that barriers to entry do serve as a protective mechanism and a hedge of overinvestments into the hotel industry (Younes & Kett, 2007).

Barriers to entry affects the perceived values of a hotel directly. If there are significant number of entrants in the market, increasing competition, which leads to sharpening of yields investors are willing to pay (Harper, 2017), while evidence suggests yields are inversely adjusted when there are strong barriers to entry, particularly in primary market areas (Rushmore, 2002).

Competitive Position

A competitive position can be considered as the result of a quantifiable situational analysis that identifies a hotel's threats, opportunities, weaknesses and strengths in relation to the competitors and guest requirements (Nalley, et al., 2019).

With the primary purpose of differentiating the subject hotel's standing and offerings apart from their competitors (Troy & Beals, 1982), a positioning exercise is essential in identifying the competitors, adoption of suitable competitive advantages, and conveying the right propositions to the selected segments (Venter & Cloete, 2007), while providing an opportunity to address any identified potential competitive disadvantages (Rushmore, 2002).

A hotel's competitive position is not solely related to pricing, but is indicative of underlying factors such as value, service levels and guest satisfaction (Jenkins, 1982; Yadegaridehkordi, et al., 2018). However, the typically adopted metrics are average daily and room occupancy rates, based on the willingness of guests to frequent and pay for said hotel's offerings (Dimitrić, et al., 2019).

High penetration rates are indicative of a dominant competitive position, however when a market is lucrative, it tends to attract new entrants, as excessive profits often prompts ruinous competition (Rushmore, 2002).

Therefore constant reassessment of a hotel's competitive positioning is pivotal, as competitors would be regularly enhancing their offerings, and failure to do so would result in one's hotel being perceived as outdated or less desirable by the market, and inevitably losing their standing (Harper, 2017).

While a benchmarked position has traditionally been ranked externally, by both rating agencies, guests and booking engines, there have been proposals for a hotel's competitive position to be rated by the employees, as a measure of internal satisfaction levels (Lee, et al., 2018). This method however, is not formally in practice, and only observed unceremoniously in the context of employment.

Regardless of measure, assumptions on future market conditions are important, as a hotel is not only competing against current competitors, they are contending against proposed supply as well (Harper, 2017), and it is a hotel's performance within that market which affects the price and perceived value of the asset (Butler, 2013).

Hotel chains can adopt benchmarking exercises before allowing additional managed hotels or franchises into an existing market to prevent brand proliferation and market cannibalisation. These exercises however, are rarely effective and often mired or biased by greed or expansion mandates at the chain's leadership levels (Rushmore, 2002).

Benchmarking and identifying one's competitive position has the added advantage of testing new contemplated market segments, identifying performance gaps and predicting the hotel's performance in those segments prior to actual entry, thus mitigating risk exposure and unforeseen financial risks (Harper, 2017).

Across multiple studies spanning decades, benchmarking and competitive positions are considered as one of the primary components of productivity and performance management in the hotel industry, and is cited in varying degrees as a critical success factor across literature (Geller, 1985; Yadegaridehkordi, et al., 2018).

Market Forces & Dynamics

Two main factors causing supply growth are an abundance of capital and growths in demand, which creates a location specific increase of occupancy levels, unavoidably attracting the attention of hotel developers (Rushmore, 2002), as greedy developers believe hotel values will rise when demand increases whilst supply remains static (Harper, 2017).

When demand, being the occupancy, dwindles, the supply, being the hotels in direct competition with one another tend to drop their room asking rates in attempts to recoup lost revenue. However, this tends to have a negative effect on profitability, thus rendering the prospect less enticing to investors (Venter & Cloete, 2007).

This cycle exemplifies the fluidity and dynamicity of the hotel markets. For example, during peak periods of demand which exceeds the competitive supply in a particular segment or hotel category, less competitive hotels have to be accounted as primary competitors (Beals & Troy, 1982). However, when demand catches up or outpaces growth, the least competitive properties displays a tendency of market share attrition (Rushmore, 2002).

The dynamics of a demand and supply relationship should be considered as one of the market forces at play. The balance between local demand and the market's supply of transient accommodations has momentous impact on future room rates, as they inevitably tend to mimic changes in the area's occupancies (Rushmore, 2002).

Unfortunately, in the real world, the growth of accommodation supply does not necessarily correlate with growth in actual demand, evident in the early 1980s where room counts increased voraciously while occupancy steadily declined from the highs of the 1970s (Rushmore, 2002).

Failure to understand the dynamics between increasing supplies and a waning demand environment resulted in an overbuilding situation as seen from 1983 to 1989, during which intense competition consequentially dragged down both occupancy and room rates (Kim, 2002).

Change in a particular market can be driven by many different forces, including additions or subtractions to the hotel room supply, growth or atrophy in guest demand, market segment shifts or introductions, repositioning or refurbishment of older properties, revisions of inward capital or even guest affordability adjustments (Butler & Baltin, 2013; Troy & Beals, 1982; Harper, 2017).

While not all, but a handful of these external factors are already sufficient to directly or indirectly influence the hotel asset's operating performance in their contended market or asset class (Younes & Kett, 2007).

Experts have advised regional and international brands to understand and appreciate the local market dynamics when entering into a new host location, as certain markets may differ despite being geographically homogenous (Troy & Beals, 1982). This observation further serves to demarcate the difference between a hotel's intangible market and its physical location.

Failure to recognise market forces or adapt to dynamics has led to oversupply and saturation in certain segments, causing hotel "rate wars", and despite falling prices, the lower rates failed to stimulate a non-existent demand (Rushmore, 2002).

Economic Base & Patronage Demographics

Despite the tendency of international hotel chains to simply "follow the customer" and build in locations with high guest concentrations (Santos, et al., 2016), the quality and type of a hotel's economic or customer base, being the guests, along with knowing who they are and understanding their various characteristics, does credibly matter (Venter & Cloete, 2007).

Traditionally, analysts would review a hotel's economic base composition by breaking down statistics of the three main market segments, being groups, business or leisure travellers, in efforts to understand the level of business expected (Beals & Troy, 1982). Rushmore (2002) however argues that while understanding historical guest trends are important, ultimately the long-term outlook has the highest impact on a hotel's success.

Certain lodging demand types, such as those generated by a university, are able to generate demand across both weekends and weekdays (O'Neill, 2013), but will face an occupancy dearth during holiday seasons, unless the hotel's geographic location has leisure demand as well. This contradicts other experiential hotels, which guests reside at purely for the experience, rather than practical reasons (Harper, 2017).

Patronage demographics, such as age distribution indicates how much F&B or banqueting business a hotel can expect, while indirect indicators such as retail sales allows stakeholders to gauge the vitality and economic health of a particular market (Rushmore, 2002).

A study conducted in 2012 found not only the quantity of tourists, but the average expenditures per tourist, as well as income per capita for both the source and host countries to be significant factors contributing to the choice of hotel locations and FDI activities (Falk, 2016). This is most evidently portrayed in Thailand's recent post-pandemic shift from backpacker tourists to upscale travellers (Barrett, 2022).

Endorsed as a contributor towards the hotel's success as guests' spending causes direct, indirect and induced multiplier effects on the host's geographic location via patronage (Dimitrić, et al., 2019). Combined with disposable income levels, employment trends and visitation statistics, patronage demographics are doubly as important for gaming or casino orientated hotels (Rushmore, 2002).

Efforts should be expended in attracting the right group of guests to a particular hotel. For example, it would be futile to attempt to target price sensitive segments to luxury resorts, resulting is a waste of marketing resources (Giannotti, et al., 2011).

In addition to the discussed spending patterns, population demographics such as trends or movement in city population, employment rates, number of students, number of both international and domestic visitors, etc act as predictors or variables towards the demand of a particular location (O'Neill, 2013; Newell & Seabrook, 2006).

Understanding the economic bases' core purpose of travel, being either commercial-industrial or recreational-leisure, and patronage demographics, being value conscious guests or luxury travellers, has been regarded by literature as pivotal towards optimising a hotel's guest segments (Kim, 2002; Rushmore & Goldhoff, 1997; O'Neill, 2013).

Contrarily, a failure to recognise shifts in the demographic, social or economic gravity of a hotel's immediate vicinity can render the property unpopular or obsolete (Younes & Kett, 2007), more so if it is located in secondary locations with limited demand generators as studied by O'Neill (2013).

Market Maturity, Endurance & Growth Potential

Imbalance in the relationship between demand and supply is not necessarily disadvantageous. Cited across multiple literature sources, and established by a large scale survey of international hotel chains in 2007 (Falk, 2016), gauging a market's growth potential is undeniably vital (Kim, 2002).

A market could be said as "strong" if past trends demonstrates increasing demand in an undersupply situation of a particular location. However analysts should be cognisant that most markets experience cyclical shifts (Rushmore, 2002), while erroneous assumptions in a market's growth rates have been identified as one of the dominant causes in a lending institution's decision not to loan to hotels competing within a particular market (Singh, et al., 2011).

Other positive indicators of a market's potential are those with diversity in demand, introduction of new barriers to entry and improvements in transport infrastructure, while crime rate and corruption are portrayed contradictorily but understandably as unfavourable indicators (Falk, 2016; Rushmore, 2002).

A market which lacks of diversity or dependent on a limited few demand generators tend to be unable to weather seasonality, increased supply or economic volatility, is said to be vulnerable and lacking in endurance (Rushmore, 2002).

On the other hand, studying and selecting matured markets which displays long term durability, demand generated from perennial generators, population increases, abundance of job opportunities, continuous introduction of tourist attractions, and financier's willingness to lend or invest in that location and other measures, both tangible and intangible, contributes directly to the success of hotels (Rushmore, 2002; Harper, 2017; Kim, 2002).

Market Size & Segment Diversity

In addition to the number of segments within a particular market, the size of the market itself contributes as a lead indicator to the achievable room rates and the corresponding rate variances, and as a lag indicator to the visitation generators (Rushmore, 2002).

The size of the market has been documented by various foreign domestic investment studies, from earlier studies in the 1970s' hypothesising the USA's market size to be the reason behind their success as a FDI recipient, to the more recent gravitational models portrayed by international hotel chains in the 2000s (Santos, et al., 2016).

Arguments arise however, that hotel chains should not adopt host countries from market size alone, but rather whether the chain's competitive advantages could be deployed to the segments located within those target markets (Santos, et al., 2016).

As each individual segment located with a particular market represents a categorisation or classification of guests, each exhibiting unique characteristics, from price sensitivity to purpose of stay, a market which has more diversity is less prone to supply saturation and ultimately able to produce superior results (Rushmore, 2002).

A lack of understanding on the market's size, inadequate market segmentation or studying the market in aggregate instead of detailed segments, have been cited as one of the leading reasons for inaccurate hotel feasibility reports and the eventual inability for a hotel to perform (Singh, et al., 2011; Beals & Troy, 1982).

Criticisms have been levied against the perceived ability to measure a market size, given a lack of formal or widely accepted metrics, stemming back to the old "rule of thumb" of having 2 rooms per 1,000 capita (Henderson, 1963), to the currently adopted but potentially irrelevant GDP or tourism revenue (Falk, 2016). The other target for critics are broad meaningless segmentations based on property types, such as motel, hotel, resort or timeshares, which by labels themselves having no bearing on market segments (Kim, 2002).

There is however a consensus among both academics and practitioners is a recommendation to study the target market size and segments in excruciating detail (Hodari & Samson, 2014), with Venter & Cloete (2007) further suggesting more meaningful segmentation practices for hotel guests such as behaviourist, geo-demographic, and psychographic variables to be adopted instead of the easily measured but essentially ineffective demographic variables.

Trends, Volatility & Seasonality

While the study of historical factors is useful in establishing a baseline performance of the hotel asset, Rushmore (2002) suggests investors to focus upon market characteristics epitomised by long-term economic trends when attempting to enter contemplated markets, as past performance only portrays half the picture. Concurred by O'Neill (2013), a hotel's success or survival depends on the trends, which he defines as long-term demand and supply conditions.

Potential trends of import to hotels are changes in levels of industry or trade, aging population, household income, advances in travel technology or connectivity, potential deregulation of policies, and adoption of paradigms such as sustainability or digital maturity, among others (Deloitte, 2019; Rushmore, 2002).

Trends are not to be confused with seasonality, as while seasonality is always cyclical, trends are not. One should not expect growth of a market recovering from recession to repeat regularly (Butler & Baltin, 2013).

Seasonality is said to affect a hotel's profits (Giannotti, et al., 2011), not only in terms of rooms, but F&B costs due to the fixed employee headcount (Lee, et al., 2018). O'Neill (2013) purports seasonality of certain markets, such as university towns, are generally a misconception, as universities generate significant visitations throughout the year.

Seasonality leads to volatility, as large variations between monthly or daily occupancies carries inherent risks (Rushmore, 2002). It has been suggested that identifying and smoothing the peaks and valleys of seasonal demand is a prerequisite to mitigating risks towards a hotel's success (Beals & Troy, 1982).

In addition to being rather cyclical, the hotel industry is said to be incredibly volatile (Venter & Cloete, 2007), as they are affected by external uncontrollable events such as wars, tourism whims, terrorism, currency fluctuations and even lending rates (Harper, 2017), all of which leads to unstable cash flows (Newell & Seabrook, 2006).

Certain markets are more susceptible to economic trends than others, particularly those dependent on a single market segment such as business travellers to capital cities, are therefore considered as volatile (Rushmore, 2002). The lack of business travellers in capital cities during the outbreak of the Covid-19 pandemic stands evident of the hotel industry's volatility of demand.

As market requirements change, the achievable trading profits may be affected, which in turns impacts the value of the hotel asset (Harper, 2017). Inversely, while economically diverse markets experience significantly less volatility, O'Neill (2013) argues that university towns have lower standard deviations compared to the US national average, thus displaying less volatility despite being effectively a single segment market.

Regardless of being considered as volatile, an analysis of 25 chain operated hotels in the United Kingdom indicates while there is short-term volatility from periods of recession, average trading profits actually increased between 2.9% to 3.5% across the study period of 20 years (Venter & Cloete, 2007), indicating that industry volatility may not be as severe or important as previously believed.

2.5.6 Owner and Developer Specific

A commonly neglected aspect in hotel studies are the owners or investors themselves. Certain parties alleges companies with exceptional corporate governance tend to yield superior performance from their investment assets (Guillet & Mattila, 2010), and supporting this, Myers & Mailuf (1984) testifies that resource constrained owners tend to be more participative in active support of their investments, thus achieving better results with limited resources.

On the other position of the divide, sceptics disavow any direct performance related relationships between owner types and the hotel's performance (Jang & Yu, 2002). This cynical perspective is difficult to reconcile, as literature evidences an investing firm's corporate holding and management structure does make them eligible for certain regulatory incentives, particularly in forms of grants or special financing, tax holidays or even hiring bonuses (Butler, 2013, p. 75).

Therefore, as a determinant which is implicit in nature, it stands to reason than a developer's reputation, strategy, investment rationale, familiarity and resources would be able to affect development preferences, cost of financing, and indirectly risks associated with the hotel development (Curran, 2016; Butler, 2013, p. 5).

<u>Owner/Developer Background</u>

A hotel owner, with a strong track record of profitable hotels in their portfolio, would be able to obtain attention, regard and often more favourable terms from the management companies and other consultants (Rushmore, 2002).

The merits of the purchasing party influences the final sale price of the hotel, as a reputable hotel owner with sufficient financial strength would be able to complete the acquisition expeditiously and permit the vendor to receive the sales proceeds earlier, as opposed to a financially hampered purchaser (Harper, 2017).

The credibility and reputation of owners/developers are important, as most construction lenders require performance guarantees or completion bonds, along with satisfactory credit report for the firm's principals (Rushmore, 2002).

Partners, especially capital partners with respectable reputation and sufficient hotel development experience would be held in high regard and sought after for potential joint-venture partnerships, as they would have innate understandings on the workings of the hotel business (Harper, 2017).

The issue associated with successful hotel owners are often problems caused by overinvestments into value-decreasing undertakings, spurred by an excess of power and readily available cash flow (Dogru, 2017), which severely outlines the need of proper governance within the investing firm.

Studies have shown that well governed firms gains an average of 3.2% higher returns from acquisitions against poorly governed firms, while financial constraints as a factor, countermands returns more than deficient corporate governance mechanisms (Dogru, 2017).

Prior to developing a hotel's business strategy, Venter & Cloete (2007) advocates performing an internal audit on the hotel owner, even in its rudimentary form, as identifying the strengths and weaknesses of the organisation, while recognising the threats and opportunities in the market.

Butler (2013) believes a hotel developer possesses a competitive advantage if they have prior experience with hotel management, asset management and/or renovation experience, while Santos et al (2016) articulates owners with internationalisation experience possesses a knowledge advantage over non-experienced owners, which Falk (2016) concurs and cites as "ownership advantages".

An experienced hotel owner/developer would be able to filter and be uneasily swayed by optimistic earnings estimates produced by biased industry experts (Kim, 2002), and holds the capability to reign in destructive emotions in favour of creative ones when making investment decisions (Lee, et al., 2018).

According to Santos et al (2016), the “right” location to develop or acquire a hotel, is a location which allows for seamless articulation of an owner/developer’s particular set of skills when given an opportunity within the market, lending credit to a developer’s profile as a determinant towards the hotel’s success.

In a study of hotel companies from selected Mediterranean counties, the successful ones were those deemed able to adapt to changing business environments by evolving and revolving different sets of internal skills and knowledge in pursuing profitability, often associated with the quality of the management, organisation structure and talents (Dimitrić, et al., 2019).

Fiscal Ability, Financial Resources & Size

To successfully secure and implement a project, a firm’s financial health, resources and expertise, often cited as fundamental determinants of success, are required (Venter & Cloete, 2007; Dimitrić, et al., 2019), as without those the firm is unable to sustain a competitive advantage, along with hindering aspirations of further expansion of their ambitions (Kim, 2002).

This was particularly evident when opportunities arose for developers with ready cash, which managed to acquire distressed assets with minimal outlays and attractive financing terms (Rushmore, 2002).

Similarly, an owner with unique fiscal abilities in their repertoire is said to possess competitive advantages. For example, an owner-operator is able to bid a higher price than non-operators for a hotel purchase, as they are unburdened by financial commitments to management or affiliation fees (Rushmore, 2002).

While buying a hotel, a vendor may be willing to offer a better price for a highly capitalised purchaser which does not need to borrow, in consideration of intangibles such as speed of transaction and other benefits (Butler, 2013).

Viewed from a contrasting perspective, this evolves into an underinvestment problem for financially constrained firms, having to forego value increasing projects as they have no recourse other than to borrow externally at high interest rates (Dogru, 2017).

Similar to any other industry, a financial institution often studies the financial capabilities of the borrower before lending, which includes the ratings by independent agencies, capacity, credit worthiness, amount of upfront equity invested, and credit enhancements such as guarantees, insurances, mortgages and other collateral (Rushmore, 2002).

In the context of new hotel developments, delays or non-payments to the contractor often have a compounding adverse effect on the hotel and the developer's reputation (Harper, 2017). For existing hotels, having sufficient liquidity reserves and effective working capital management are often cited as a prudent risk management strategy (Rushmore, 2002) and key to achieving higher profitability levels (Dimitrić, et al., 2019).

Shunned by first-tier operators due to high risks of bankruptcy or foreclosure, especially during times of recession, undercapitalised owners often languish from cash flow issues, due to a lack of resources to cover the shortfalls, causing adverse effects on the operations and subsequently affecting the quality of the hotel (Dimitrić, et al., 2019; Rushmore, 2002).

Contrary to mainstream thought, but resonant with the merit of logic, a study in 2014 inferred financially constrained firms benefitted more from acquisitions, regardless of the mode of payment, suggesting constrained firms makes better investment decisions by diligence in securing superior investment opportunities due to limited funds (Dogru, 2017).

However, a separate 2015 study conducted in Spain alleges financially constrained firms require more external debt, and subsequently make higher interest payments which affects the hotel's profitability negatively (Dimitrić, et al., 2019). Regardless of which faction's views proves legitimate, it is irrefutable that financial strength matters.

The size, often measured by the total asset value of a firm, has been cited as a success factor (Jang & Yu, 2002), with larger companies often being ambiguously inferred by empirical studies to achieve higher levels of profitability over smaller organisations due to economies of scale and the ability to investment in larger projects (Dimitrić, et al., 2019).

A 2009 study conducted in a European context discovered that the size of the hotel ownership company or group may affect the profitability of the hotels within that organisation, ostensibly due to access to affordable funding, and the aforementioned economies of scale (Dimitrić, et al., 2019). This study's results were mixed however, as the hypothesis held true for Portugal, but was not deemed significant in the arguably economically distressed countries of Greece or Croatia.

<u>Investment Objectives and Business Strategy</u>

Butler & Baltin (2013) ponders on the purpose of building hotels, whether the building itself is the purpose, or to obtain long-term value appreciation as the objective? While there have been occasions where hotels were built for utilitarianism and altruistic causes (Rushmore, 2002), however most hotels were built in the pursuit of almighty profits, despite the overbuilding conditions afflicting many of the popular markets (Kim, 2002).

From a business perspective, an owner's investment objectives can range from passive, which is essentially being a funder or land provider, to active involvement, which may entail either asset or building management, and positioned strategically for either the short term or a longer time horizon (Butler & Baltin, 2013; Henderson, 1963).

The importance of having the right investment or development objectives should not be undermined. Literature has cited the most common failures in hotel projects are caused by the lack of, unclearly defined or unrealistic objectives, which were often initiated on impulse (Newell & Seabrook, 2006; Venter & Cloete, 2007).

Regrettably, it is claimed the various participants in a hotel development have divergent development objectives, with most participants, including the owner on occasion, are poised towards upfront fees and short-term returns or benefits, rather than the long-term profitability of the hotel (Rushmore, 2002).

Younes & Kett (2007) believes that the adage of “one size fits all” does not apply, and elucidates the hotel type should reflect the development objectives, as full-service or luxury hotels should constantly be aiming to maximise the value of the asset, while extended stay, limited service or budget hotels should focus on maximising cash flows over its economic lifecycle instead.

Being a high risk investment, Rushmore (2002) suggest that having congruent objectives among the participants may be more important than the actual objectives themselves. Hotel investors rarely succeed via sheer imitation or cost management exercises, and while not requiring truly novel or revolutionary ideas, creativity, being a combination of ideas extrapolating from existing knowledge, is required (Rushmore, 2002), marking the need for an overarching strategy.

As investors and funders will choose where to park their resources based on how the specific merits and requirements of a particular opportunity suits their investment criteria or mandates (Harper, 2017), thus the importance of investment planning, a clearly defined business model, accompanied by a sound strategy should not be undermined (Curran, 2016; Butler & Baltin, 2013).

The core issue with multiple unsuccessful hotels is an inexperienced developer's failure to consolidate investment objectives with a robust business plan, often neglecting to consider commitment levels, financing ability or realistic expectations of financial gains (Venter & Cloete, 2007).

Investors which do not plan properly, often end up acquiring or developing hotels during the wrong phase of the real estate cycle. Dissimilar to stock investments, Rushmore (2002) portends the ideal strategy for hotel developments is market cycle timing, and not long term value investing or dollar-cost averaging, as hotel cycles changes over years, while equity cycles can be measured over a matter of hours.

In addition to strategy, Harper (2017) advocates to introduce elements of grounded reality when crafting and implementing hotel business plans, instead of proposing an overly optimistic plan to impress lending institutions. This call for objectivity is mirrored in Curran's writings, suggesting never to be forced or obligated into any hotel investments (Curran, 2016).

A generally comprehensive strategy starts with the proper rationale, investment policies, aligned investment and social objectives, understanding the market, identifying current and future values, proper acquisition process, improving hotel value with proper asset management, superior market positioning, adopting a suitable management structure, risk mitigation, evaluation and improvement frameworks, together with an exit plan to divest at or near peak prices (Rushmore, 2002; Harper, 2017; Kim, 2002; Geller, 1985).

Given the hotel industry as a whole's susceptibility to event risks, and considering individual hotels are both market and management sensitive, a diversification strategy of investing in several smaller hotels instead of a single large one is considered particularly prudent in terms of risk management (Rushmore, 2002), along with being able to achieve stable and superior performance across the ownership's portfolio (Giannotti, et al., 2011).

It would appear an experts' consensus on the need for a realistic strategy, customised to suit the market the hotel operates in, is essential to improve the probability of a hotel's success (Venter & Cloete, 2007; Curran, 2016).

Investor Psychology & Culture

Despite not receiving as much attention as performance figures (Rushmore, 2002), both a firm's psychology and culture are considered internal determinants of profitability, which affect the firm's activities, both labour and asset productivity, along with the quality of the management and organisational structure (Dimitrić, et al., 2019).

Hotel developers with a "fait accompli" mind-set commits folly by deciding on the location, hotel product, themes, concepts, along with the design of the hotel upfront without consultation, and subsequently commissions studies to confirm their direction merely to satisfy the financiers (Hodari & Samson, 2014).

The right psychology for a development firm should encompass conducting sufficient research before making informed decisions based on thorough analysis, respect for both reliability and accuracy, as well as acknowledging truth without bias or hesitation when it comes to investment decisions, with ample room for flexibility under any circumstances (Kim, 2002; Rushmore, 2002).

Butler (2013) on the other hand, educates on the psychological pitfalls to avoid, such as the belief of interminable market trends, endeavouring to time the top or bottom ends of the market cycle, ignoring key market indicators, the fear of missing out and the fallacy of inaction.

Another delusion said to be often overlooked is “anchoring bias”, being a form of cognitive bias causing investors or decision makers to latch upon the first piece of information received, while ignoring subsequent data in decision making (Harper, 2017).

Culture, a manifestation of the people factor, is one of the softer cited aspects of hotel success factors (O'Neill, 2013), but often one of the more prevalent ones, even across studies conducted in heterogeneous regions (Zhang, et al., 2020).

Successful international hotel investment firms such as Blackstone Group, Land Securities and Starwood Capital have cited rigid discipline to investment principles, along with a reciprocal culture across all their offices, even in different regions, as contributors to their proven capital growth from hotel real estate investments (Harper, 2017).

Ownership Structures & Forms

The form and structure of hotel ownership are considered as one of the more imperative and early decisions a developer has to make in the hotel development process, considering that it is usually founded on business, legal and tax implications (Rushmore, 2002).

While ownership forms varies across countries (Harper, 2017), the more widespread ones are individual ownerships for smaller properties, limited liability companies for larger single assets, and public listed corporations or real estate investment trusts for multi-portfolio holdings (Rushmore, 2002).

Ownership forms and structures can affect exit strategies for the investment, sale of individual assets, securitisation options, syndications, equity leveraging opportunities, or even potential conversion to time share or term interval ownerships (Rushmore, 2002), the latter which Younes & Kett (2007) cautions against due to exit risks upon reversion of rights.

The right corporate structure is necessary to align interests among stakeholders. A REIT structure for example, benefits the unitholders and shareholders, as REITs are legally required to distribute the majority of their taxable income as dividends, thus potentially addressing overinvestment problems when the manager's interests are not aligned with the owners (Dogru, 2017).

Harper (2017) advocates selecting the least restrictive ownership structure allowed in a particular location, as a potential purchaser's interests in a real estate asset has an inversely proportional relationship with the restrictions wrapped around it.

Poor ownership structures, on the other hand, may allow risks of unsolicited and potentially hostile takeover attempts by opportunistic third parties by encasing valuable hotel assets in weak corporate structures (Rushmore, 2002).

Idle Funds

A surplus of free cash flows without opportunities of investment results in idle funds within an organisation, which are most frequently seen in listed entities, and generates an absence of returns to the firm (Liang & Gan, 2017).

There are parties counselling for the use of idle funds to shore up adequate cash reserves for risk management purposes or to improve one's standing in the eyes of potential business partners (Rushmore, 2002), however there is very little literature addressing the potential holding issues associated with or the need to invest the surplus funds.

Aside from supplementing a company's liquidity, these idle funds are most often inefficiently utilised to purchase other financial products, such as bank deposits, trust, national bonds, acquire stakes in other companies or merely lent to others (Liang & Gan, 2017), which arguably falters as the ideal use of funds in generating returns to equity holders.

In a localised 2008 study, researchers discovered a potential correlation between poor corporate performance and the availability of idle funds in a small company, while a separate 2016 study corroborated this by identifying idle funds to be negatively correlated to institutional investors significantly, and enterprise performances as well to a lesser extent (Liang & Gan, 2017).

2.5.7 Project & Construction Specific

Consultant Quality & Availability

Literature alleges very few problems in the hotel development process are unique, therefore an experienced team will be able to handle most of the problems encountered effectively, and thus the consequence of having the right team is impossible to be over-emphasised (Rushmore, 2002).

On most occasions, even multidisciplinary developer firms required specialised external assistance (Curran, 2016), and in the occasion of developing host countries, the scale of the projects may necessitate the employ of foreign consultants with the necessary capabilities and experience (Jenkins, 1982).

At the start of the development, unless the developer has in-house talent, a preliminary external consultant team will usually be called upon to conduct the due diligence and acquisition exercise (Butler & Baltin, 2013). At this stage, experienced consultants with local market knowledge, particularly appraisers, will be able to effectively screen for value purchases and advise the right pricing (Butler, 2013; Rushmore, 2002).

The right consultants are able to reduce development costs. Experienced fit-out consultants will be able to value engineer the hotel chain's brand standards requirements (Harper, 2017), while a branded builder with established track records may comfort banks into offering preferential borrowing rates (Rushmore, 2002).

Similarly, lenders will often study the reputation, experience and quality of the consultant conducting the feasibility studies on the contemplated hotel, in deciding whether the earning projections are to be relied upon (Kim, 2002), with the understanding such pedigree sacrifices time and incurs higher fees (Hodari, et al., 2018).

In summary, developers should sanction serious consideration on the experience, capabilities, speed, capacity, experience, track records, pricing, current work load and attitude of the consultant team for a project's success (Venter & Cloete, 2007).

Being described as the complex process of converting an intangible concepts and ideas into physical brick and mortar spaces along with associated services, the hotel development process requires coordinated expertise among the professionals (Venter & Cloete, 2007), particularly the architect, engineer, interior designer and hotel management during the preliminary stages (Butler, 2013; Rushmore, 2002).

Development Costs

The hotel's construction stage is considered substantial as it represents the first phase of a hotel's life cycle (Popovic, et al., 2019). As a hotel is "dual natured", both tangible costs, such as the physical construction, and the intangible costs arising from the business aspects, have to be taken into account, regardless whether the developer is retaining or altering the current identity of the hotel (Butler, 2013).

Given the capital intensive nature of the industry (Newell & Seabrook, 2006), budgetary considerations have to be taken into account (Venter & Cloete, 2007), particularly considering the potential cost fluctuations during construction, persistent inflation, and the high cost of capital (Kim, 2002; Beals & Troy, 1982).

Geller (1985), in his seminal study, has cited involvement of cost controls during development and operational stages of the hotel as a critical success factor, while Kim's (2002) extensive reviews on the feasibility of hotel developments suggests in addition to the potential future earnings, the total development costs for a hotel is the other CSF in determining the viability of a hotel development.

Rushmore (2002) and Harper (2017) agrees with Kim's suggestion, further adding if the initial capital outlay or total project capital costs outweighs the future earnings and yields a low rate of return, that would render the contemplated development economically unviable.

Development Duration & Timing

Investment into projects are carried out to achieved desired goals, often financial benefits, with consideration towards two main elements, the first is cost, while the second being time (Popovic, et al., 2019). Bearing in mind that hotel developments requires years for approvals and construction (Venter & Cloete, 2007), while the rate of investors' returns are still being calculated annually, thus making the duration of the development process material to the investment.

This is not restricted to new developments or takeover refurbishment, even existing operating hotels' short and long-term operating results would be disrupted by the duration of the often necessary renovation works (Butler, 2013). Rushmore (2002) reminds that part or the whole hotel affected by physical works is usually incapable of generating income, and the owners will have to rely on financing from interim sources.

As physical construction work is often riddled with delays, and depending on the contract terms agreed upon, new developments or repositioning/rebranding projects being financed by banks may be subject to additional interest calculations (Rushmore, 2002).

Harper (2017) states even minor delays results in discernible impact upon financial returns, therefore it might even be worthwhile increasing construction costs to improve the speed of completion without compromising on build quality, provided the hotel is able to operate earlier to commence revenue generation.

Internal & Property Specific Risks

It is commonly acknowledged that the lower risks an investment bears, the lower the expected rate of return, thus maintaining the balance between rewards and risks. Hotel investors usually anticipate higher risk-adjusted returns above other commercial real estate investments, provided operational risks can be somewhat mitigated (Harper, 2017).

In a restatement of the taxonomy, hotels are considered as a hybrid real estate asset class, as they incorporate both property and business risks, the latter mainly consisting of unsystematic risk categories, such liquidity, market and other typical business risks (Newell & Seabrook, 2006).

There are different types of tangible or perceived risks inherently specific to a particular hotel, such as performance of a 2nd tier operator, eminent domain, casualty of loss, joint-venture requirements, vendor representations, redevelopment challenges, obsolescence and exit risks (Younes & Kett, 2007; Butler, 2013; Rushmore, 2002).

Different hotel derivatives carry different risk profiles as well, specific to that particular derivative. Luxury and full-serviced hotels are convoluted by nature in comparison to their straightforward economic or budget range brethren (Younes & Kett, 2007), while resorts and gaming/casino hotels expresses higher standard risk deviations from the norm (Jang & Yu, 2002), ostensibly due to their limited patronage segments.

Harper (2017) asserts in order to successfully carry out a hotel development, the key is to identify, understand and mitigate the various acceptable risks associated with that particular development, or rejecting the development entirely if the severity of associated risks proves intolerable.

Quality of Design & Build or Refurbishments

A hotel's visuals has to appeal to the target market, to convey the implied quality and price point expectations of the hotel effectually (Harper, 2017). Given the significance of a hotel's design in respect to guest satisfaction (Giannotti, et al., 2011), there is scant discourse on the topic within academic peer-reviewed literature.

A hotel's special proclamation should not be limited to a distinctive design, but rather a targeted one, beginning with an analysis of the entirety of information pertaining to the hotel's market position (Kim, 2002), and ending with satisfying the functional, financial and marketing criteria (Venter & Cloete, 2007).

Venter & Cloete (2007) says it is not only the developer's responsibility to adopt the right design for the hotel, but rather placing the onus upon the designer to understand the targeted market segments, instead of potentially and maliciously obeying the client's requests, while Harper (2017) states the necessity to involve the eventual operator of the property in the design considerations.

As asset values decline exponentially post mid-life point of a hotel, a proper redesign and repositioning exercise could turnaround a humble conditioned but well located hotel and potentially defend its market share against would be usurpers (Rushmore, 2002).

2.5.8 Property Specific

According to Rushmore (2002), there are factors inherently particular to the physical hotel itself, which are distinct and uncommon among its peers, citing them among others as the management appointed, image, market share, condition and age. Rushmore further alludes that the segments that each of these hotels attract requires due revision and deliberation.

Employees, Management & Leadership

Hotels, particularly full-serviced ones, at its core is a facilitating service and not mere accommodations. As such, it would be inconceivable to deliver on a hotel's value proposition of service or derive income for the investors without the employ of human capital (Venter & Cloete, 2007; Harper, 2017).

The strength of the management team, along with employee's morale and loyalty were the underpinning critical success factors behind Gellar's (1985) seminal study, consisting of qualitative interviews with various hotel executives, which Falk's (2016) gravity model attributes as the quality of human resources.

More recently, a localised study of 27 hotels in Tunisia discovered a positive correlation between the efficiency a hotel achieves and the manger's education, both arguably crediting the management and leadership, towards the hotel's financial performance (Sami & Mohamed, 2014). This is in part supported by Dimitric et al's (2019) study in the Mediterranean context, more recently.

While some claim intangible assets such as human capital are still catching up to tangible assets in the new economy (Venter & Cloete, 2007), almost every major CSF study across the past 3 decades have cited human resources and leadership in one form or another, both directly and indirectly, as determinants towards a hotel's success (Yadegaridehkordi, et al., 2018; Nalley, et al., 2019; Jang & Yu, 2002).

However, certain labour issues are perennial, such as difficulties with retaining younger hotel employees (Lee, et al., 2018), which has been exacerbated recently due to the Covid-19 pandemic containment efforts forbidding hotels from operating, which in turn resulted in significant layoffs within the industry (Bajrami, et al., 2021).

Having the right management in place, especially via a proven track record, positions the hotel more attractively to potential purchasers, and often affects the selling price of the hotel as well (Harper, 2017). However retaining excessive employees affects a hotel's cost structure and trading potential (Harper, 2017), while not having sufficient employees hurts the hotel's reputation and induces losses in revenue (Butler, 2013).

Beals & Troy (1982) proposes that hotels which lack management acumen tend to dwindle in occupancy, however Dogru (2017) opines that human capital's contribution is over exaggerated and not as impactful as financial constraints to a hotel's business.

While the location of the hotel, the actual product itself and its image are significant, the onsite management of the hotel undeniably contributes to room rate variances (Rushmore, 2002), and positively complements the rest of the operational team (Harper, 2017).

Enhancement & Repositioning Potential

Hotels, similar to most other real estate products, is one of the very rare investment classes in which an owner or investor is able to actively improve the asset's value through quality asset management (Harper, 2017), and enjoy upside potential from repositioning exercises which includes renovations, refurbishments, and/or changes in management, name or brand (Butler & Baltin, 2013).

It is said, the higher a hotel's upside potential, the higher price a potential purchaser is willing to acquire the asset as a turnaround opportunity, viewing the current physical shell as a fixable problem in minimising risk and maximising returns (Rushmore, 2002).

As previously mentioned, distinguishing themselves apart from other real estate classes, hotels have demonstrated the ability to endure extended periods in its unwavering purpose of accommodation (Harper, 2017), making it ideal for rebranding and/or refurbishment exercises to improve its contemporariness.

Asset repositioning exercises, have proven efficacy in revenue growth, particularly in the full-service and luxury segments, evidenced by case studies indicating a 40% leap from 2008 pre-financial crisis to 2018 (Deloitte, 2019).

Existing Approvals, Permits or Special Licenses

Non-financial assets such as licenses and permits are important considerations, particularly for hotel acquisitions, as they allow a hotel to continue operating as an ongoing concern (Butler & Baltin, 2013), and contributes to the potentials selling price of the hotel if they are transferable to the buyer (Butler, 2013).

The importance of licenses and permits are not restricted to operating hotels. Prevailing approved planning permissions to the hotel site not only reduces planning risks, but determines the size and type of hotel allowed to be built, along with identified restrictions imposed, both which affects the value of the hotel upon completion (Harper, 2017).

Even inactivate but prior approved planning consents and permitted use of buildings add value to the asset, as despite being unutilised, historical consents indicates both potential for constraints and/or expansions to the hotel (Harper, 2017).

This is particularly important for specialised hotels. For example, in sensitive locations, special government permits may be required (Rushmore, 2002), while a gaming license underlines the entire existence of a casino hotel, where the majority of revenue is derived from gambling activities (Jang & Yu, 2002).

Hotel Classification, Rating & Compliance

The lodging industry does not adopt a uniform definition of various hotel classes, as classifications such as “upscale”, “economy” and “luxury” among others, carry diverse connotations to different audiences (Rushmore, 2002). Seen as a form of recognition or award by the industry or its associations (Geller, 1985), ratings on the other hand, usually represent the first criteria guests utilises when making room reservations (Nalley, et al., 2019).

In most countries, hotels are assigned star ratings, usually between 1 to 5, which guidelines generally cover the service and offerings, however there seldom are specific rules determining the relationship between each characteristic and the final rating of the asset (Giannotti, et al., 2011). Lee et al (2018) reminds us that the availability and quality of a restaurant contributes to a hotel's star rating, but said relationship again varies depending on the rating body as well.

A study in 2015 determined that regional room star rating had a positive impact on the RevPAR of the hotel, while another statistical study conducted in 2018 consisting of 1,824 hotels, utilising only top-line benchmarked data from Smith Travel Research, yielded above 10% KPI improvements across the 1 to 5 years performance upon the hotel ascending their star rating (Nalley, et al., 2019).

Literature establishes a loss in a hotel's awarded rating directly correlates to a decrease in revenue and guest loyalty, while conversely hotels are able to charge higher rates when achieving a higher classification, thus presenting robust evidence in arguing a relationship between a hotel's rating and performance (Nalley, et al., 2019).

However, upon closer scrutiny, the KPIs adopted for most of these studies were average room and occupancy rates, without correlating the preliminary and ongoing costs involved in the improvement of a hotel to increase their star rating. More meaningful interpretations would have been possible if the measure utilised was the actual return on investment, instead of merely room rate increments which would be offset by operating costs.

Hotel Facilities, Amenities & Services

A hotel's mix of facilities and services are generally dependent on the hotel's type and location. For instance, a business hotel located in downtown or commercial districts would have commercial facilities to primarily cater for individual business travellers (Rushmore, 2002), while a resort would occupy larger areas away from the city, and provide complementary facilities dependent on whether it is in a beach, ski, theme park or natural attraction setting (Harper, 2017).

In addition to complementing the hotel's room offerings, other facilities enhances revenue by providing supplementary income streams, such as F&B revenue from restaurants, lounges, bars, banquet rooms, and room service; rental income from leased retail, office space, clubs or storage; concessions from convenience stores, parking or wellness centres; and commission from vehicle rental and business centre services among others (Butler, 2013; Rushmore, 2002).

Prior to deciding upon the physical design of the hotel, an analyst should comprehensively evaluate the size and requirements of potential market segments (Troy & Beals, 1982; Kim, 2002), and propose a targeted facilities and services configuration (Venter & Cloete, 2007).

Spatial limitations are common, thus facilities design and space allocations should be deliberated judiciously (Kim, 2002). A hotel may be able to have reduced facilities if they are situated in and benefits from a mixed or multiple-use integrated development, which contains non-hotel elements such as offices, retail or residential units (Rushmore, 2002).

A mix of hotel's services and facilities have been identified as half the total CSFs in British studies conducted in 1996 and 2003 (Yadegaridehkordi, et al., 2018), while generic facility recommendations have been cited as a weakness in underperforming hotels (Hodari, et al., 2018).

The extent of a hotel's facilities may mitigate, on occasions where the room revenue stream is affected, or exacerbate a hotel's risk profile when funded facilities are not profitable, in consideration of the costs involved in providing such facilities (Younes & Kett, 2007). Beals & Troy (1982) acknowledges the importance of the hotel's eventual form, by suggesting the facilities and services offered should be based on market requirements.

Income Generation Capacity

A hotel's income generation capacity, being its current and potential yield (Butler & Baltin, 2013), has to placate adequate cash-flow requirements, as the owners would unavoidably prioritise short-term debt over long-term profits (Geller, 1985).

As most hotels are sold as on-going trading entities, its potential earnings are the buyer's most significant consideration when bidding for a hotel (Butler, 2013), while the higher the certainty of the income, the sharper yield a buyer would be willing to transact at (Harper, 2017).

Various scholars have noted multiple hotel organisations have often neglected the importance of hotel restaurants' ability to generate revenue, despite sharing similar traits like perishability and seasonality as rooms, and often miss the opportunity to capitalise on this revenue stream (Lee, et al., 2018).

Kim (2002) proposes the difference between a hotel's potential earning capacity and the total development or acquisition cost to be the most critical success factor in determining the financial viability of the hotel. Rushmore (2002) cautions against neglecting inflation, as hotels are largely fixed-costs business, minuscule cost increases inevitably distresses future earnings drastically.

There are differing schools of thought on which hotel types are superior in generating revenue. Studies have shown gaming hotels possesses improved earning capacity over commercial hotels (Jang & Yu, 2002), while Deloitte (2019) claims sustainable buildings fare better, but stopped short of providing justification for this claim.

Operating Cost Structure

Despite the general capital intensive nature of the industry (Newell & Seabrook, 2006), not all hotels share similar cost structures, as the fixed costs structures of a full-service hotel or resort would be significantly higher than that of a select-service or extended-stay property, ostensibly because of additional services, extended facilities, and the promise of quality (Younes & Kett, 2007).

A foreign hotel operator often faces increased operating costs over a native management, allegedly due to geographical differences resulting in additional logistical, localisation and linguistic costs (García-Muiña, et al., 2020).

Other localisation factors include work unions, which studies have shown to inflate costs up to 38% due to compliance and collective bargaining (Butler, 2013), or service charges to body corporates if the hotel is part of a stratified building (Harper, 2017).

While the rest of the hotel may be turning a profit, past studies have shown that investors are traditionally not keen on hotel restaurants due to low profit margins, which are easily eliminated by reduced demand, fluctuating staffing and ingredients costs (Lee, et al., 2018).

Contradictory to other commercial real estate assets, maximising occupancy in hotels does not always equate to maximising long-term profits (Rushmore, 2002), therefore, cost controls, in relation to a hotel's operating cost structure has been cited in studies as a CSF towards a hotel's success (Geller, 1985; Yadegaridehkordi, et al., 2018).

Layout Efficiency & Flexibility

Gellar's (1985) influential study cites the provision of well-planned physical attributes as a CSF for hotels, while the flexibility of design from sellable spaces including guest and function rooms would be able to adapt to different clientele requirements (Venter & Cloete, 2007).

Having the majority of rooms facing the preferred view allows the hotel to command an enhanced rate as a whole, while design efficiency of guest rooms could reduce servicing times by up to 40%, which is important during the typically brief guest-turnaround hours, while thoughtlessly placed meeting rooms in the bowels of a hotel without natural lighting would be difficult to lease (Harper, 2017).

A hotel restaurant's location within the hotel and visibility from the public will drastically affect its financial performance, along with its flexibility to change from self-service breakfast offerings in the morning to full-service dining at other times of the day (Lee, et al., 2018). Likewise, a hidden restaurant serves neither diners nor the hotel's bottom line.

Focus on layout efficiency should not be limited to revenue-producing spaces, but should encompass the back-of-house spaces such as kitchens, auxiliary areas and access routes to improve operating efficiency, turnaround time and reduce fixed-costs (Henderson, 1963).

Substance should precede style, as from an investor's perspective, it would be a squander of funds if the hotel is visually pleasing but problematic to maintain and operate, thus incurring redundant costs (Harper, 2017).

Product's Segmentation & Positioning

As the hospitality industry continues to expand, so do methods of categorising hotels, often based on their position and targeted market segments, which facilitates benchmarking of values, trading history, and business models among competing hotels (Harper, 2017).

A hotel's positioning exercise ideally activates from the feasibility and planning stages (Younes & Kett, 2007), identifying the segments most profitable in the long-term within the market, and building or renovating the physical structure and amenities to suit the target market, well before construction commences (Venter & Cloete, 2007; Kim, 2002).

For example, if a particular price-sensitive market has an underserved corporate segment, a new hotel would be wise to orient itself as a full-serviced business hotel, in view that business travellers often charge accommodations to their firms, and are more concerned over service quality than pricing points (Giannotti, et al., 2011).

While finding the right market niche is imperative for new hotels (Troy & Beals, 1982), it may be indispensable to reposition an existing property due to market changes, by refurbishing, upgrading, introducing new management, or changing the brand affiliation, as a survival concern, despite the high initial cost outlays (Rushmore, 2002).

Hotels however often run the risk of brand dilution and poor guest perception, in attempts to cater to too many segments simultaneously (Wang & Chung, 2015), to which Yadegaridehkordi et al (2018) in a different school of thought, suggests having the manager alter service attributes instead physical attributes to suit the different guests.

Segmentation and positioning exercises is far from a consensus among the hospitality community, however most agree a segment is inadequately captured or categorised by a single attribute (Wang & Chung, 2015). But the question stands, if all hotels practice similar market-driven positioning exercises, how would one gain a competitive advantage (Venter & Cloete, 2007)?

Property Condition, Wear & Age

Poorly maintained hotels often suffer a loss in rating and perception, which directly correlates to guest loyalty and inevitably its revenue, ultimately decreasing performance (Nalley, et al., 2019; Jang & Yu, 2002). This determinant has been considered as somewhat of any oxymoron, in the sense it can be contradictory to business logic of having to incur costs to protect the bottom line.

Much has been written about the condition of the hotel during purchase (Butler & Baltin, 2013), its relative position to the competitors (Henderson, 1963), and the attractiveness of a novel property (Kim, 2002), but there has been limited discourse on the functional obsolescence of the hotel, and at which point it makes little economic sense to attempt staving off the physical deterioration (Younes & Kett, 2007).

There are argument however, that as a hotel ages, its profitability increases due to accumulated reputation and loyalty, but findings on this thus far have been mixed and country dependent (Dimitrić, et al., 2019). Growing competitive context among the supply pool has been cited as the main driver behind recent growth in hotel refurbishment undertakings (Deloitte, 2019).

While hygiene and cleanliness have often ranked as influential factors in accommodation selection and guest satisfaction, studies show that these factors does not have significant effects as predictors towards a hotel's success on an individual basis (Yadegaridehkordi, et al., 2018).

As the capital budget is often viewed as the most important budget in the hotel domain, owners are indecisive on which physical renovations and service improvements would progress the hotel's KPIs and generate the highest return on investments, in consideration of the costs involved (Nalley, et al., 2019).

It is incontestable that subpar upkeep impacts both capital and trading values, which is constantly greater than potential short-term savings achieved from underinvesting in the condition of the hotel (Rushmore, 2002).

Property Performance, Track record & Past Results

The term "performance" in relation to hotel operations has always been highly subjective and an often contested topic (Jang & Yu, 2002). While some stakeholders utilises metrics such as ratings and awards achieved (Nalley, et al., 2019), or customer satisfaction (Geller, 1985), the financial performance of the property is generally accepted as the benchmark, as hotels with poor financial results are often difficult to dispose at reasonable prices (Jenkins, 1982).

In aggregated past studies up to 2018 across multiple settings, a hotel's past financial performance has been noted as the second most important factor in hotel CSFs (Yadegaridehkordi, et al., 2018), more specifically "lagged profitability", being the long-term accumulated wealth generation of the property, of at least 3 years, instead of year-on-year or short-term profits (Dimitrić, et al., 2019; Curran, 2016).

While Curran (2016) suggests minimum earnings in form of EBITDA as the end-all, Harper (2017) on the other hand indicates stability and consistent results as a determinant for the yield profile, while Rushmore (2002) advocates good practice by focusing on capital appreciation and pursuing maximisation of aggregated returns instead of merely current yields, as yields may be offset by capital losses.

There are however challenges in evaluating the performance of a new hotel, as without trading histories, results or track records to rely upon (Harper, 2017), only lead indicators such as room and occupancy rates compared against the competitors may give an indication on a fresh hotel's performance. These yardsticks however, are independent of the developer's non-operating commitments, and does not portray a systemic view of the investment itself.

Track records and financial results are important, not only to measure the growth of the hotel and improve operating efficiencies, but to attract long-term debt providers at favourable lending terms (Rushmore, 2002).

Property Reputation, Image & Quality

A hotel's quality, is commonly considered a vague concept, or difficult to define at best, as different guests can experience service and evaluate the hotel differently (Santos, et al., 2016). The perception of quality can relate to design concept, physical characteristics or the service levels, and very frequently in tandem (Younes & Kett, 2007; Butler, 2013).

A distressed asset or a hotel served with bankruptcy or foreclosure would find themselves bereft of any willing chain operator, as the disruption in public identity and management deployment could be damaging to the chain's reputation (Rushmore, 2002).

Harper (2017) suggests the struggle for perceived quality and reputation is due to guest's willingness to pay differential rates for hotels based on perception and expectations, in addition to the prestige, would sharpen the yield investors would be prepared to remunerate for the hotel.

If a reputable hotel is part of a chain, the consumer image and goodwill will convert these intrinsic values directly into income for the property, and subsequently the chain. Conversely, a substandard hotel's reputation could tarnish the image of the chain as a whole (Rushmore, 2002).

It is said no two hotels share identical physical, financial, design, economic potential or location attributes, rendering every property unique (Rushmore, 2002; Younes & Kett, 2007; Beals & Troy, 1982). A trophy hotel however is one which is positioned at the pinnacle of the market, commonly historical, and habitually traded at prices effectively irrespective and independent of financial performance (Harper, 2017).

Troy & Beals (1982) claims that a hotel is only noteworthy when they are able to differentiate themselves from their competitors, although Venter & Cloete (2007) admonishes any hotel attempting to mark a special statement for the sole purpose of being unique can be competitively disadvantageous.

2.5.9 Site and Land Attributes

Accessibility & Visibility

Visibility of the building is central to a hotel's marketing prospects, as a higher profile outlook may result in sharper yields (Harper, 2017). Literature has indicated accessibility and cost of travelling to a particular location influences the associated demand levels, which in turn affects the ADR commanded by the hotel in relation to its competitive set (O'Neill, 2013).

The success of a particular location as a tourist destination is often marked by the ease of access, which is symptomatic of the level of support and confidence a host government has in that location, given accessibility infrastructure is unrelentingly exorbitant (Jenkins, 1982), and have been found positively corresponding to the number of hotel rooms available in that location (Falk, 2016; Assaf, et al., 2015).

The accessibility of a hotel does not only benefit guests, but for suppliers and employees as well, often affecting the hotel's attractiveness as a customer and employer (Venter & Cloete, 2007). A hotel obscured by other taller buildings in a location underserved by airline connectivity will be subject to an undesirably higher capitalisation rates (Harper, 2017).

New properties with low awareness in competitive markets may be able to offset their weaknesses by improved visibility and ease of access in gaining patronage and enhanced local exposure (Rushmore, 2002).

Site attributes such as visibility have featured prominently among decision makers in Newell & Seabrook's (2006) seminal study on factors influencing hotel investments, while a site's accessibility, particularly from transit centres such as airports or rail stations is considered one of the aspects of higher import in past market studies (Kim, 2002).

Infrastructure Availability, Quality & Pricing

The availability of hard infrastructure such as airports or public transportation, and soft infrastructure, such as utilities in host countries have featured as a prominent factor in all recent hotel foreign domestic investment studies, from Dunning & McQueen's (1982) internationalisation model to Falk's (2016) more recent gravity model.

Often taken for granted, the notion of enjoying running water or constant electricity supply has been viewed by rural dominions as a luxury, which developed regions have often taken for granted. A hotel site with ready access to infrastructures of sufficient capacity would have reduced development costs due to savings from infrastructure preparation (Harper, 2017).

However, as most of these infrastructure are provided by the host governments to attract foreign investors, such provisions may not necessarily benefit the local community which the hotel serves (Jenkins, 1982).

Both infrastructure availability, quality and pricing are important when considering any lodging facility, particularly so for those in remote and difficult to access locations such as resorts in mountainous regions or developing countries (Rushmore, 2002).

Land Considerations

The availability of excess land unutilised currently by the hotel will often increase the value of the asset, as the land could be sold, developed or even adopted for the hotel’s temporary use, and provides intrinsic aesthetic qualities such as greater privacy, reduced noise and increased visibility, despite not generating any immediate revenue (Rushmore, 2002), unless the land is too trivial in size to be of material substance (Harper, 2017).

Literature suggests studying the land attributes prior to planning a hotel, as the land could have been previously contaminated, positioned on public right of ways, or likely to be inserted into eminent domain, thus it is beneficial to perform proper due diligence prior to acquisition (Butler, 2013; Harper, 2017).

Even the land the hotel currently occupies could have alternative use at higher values should the hotel be demolished due to deteriorated condition, inappropriate for the market or just naturally unsuited in terms of location for accommodation purposes (Harper, 2017).

Each project site possesses a unique environment, including topography, shape and size, thus efforts to identify the site's distinctive characteristics will improve the reliability of assumptions, desirability and suitability for the intended development (Kim, 2002; Rushmore, 2002).

While the size and plot ratio of the land affects the space allocable for the hotel, the topography may contain undesirable elements, of which removal would add to development costs (Rushmore, 2002), while being located to areas at risk of flooding would add to operating costs in terms of insurance premiums and mitigation measures (Harper, 2017).

Easements, setbacks, buffers and landscaping requirements imposed by the authorities or geotechnical conditions requiring remedy are also cost influences towards the development, while any toxicity could render the entire undertaking as immediately unfeasible (Harper, 2017; Rushmore, 2002).

<u>Property Ownership Tenure</u>

A property's ownership tenure, being freehold or leasehold, matters (Curran, 2016), as essentially the more options one has on a plot of land, the higher the capital value (Harper, 2017).

While viewed as superior to common-hold land or operating licenses, leasehold land carries a finite tenure of ownership, and often carries additional restrictions, terms, covenants or consent requirements thus causing freehold titles to be viewed more desirably by investors and developers (Harper, 2017; Butler & Baltin, 2013).

It is worthy to note however, that certain regions or countries do not offer freehold or perennial rights to the land, and thus the subject matter of length of lease duration would be the contributing factor to the sale consideration price (Harper, 2017).

Zoning, Regulations & Restrictions

Any proposed hotel development's feasibility is subjected to local laws and processes governing real estate and construction (O'Neill, 2013), as local government has to endorse the legality of the development from perspectives of zoning, legislation, town planning and building codes (Venter & Cloete, 2007; Butler & Baltin, 2013).

Harper (2017) adds that restrictions are not necessarily limited to the local legislation, as the hotel management company often has their own specifications stemming from brand safety standards to comply with, while certain financial institutions imposes regulations to how their funds are utilised.

Local zoning codes which dictates the plot or floor-area ratios, height restrictions and parking requirements affects both the tropology land use and construction costs of the hotel, but positively, it limits competition by creating barriers to entry, promotes guest safety, improves the neighbourhood environment and regulates operational quality (Rushmore, 2002).

2.5.10 Suitability and Compatibility

An intangible determinant barely the subject of any mention much less discourse, the suitability and compatibility among all the different elements, including the actors themselves, in the hotel investment ecosystem has to be studied.

Alignment between Developer & Hotel Company

Multiple permutations of management structures are available, the most common would be involving the developer and management company, or the developer, management company and franchisor. Regardless of which combination, consent and approval from all core parties are obligatory (Butler, 2013; Venter & Cloete, 2007).

While chains claim improved performance above independent operators by reach and size, a feeble working relationship structure such as an ill-conceived management agreement for a particular hotel type, could have negative impact on potential earnings and subsequently the capital value of the hotel (Harper, 2017).

The hotel chain's ongoing "asset light" strategy has caused a chasm between owners/developers and operators, with disagreements primarily stemming from disparate operational, financial and strategic objectives, as well as the "language" being metrics and variables used in results reporting (Newell & Seabrook, 2006; Hodari & Samson, 2014).

The hotel owner often desires to maximise profit to service their debts, while the operators tend to maximise revenue, ostensibly due to their fee structure (Rushmore, 2002). With some negotiations, this may be resolved by compromising in "doing what is best for the hotel" in efforts to optimise, which is not necessarily to maximise, earnings.

Other potential barriers to alignment between the parties could be distance between host and source countries (Jenkins, 1982), or languages and culture, both implicit and explicit, as these differences carries subtle nuances going beyond base translations (García-Muiña, et al., 2020).

As developing hotels are capital and time intensive, harmony among all parties are mandatory to secure an economically feasible investment (Younes & Kett, 2007), thus a developer has to choose and restrict the parties they covenant with (Rushmore, 2002).

Cohesion among Shareholders & Stakeholders

Equity partners carry elements of uncertainty. Some merely provide the land or financial resources, and have little knowledge or interest in hotel operations, which may lead to disputes later (Henderson, 1963), while others commit other resources, both tangible and intangible, and may take on a more active role (Venter & Cloete, 2007).

While a general lack of knowledge about hotels consistently endures among investor groups, weak alignment between the fund managers and investors have been commonly cited within hotel investment literature (Newell & Seabrook, 2006). Managers of firms with excessive free cash flow tend to select investments favouring themselves, but not necessarily to the benefit of the shareholders (Dogru, 2017).

A mechanism to prevent financial disputes among shareholders would be the utilisation of a REIT structure while investing into the hotel, thus legally compelling the majority of profits to be distributed as dividends to the unit holders equally without prodding (Dogru, 2017). However, the compliance and subscription conditions, along with the cost overheads of a REIT structure renders it unfeasible to most unsophisticated developers or management teams.

If stands to reason if the investors all share similar philosophy, cultural fit, styles and enjoy mutual trust, considerable resources including time could be saved in the hotel development process (Rushmore, 2002).

<u>Compatibility - Brand, Operator & Product</u>

The question arises, which brand and operator would suit the hotel best and assist the asset in trading optimally? Does the brand reflect the hotel's positioning, or can the operator satisfy the vis-à-vis quality requirements of the property (Butler, 2013)?

Certain hotel chains have developed specific images and accrued a following for specific market segments, some are known for the meetings and convention markets, while others flourish in the commercial, extended-stay or leisure segments. A mismatch, being a corporate business hotel in a leisure venue for example, will yield adversely operating results (Rushmore, 2002).

For instance, Younes & Kett (2007) cautions against the potential mismatch of pairing a management company known for their luxury hotel offerings to a limited service or budget hotel, leading to pricing-expectation asymmetry.

Similarly, pairing the management company with the right experience, track record, goals and market perception that matches the hotel will impact the market yield of the investment (Harper, 2017). For example, first-tier management companies seldom operate hotels with reduced room counts as the chain’s corporate overheads are unsustainable by the revenue generated from smaller properties (Rushmore, 2002).

Successfully matching the brand affiliation, management and hotel product can achieve operational synergies, gain access to financing options, and determine the hotel’s prime nominal value by up to +/- 25% (Butler & Baltin, 2013).

Distance between Source & Host

Harper (2017, p. 17) claims different groups of investors are averse to certain locations, based on their investment ethos, while developers themselves may be reluctant to allocate resources into hotel types or categories unacquainted by them.

In a recent study set in Spain, negative effects of informal institutional differences between a developer from a source country and their hotel in a host country were noted to be mitigated when the host country had matured economic institutions and financial policies (García-Muiña, et al., 2020).

It is however noted that distance may not necessarily be measured physically or tangibly, such as administrative or economic distances. Cultural distance has proven to discourage equity modes of entry for hotel chains, evidenced by Spanish chain’s resource commitments in Latin America due to cultural and lingual similarities (Santos, et al., 2016).

While past studies have considered physical geographical distance as a potential determinant for foreign modes of entry, these studies however have not yielded any significant correlation between the host and source countries (Falk, 2016).

Conversely, studies testing the gravitational models relates positively to size of economies while testing negatively to geographical distance, leading one to believe geographical distances affect a hotel's success in a less tangible manner than previously believed, as hotel services are less susceptible to logistical challenges than physical goods (Santos, et al., 2016).

There are however occasions necessitating great distances between the source and host, for instance the lack of expertise in developing markets, exampled by China requiring foreign assistance during their economic reforms in 1978 (Jenkins, 1982).

This, combined with studies showing increased bilateral trade between countries sharing similar cultural factors such as language and historical links, would potentially suggest that geographical distance does not affect hotel investments as much as cultural distances does (Falk, 2016).

Hotels in Owner's Portfolio

Adhering to modern portfolio theory, many real estate groups invest into hotels for the sake of investment portfolio diversification, which is supposed to theoretically reduce non-systematic risks and provide higher risk-adjusted returns by regional diversification (Petersen, et al., 2003), due to the heterogeneous characteristics comparable to other commercial real estates (Giannotti, et al., 2011).

A sector diversification strategy is advocated when investing in hotels, as investing in dissimilar assets targeting different market segments at diverse positioning and rates, allows for the specific satisfaction of different guest category's requirements (Younes & Kett, 2007; Giannotti, et al., 2011).

Experts however warn against having excessively numerous hotels in a real estate portfolio, especially if they trade within the same location and market segments, as focussing on hotel’s higher returns over other commercial real estate would cause investors to overlook of its high-risk and high earnings volatility nature of the efficient frontier (Giannotti, et al., 2011; Petersen, et al., 2003).

Portfolio management is not limited to the physical hotels themselves. Brand portfolio strategy structures the roles, scope and interrelationships between portfolio brands with the intention to achieve leverage, synergy, clarity and differentiation among the brands (Wang & Chung, 2015).

Product's Suitability in Location & Market

When adopting brands and products from hotel chain’s, particularly first tier ones, the economies of scale often dictates the minimum size of the development, despite such a scale being ill-advised or inappropriate for the particular market, community or even the local environment (Jenkins, 1982).

In past research, during times of crisis or economic duress, a hotel’s profitability is negatively influenced by its size, potentially due to the fixed costs, and affects specific hotel types such as resorts and airport hotels more than others (Dimitrić, et al., 2019; Younes & Kett, 2007). This would appear to hold true as demonstrated during the Covid-19 pandemic.

Despite being a service, hotels are unquestionably physical products as well, and with consideration that locations are touted as a finite resource, thus selecting a brand or type of hotel which is already saturated in the market, creates unwelcomed competition and confusion among guests (Wang & Chung, 2015). Therefore, a set of locational criteria should be enforced for the hotel to be constructed within the appropriate context (Quan, et al., 2002).

Disregarding the physical location, a product has to be aligned or tailored for the market it intends to serve, particularly from a price point (Harper, 2017). It is physically impractical for a single hotel’s configuration and offerings to cater for both a CEO and a budget traveller (Henderson, 1963).

2.5.11 Macro and Institutional

Less discussed is the regional environment that the hotel operates in, with authors claiming long term legislative, economic, social and political stances of the subject government and their policies towards incoming tourist having a more significant impact on hotel investments than the local market itself (Harper, 2017, p. 53).

Consideration of the macro-external environment is inevitable when contemplating any investments. History evidences booms in the lodging industry when a robust economy is coupled with favourable tax legislations, bullish stock markets and declining interest rates (Rushmore, 2002).

Contradictorily, when investment sentiments are alarmed over the economic climate or times of crisis, this has led to lower asking prices, delays in new investments, and insufficient financing flows to sustain existing hotels (Harper, 2017; Butler, 2013), much like what we witnessed during the Covid-19 pandemic.

The economic climate itself is not the only external factor to take into consideration. Political risks, cultural distances, uncertainty, industrial cycles, and even the occasional mention of religion has been cited as determinants in hotel investments (Santos, et al., 2016; Yadegaridehkordi, et al., 2018; García-Muiña, et al., 2020).

Choices of Property Available

Selecting a hotel to acquire or a site to develop is similar to distinguishing business opportunities, by tabulating the market information on the prospects available in the market supported by realistic estimations, and suitability to the acquiring firm (Kim, 2002; Santos, et al., 2016).

Hotels are usually transacted at principles of substitution, being the purchaser would compare available options with similar utility, and select the property at the lowest price (Rushmore, 2002), however the underlying market sentiment and demand from other purchasers are often mediating variables to the actual transaction price (Harper, 2017).

The amount of supply in the direct marketplace matters (Harper, 2017). While it may be true for certain locations like Australia and similar markets, the limited size of the hotel property market can restrict decisions of investing into hotels (Newell & Seabrook, 2006), despite Curran (2016) stating it's infinitely simpler to purchase a hotel than to dispose of one.

The selection of hotel properties represents the most impactful aspect of the combined risk avoidance and market cycle timing strategy, as even in challenging situations, by purchasing an underperforming hotel in a strong market, the developer is only required to turn the property around and not the entire market (Rushmore, 2002).

Economic Climate

Determinants of foreign domestic investments into tourism and hospitality are not significantly different from other industries, the economic climate being among them (Falk, 2016), along with acknowledging the general business conditions of countries are pertinent to the attraction of FDI into the country's lodging industry (Santos, et al., 2016).

The health of the lodging industry can usually be gauged based on the condition of the economy systemically, with disposable income being a key indicator as people travel when they can afford to, allowing travel expenditure to have multiplier effects on the host country (Rushmore, 2002; Dimitrić, et al., 2019).

Hotel demand reciprocates both the local and general economy, they have an undeviating but often deferred impact (Venter & Cloete, 2007). Macroeconomic factors such as currency restrictions, resource crises and national GDP can affect entire counties and consequently the hotel markets within it (O'Neill, 2013; Corgel, 2002).

A hotel owner's most significant dread during a severe economic recession is the possibility of the business going into liquidation (Younes & Kett, 2007), and with eroded hotel values during this period, cash rich buyers typically dictate price and terms of sale to the displeasure of the vendors and their investors (Rushmore, 2002).

The host country's economic climate has been featured prominently in literature and studies as external factors for FDI and successes in the global lodging industry (Dunning & McQueen, 1982; Falk, 2016; Dimitrić, et al., 2019). However, considering global tourism was not significantly affected by the 2008 financial crisis (Santos, et al., 2016), it is likely a host of factors are conjointly influential instead of merely the economic climate itself (Younes & Kett, 2007).

External Risk & Uncertainty

There is a perception that hotels, being a hybrid asset class, carrying both business and property risks, incurs more risks than other commercial real estates (Newell & Seabrook, 2006; Rushmore, 2002), along with various elements of uncertainties, illustrated as externalities, competitive, supply and demand uncertainties, which are distinct apart from a hotel's internal risks (Kim, 2002).

One of the potential grounds of this perception is a lack of straightforward, transparent, benchmark-able, reliable single-source financial information in the hotel industry, causing great uncertainty leading to inefficient portfolio management and capital misallocation, thus deterring potential investors (Jang & Yu, 2002; Harper, 2017).

The external business risks faced by hotels are mostly operational risks, usually foreseeable such as shifting of demand generators or change in guest demand patterns, however some can be totally unpredictable, such as disease outbreaks (Harper, 2017). Rushmore (2002) suggests the more facilities and services a hotel carries, the higher the potential risk aggravation due to utilitarianism.

Another external risk hotels are more susceptible to than other commercial real estate classes, and of great concern to lenders requiring debt to be retired quicker, is obsolescence, being a terminal depreciation applying immense impact on investment holding periods, preventing the owner to extend the hotel's economic life or exiting the investment (Younes & Kett, 2007; Rushmore, 2002).

A host country's formal institutions may be able to assist risk mitigation by political and regulative action (García-Muiña, et al., 2020), but there is very little any party can do to stem guest diversions or disruptions caused by global disasters and crises (Jenkins, 1982).

Government Initiatives & Incentives

There is long history of government aid and incentives due to scarcity of domestic investments and the reliance of foreign participation, however they were customarily centralised around the industrial/manufacturing sector in developing countries, and have only in recent decades included tourism projects (Jenkins, 1982).

Government led incentives and initiatives can come in the form of nationwide blueprints, affordable borrowing, tax breaks, promotional efforts, and business friendly policies, aimed at attracting investments, reduction of operating costs or growing confidence in the sector (Jenkins, 1982; Dogru, 2017).

Some of these initiatives includes and relies upon public-private partnerships due to the substantial funding requirements (Rushmore, 2002; Butler, 2013), while others are concessions, often in forms of land leased to selected parties to develop accommodations in locations the government intends to promote (Harper, 2017).

Despite FDI incentives being rated in the lower echelons of importance in UNCTAD's 2007 study (Falk, 2016), government led incentives are considered integral when foreign participation is required in a particular country, as one must remember, foreign investors have a large pool of financial destinations to choose from (Jenkins, 1982).

Industry Cycles & Occurrences

Often cited as timing or contextual factors (Yadegaridehkordi, et al., 2018), traditionally eight to twelve years long and affecting the demand-supply relationship, industry cycles have forceful impacts upon the hotel domain (Rushmore, 2002).

Hotels are considered as efficient investment instruments when it comes to cyclical timing, as the room rate structure which can adjusted daily as opposed to long-term leases of other commercial real estate, thus permitting hotels to be poised for quicker revenue recovery (Petersen, et al., 2003). Ironically, that indicates hotels are usually the first to suffer at the start of cycle downturns.

Early research performed on accommodation demand discovered the hotel industry cycle to act a function of the general economic cycle, and adheres to the timing of the said cycles. However, such general studies did not correlate the fundamental factors or occurrences resulting in variations for demand (O'Neill, 2013; Hodari & Samson, 2014).

Studies have confirmed certain occurrences such as economic crisis, terrorist attacks, wars, natural disasters, and disease outbreaks can influence the performance and subsequent profitability of hotels, not to mention the tourism sector as a whole (Dimitrić, et al., 2019; Newell & Seabrook, 2006).

Certain exigencies carry far reaching ramifications. While terror attacks have caused hotel occupancies and flights to dwindle terribly (Santos, et al., 2016), on certain occasions of political unrests, operating hotels built on leased land from the government were terminated on grounds of "force majeure", causing investors to experience effective forfeiture of all invested funding (Jenkins, 1982).

Most recently, we saw the advent of Covid-19, a global pandemic which in a matter of months, effectively decimated all aspects of hotel development, commencing from the closure of hotels, to the desiccation of financing for hotels (Çolak & Öztekin, 2021).

Political Stability

As a factor of which an investor has reduced or nil control over, the political situation of a host country can sway the hotel market's stability (Venter & Cloete, 2007), as evidenced by examples from the Middle East, North Africa and even Malaysia (Rushmore, 2002).

Prior to the Arab Spring revolution, and utilising time-series data on Egypt, tourism FDI appeared to be influenced more by business regulations and economic growth rather than political unrests (Falk, 2016), suggesting while minor political instability is expected, it is in actuality which major political instability disrupts businesses.

Benefits of political stability on the other hand, such as being admitted to the European Union or opening up of a host country's economy, has allowed immense growth of value in properties, and promotes sharpening of yields reflective of future residual value, as a cascading or multiplier effect (Harper, 2017).

Often ignored by optimistic investors (Kim, 2002), political stability has been cited in multiple studies as both an indicator of a formal institution's ecosystem quality and a determinant for FDIs in a host country's lodging industry (Dunning & McQueen, 1982; Dimitrić, et al., 2019; García-Muiña, et al., 2020).

Regulatory & Legislative Environment

Incentives by themselves are insufficient, as developers rely heavily upon the investment environment, which is principally championed by the host government, and includes setting and enforcing general policies, prioritisation of developments, arbitration between private-public disputes, and balancing economic benefits against cultural, social and potentially environmental losses (Jenkins, 1982).

In a domestic context, newly introduced legislations pertaining to safety may delineate a hotel's early obsolescence due to the aged property's potential non-compliance (Younes & Kett, 2007), while the government's relaxation of economic sanctions can fuel an almost immediate exponential growth, such as the relaxation in allowing casino-style hotels in the United States (Rushmore, 2002).

The opposite holds true if government policies discourages the development of hotels (Venter & Cloete, 2007), as the lack of institutional support is detrimental enough, inappropriate government intervention in the hotel domain may cause hotels to be classified as an untenable investment class (Newell & Seabrook, 2006).

The host government has the regulative and authoritative powers to restrict or influence foreign firms from entering into a market. Seen as a protectionist measure with intent to protect the local businesses, these regulatory controls may instead potentially inhibit the flexibility and limits the strategic options of potential foreign partners and investors (García-Muiña, et al., 2020).

Considering that most hotel investments in developing countries are at least partially funded by foreign equity (Jenkins, 1982), inadequate institutional settings coupled with an inefficient administration causes major deterrents for external capital inflows (Falk, 2016), particularly considering the variances of financial structures and economic systems between host and source (Dimitrić, et al., 2019).

<u>Sociocultural</u>

There are proponents suggesting a hotel's service level of being more crucial than the physical real estate (Wang, et al., 2012), thus the availability of labour and skill bases and levels of health, safety and security within the hotel's vicinity has to be considered (Falk, 2016; Rushmore, 2002).

Often difficult to explain and analyse as an informal institution (Dimitrić, et al., 2019), culture and its various manifestations such as languages, practices and cognitive processes, are antecedents to shared values, the service aspects of a hotel are essentially communicating the home society's visions to the host agents (García-Muiña, et al., 2020).

Certain hotels have been considered cultural icons and has societal impact beyond the provision of job opportunities. Events have educated the market and government of potential investments, leading cities to attract the right conferences, which creates underpinning tourism, more travel receipts and even whole new sub-industries (Harper, 2017).

This relationship is reciprocal. In addition to studying how sociodemographic factors such as consumer confidence, personal income and corporate income influences lodging demand in that location (O'Neill, 2013), it is equally important to gauge how the public will react to the proposed hotel development (Venter & Cloete, 2007), in a balancing act between economic gain against potential cultural or social losses (Jenkins, 1982).

Social changes and cultural factors, particularly cultural distance, affects hotel revenue and subsequently the economic viability of any proposed hotel developments (Younes & Kett, 2007; Santos, et al., 2016), and even more so when gaming elements are involved due to societal impact from the negative connotations associated with gambling (Jang & Yu, 2002; Jenkins, 1982).

Taxation Policies

Antecedent empirical studies have concurred that foreign-domestic investment flows are hypersensitive towards variations in corporate tax rates between host and source countries, and is a factor in the decision making process for multinational firms, resulting in increased FDI outflows from the higher tax rated countries (Falk, 2016).

Despite the increase of interest rates in the United States at mid-1994, multiple REITs were able to raise capital rapidly and acquire multiple hotel management companies due to advantageous tax laws and loopholes (Rushmore, 2002), evidencing the relationship between tax policies and hotel development growth.

From an operational perspective, host government's formal institutions may offer tax incentives as a measure to reduce operating costs of hotel investments in their country in a bid to gain competitive advantage over their rival nations, often in a form of indirect tax exemptions, accelerated depreciations allowances, reduced or voided duties and even tax holidays (Jenkins, 1982).

From an investment perspective, developers are more concerned about tax rates liabilities imposed on the ownership, acquisition, and potential disposal of the asset such as assessments, quit rents, clearances and property gain taxes, along with interest-shield benefits on gaming hotels (Jang & Yu, 2002; Butler, 2013).

As a significant number of countries have different rates and methods of assessing tax liabilities, changes in taxation policies, particularly radical changes from historical levels, can impact the value of a hotel investment drastically (Harper, 2017). Conversely, advantageous tax laws introduced could cause growth in supply, rendering certain markets unprofitable (Rushmore, 2002), indicating that a balance is often required.

2.6 Non-Relevant Factors and Determinants

Religion was once hypothesised to be a determining factor in a hotel development's success, particularly if the source and host country's observed religion was homogenous. However, a study in 2020 concluded that the informal institutional differences and culture were likely the cause of a locations popularity, rather than the subject of matching religions itself (García-Muiña, et al., 2020).

Religious fundamentalism however, has been viewed by certain authors as potentially disruptive to the economic and political stability of a region and its associated tourism sector (Rushmore, 2002), which was particularly evident during the Arab Spring turmoil in the Middle-East (Falk, 2016).

Remarkably, the notion of sustainability in literature has yet to be cited as a factor towards a hotel's success. A 2018 study in the Korean hotel context indicated that guests were indifferent towards a hotel's sustainability policy during the selection process, intonating sustainability did not affect a hotel's financial success favourably or adversely (Kim, et al., 2019).

There was even a study attempting to link fashion trends to a growth of hotels catering to certain segments in 1996, however both this and subsequent studies abandoned these irrational components citing a lack of direct correlation (Giannotti, et al., 2011).

Once gaining significant traction, the notion of the hospitality industry's FDI activity being concentrated in richer countries have been subsequently debunked in Falk's 2016 gravitational study, citing tax and other policies to be more relevant as predictors than a nation's perceived wealth (Falk, 2016).

2.7 Research and Knowledge Gaps

Upon conducting an initial review of select literature, it has been discovered that there exist notable disparities, with one of the most prominent differences being the framework and areas of emphasis of prior research endeavours.

2.7.1 Limited Research on Determinants and Variables

Research specifically to address the strategic issue of hotel investment decision making was non-existent prior to 2006 (Newell & Seabrook, 2006), and limited to financial and locational aspects subsequently (Popovic, et al., 2019).

While Nalley et al (2019) claims that ample amounts of research have been attempted to distinguish the critical determinants of a hotel's performance, but to date no consensus has been achieved thus far. Said research has been conducted in different regional settings, but in the Malaysian context, studies on CSFs thus far are limited to organisations or the tourism sector in general, and not the hotels themselves (Yadegaridehkordi, et al., 2018), additionally noting none of the studies explains the impact of CSFs on success of developments within the hotel industry.

Despite attempts to address this lacuna, Yadegaridehkordi et al's (2018) study only included technological, organisational, human and environmental categories, with only 12 factors identified across those 4 categories, which neglects arguably important determinants such as macro/institutional, compatibility, property specific, and finance. This could potentially be indicative that the CSFs were arbitrarily derived, and any subsequently developed hypotheses to be deficient.

Manning et al (2015) claims that construction issues and real estate aspects of hotels are still relatively understudied areas. This would appear to be evidently factual as ample research has been performed ranging from where to situate the hotel, to methods of gauging energy efficiency of one, along with ideas on improving the quality of accommodations. However, very limited research has been conducted on the type of hotel should be constructed, which Popovic et al (2019) deems to be a dearth of scientific attention.

Even Newell & Seabrook's (2006) seminal study denoted locational, economic, financial and relationship factor categories, but made little to no mention of compatibility aspects, land or construction considerations, or macro CSFs, while Lee et al (2018) contends a lack of literature on the restaurant component's role and contribution towards the success of the hotel as a whole.

More than the location of the hotel itself, O'Neill believes more attention should be paid to the demand generators, like institutes of higher education, the demand generated by these buildings and their impact on hotel performances, citing a lack of empirical research (O'Neill, 2013).

Dimitric et al recently states that previous research conducted prior to 2019 lacks inclusion on management, social, human, customer satisfaction and quality internal variables, while neglected external variables are macroeconomic conditions, political risks, financial and monetary policies (Dimitrić, et al., 2019).

While research has been performed upon investing determinants of the hotel industry, the predominant strands of literature sits divided between seeking opinions of owners, investors and managers on locational factors, while the other studies generally investigates said factors via regression analysis (Falk, 2016), representing a fairly prejudiced premise for research undertakings.

In real world implications, the missing definition of investing determinants has caused hotel chains, such as Accor, to monitor lag instead of lead indicators in their expansion strategy, which is has been reduced to simply "follow where the guests are going" (Santos, et al., 2016).

Global hotel chains, like the aforementioned Accor, continue to tout the virtues of their pedigree, size, reach and expanse of their brands (Daun & Klinger, 2006; Rushmore, 2002, p. 39), while others dispute the actual value of global brands in mature markets and experiential lodging locations (Harper, 2017, p. 76).

The study of relationship dynamics in hotel investments have long revolved around and largely does not stray from the subject hotel and the market it operates in, but seldom discusses the investors into the hotel itself (Harper, 2017, p. 46).

In terms of developers with or intending to own multiple hotels, there are a lack of studies suggesting the number of hotels to invest in, or the types of hotel for optimal portfolio management (Giannotti, et al., 2011).

Risk appears as a constant determinant, however the manner of accounting and quantifying said risks were either sparse or totally absent from the literature, as observed by Younes & Kett (2007).

The majority of the literature tend to dwell on external and explicit determinants, such as the market, the site, or the economic environment. Significantly less is intimated upon the internal and intrinsic factors, such as the developers, strategies, objectives or capabilities.

In conclusion, there is no existing comprehensive theoretical framework established to determine the most influential critical success factors or to study how these determinants contributes towards hotel developments (Yadegaridehkordi, et al., 2018).

2.7.2 Geographical Focus Gap

From a geographical standpoint, large-scale research studies on hotel investments, such as ones undertaken by AHLEI and REIAC, have predominantly been confined to the USA (Newell & Seabrook, 2006; Butler, 2013). These studies primarily concentrate on market dynamics, financial returns, performance metrics, and the repercussions of crises on the hotel industry (Rushmore, 2002, p. 21; Santos, et al., 2016).

Very few studies actually addresses country specific location factors directly (Assaf, et al., 2015; Falk, 2016), and those which does were absorbed on products and services not specific to hotels (García-Muiña, et al., 2020).

The issue with being country or region focused, is the oversight and lack of acknowledgement of investments being a global phenomenon, and with capital inflows often flowing from abroad (Falk, 2016), studies should not be physically limited to localised contexts. With the scope being heavily domesticated or localised, there of a notable absence of an inclusive international perspective.

2.7.3 Asset Class Gap

Other traditional real estate asset classes such as industrial, retail, agricultural, office and residential, have been relatively well researched in comparison with the body of knowledge on hotels, which has been further subjected to geographical limitations to mostly the United States (Newell & Seabrook, 2006; Petersen, et al., 2003). A lack of research and subsequently understanding of hotels as a real estate class has relegated the hotel subsector to being only a marginal component in multi-property investment portfolios (Petersen, et al., 2003).

Despite representing a significant portion of unsecuritised investment-grade properties in the real estate market, a lack of understanding, combined with high-risk profile and a dearth of diversification benefits in the hotel business has relegated hotels as an asset class to a marginal role in multi-property investment portfolios (Petersen, et al., 2003).

While it has only been recently that institutional fund investors and advisors have sought guidance from benchmarking organisations and advisory firms (STR, 2019; Harper, 2017), there are still many variables without proper benchmarking practices in hotels as opposed to other real estate asset classes, partially attributed to the notion of close-kept trade secrets and a lack of transparency resultant from both owners and chains unwillingness to share.

Precise data from established studies pertaining to construction of non-hotel commercial assets are currently readily available primarily due to the simplicity of metrics and calculations (Ginevičius & Zubrecovas, 2009), however when it comes to hotels, most researchers are still contending with fuzzy figures (Popovic, et al., 2019) saddled by a degree of arbitrariness due to variable elements and parameters (Giannotti, et al., 2011).

All these denote a lack of sufficient research in differentiating hotels from other types of commercial real estate classes.

2.7.4 Terminology Gap

In terms of terminology, a prominent recurring theme is authors failing to distinguish between hotel management firms and owners or developers, often leading to confusion as those distinct stakeholder groups are alleged to have conflicting business (Dogru, 2017), strategic, operational and financial objectives (Turner & Guilding, 2010; Hodari & Samson, 2014).

This lack of standardisation among several terms themselves may lend confusion to the comprehension, although to a reduced extent. For instance, the term “yield” conveys the same meaning of “net profit before tax” to the real estate and finance community (Harper, 2017), however the respondents under the employ of hotel chains may define it as “gross operating profits" (Rushmore, 2002), as they are inclined to be agnostic of the corporate overheads involved in hotel ownership.

Another example would be the dispute between hotel chains and asset owners over the terms "supply" and "competition". Essentially indistinguishable, the chains tend to be less confrontational when labelling the competition, with owners and developers on the other hand holding more forthright stances in nomenclature.

Perhaps the most glaring confusion in hotel terminology lies the distinction between the "market" and "location". A notable point of failure, particularly among scholars with limited actual industrial exposure, many fail to distinguish the hotel's physical location apart from the hotel's market, which is characterised by its demand or economic base, being the guests, and the supply, being the existing hotels serving but not necessarily being in a particular location (Jang & Yu, 2002; Rushmore, 2002).

2.7.5 Evaluation Methodology Gap: The Need for a Values System

Examination of literature found that several prominent authors conducting research into hotel investments did not explain where or how the determinants were derived, leading one to suspect that these factors were potentially arbitrarily selected (Jang & Yu, 2002), which potentially introduces elements of bias.

Similarly, modern yardsticks of an investment opportunity appears to be limited to its potential financial return, with the Internal Rate of Return or IRR as the be all and end all (Jang & Yu, 2002), along high-handed assumptions on available opportunities and very little consideration towards the capabilities of the investing company (Rushmore, 2002, p. 95). However, due to scarcity of real estate space in attractive locales, location choices for prime assets are now inevitably limited.

Past research conducted on a hotel's star-rating's impact upon the hotels performance were marred due to the adoption of average room and/or occupancy rates, instead of measures including costs of upgrades to achieve higher star-rating, such as return-on-investment, thus the need for more empirical research is required to positively correlate hotel ratings to performance increases (Nalley, et al., 2019).

In fact, the term "hotel performance" itself is not a subject of consensus among the community. Other than valuation figures and general performance indices such as average room and occupancy rates, very limited research has been published to what constitutes as hotel performance (Jang & Yu, 2002).

The sum of the earlier mentioned missing determinants has often been blamed on the current format of feasibility studies, which has been accused of being simply a combination of a marketing analysis with financial projections, whose format and contents has yet to evolve since the format's inception, despite efforts to promote the inclusion of criticality (Kim, 2002; Beals & Troy, 1982).

In fact, inaccurate data and outdated structures, effectively the whole evaluating approach, has caused academic criticism towards existing feasibility studies' abilities to accurately predict the performance of hotels (Rushmore, 1996; Troy & Beals, 1982), to the extent of substantially overestimating the potential returns (Hodari & Samson, 2014).

Ultimately, other than Popovic et al's (2019) and Ginevičius & Zubrecovas' (2009) theses, there has not been significant mention of a requisite to consolidate a weightage and values system into the equation, indicating that all the determinants are of equal import.

Even one of the most prolific authors, whose writings touched upon the majority of hotel investment determinants, Stephen Rushmore, did not attempt to amalgamate and apply weightages to develop a systemic evaluation framework for hotel investments.

Australians Graeme Newell and Ross Seabrook of University of Western Sydney were on the right track in developing an AHP MCDM model in evaluating hotel investments, however their research only involved two stakeholder groups, being the owners and operators, with lines being often blurred between the groups, along with a limited set of 63 sub-factors distributed across 7 categories. Their research was additionally constrained by having only 15 initial cases, hence the consequence of a relatively small sample size.

In terms of stakeholder perspective, a holistic perspective from key stakeholders is often absent. Hotel developments, and their evaluations are almost always driven solely by the initiators, divided between property developers/asset owners on one part, or the hotel chains on another (Venter & Cloete, 2007). Literature reveals that the values of both or more parties are inopportunely not taken into account nor proportioned accordingly.

It is perhaps Assaf et al (2015) which sums it up best by stating extensive research has been undertaken upon the decision making, destination characteristics, and the hotel operations itself, but research is decidedly sparse on identifying and ranking the determinants of hotel performance.

The gaps in the literature are evident, and supports the need of a systemic method of evaluating hotel investments acceptable among all key stakeholders. Towards that end, this raises the questions of:

i. Who are the relevant stakeholder groups?
ii. What are the key determinants?
iii. And how significant are these determinants?

2.8 Value Management as an Approach

With reference to the problem statement, the hospitality industry requires a solution in terms of having a systemic evaluation model which encompasses a compromise or consensus among key stakeholders.

Enter Value Management (VM). While there are multiple definitions and understandings of the term VM, mostly differing due to regions and standards, VM is generally accepted as a process utilised to achieve or increase value in various applications (Thiry, 2013, p. 19), involving a reconciliation of disparate stakeholder views (Maramaldo, 2002).

The term "value" itself has been subject multiple interpretations (Sari & Setijanti, 2015). As early as 1731, Daniel Bernoulli argued that value should not be based on "price" nor perceived worth, but rather on its utility (Thiry, 2013, p. 13).

In 1776, Adam Smith further refined the notional concepts of value, differentiating them between "value in use" and "value in exchange" in his book, the Wealth of Nations (Maramaldo, 2002). These notions formed the underlying relationship between value and function across multiple disciplines (Thiry, 2013, p. 13).

This relationship was allegedly first formalised by Lawrence (Larry) Miles, who was generally credited as the founder of Value Management (Dawson, 2002), in 1972 with the equation "Value = Function/Cost" (Sari & Setijanti, 2015; Thiry, 2013, p. 13).

While the term VM itself was only first utilised in the 1970s, it was only until the late 1990s which VM distinguished itself apart from other value disciplines such as Value Analysis (VA) and Value Engineering (VE) with VM's focus on the entire project life cycle in a collaborative stakeholder approach, as opposed to other value disciplines' focus on immediate cost reduction (Thiry, 2013, p. 16).

Beyond the arguably generic advantages touted by VM such as enhanced competitiveness, improved products, increased profitability and superior customer satisfaction (European Committee for Standardization, 2019), VM possesses the ability to provide simple and clear definitions of specific stakeholders' needs (UK Office of Government Commerce, 2007, p. 8) while enhancing the value of a product or investment by function improvement, with the added functionality surpassing the additional costs incurred (Sari & Setijanti, 2015).

One of the most popular misconceptions of VM is its application being solely restricted to the construction industry, due to VM being frequently cited as being critical to the success of construction projects due to its focus on improving value for money (European Committee for Standardization, 2019), particularly in the Malaysian context (Jaapar, et al., 2009; Maznan, et al., 2012). This has further aggravated an already extremely narrow and reductionist view of VM's potential applications.

In reality, VM has successfully been deployed in business restructuring, portfolio selection, project evaluation, social and charitable ventures, political and educational programs, risk management and change management as well (European Committee for Standardization, 2019; Maramaldo, 2002; Thiry, 2013, p. 17; UK Office of Government Commerce, 2007).

VM differentiates itself distinctly from other value disciplines, mostly by the involvement of all key stakeholders, which are often multidisciplinary and complementary to one another (Maznan, et al., 2012), while most other value approaches are performed in silo, either from the provider or the consumer's perspective (Maramaldo, 2002).

Others draw distinctions and claim value disciplines such as VA is best applied in innovating existing products or solutions, while VE is adopted in developing new ones (Thiry, 2013, p. 29), while VM focuses more on whole-life project value, rather than a single facet of the project (UK Office of Government Commerce, 2007).

While the lack of conformity among differing standards and definitions of VM are constantly levied criticism, along with contradicting opinions of practical methods of its implementation (Serebryakova & Musayelyan, 2016), this does not detract from VM's fundamental benefits of seeking compromises between key stakeholders in developing a superior solution.

2.9 Data Modelling: Multi-Criteria Decision Making

In the past, the majority of problems were often viewed from a single perspective, dubbed "mono-criterion" method in formal decision making. The focus could have been on either the price or the performance of a product, for example. This practice however forces multifaceted elements of problem into a solitary measure of solution (Greco, et al., 2016, p. xxi), claiming the compromise "is for the best".

Traditional decision making models are based on three approaches (Zopounidis & Doumpos, 2002), being:

i. Choice: to identify a set of options.
ii. Rank: to order the options from most to least preferred.
iii. Sort: to classify similar options into the same group.

These one-dimensional approaches have limited real-world application, particularly in the field of investments, leading to the development of novel, more inclusive and empirical decision analysis models.

With investors generally having an objective of maximising their financial returns while simultaneously mitigating risks and costs within their portfolio (Steuer, et al., 2005; Markowitz, 1952), coupled with the different value weightage, a plethora of determinants and other stakeholder perspectives to take into account, hotel investments certainly qualifies as a Multiple Criteria Decision Making/Analysis (MCDM/MCDA) predicament.

This literature review has exposed such as potential dichotomy in preferences, priorities and areas of focus among stakeholder groups, exemplified by the divide among investors and lenders, varied value doctrines between the brand and asset owners, and incongruent opinions from consultants of differing disciplines.

These disparities, conceivably surmised as observance of different value systems, conflicting viewpoints and divergent philosophies amidst the stakeholders are irreconcilable to be determined by a single-criterion or linear decision making model (Roy, 2016, p. 21).

In comparison with linear problem solving methods which are unable to balance between the requirements and desired outcome, or reconcile the differing priorities of multiple stakeholders, MCDM's concept actually represents a formalised method of naturalistic approach to how make pragmatic decisions (Köksalan, et al., 2013).

Citing funding as a finite resource and with multiple projects to choose from, Popovic et al (2019) advocates the real world application of MCDM to resolve the conflicting criteria as prioritising a few will inevitably cause the neglect of others. They further add that it would be fallacy to make decisions based on a single criterion from a single decision maker's perspective, and stresses the importance of every option, labelled "alternative" in MCDM jargon, to be assessed from different aspects prior to making a decision.

As an investment's duration does affect its financial return, particularly in terms of yield and operating cash flows (Jang & Yu, 2002; Younes & Kett, 2007), one of the underlying principles of MCDM is one of efficiency, adopting a form of the shortest path algorithm thus reducing wasted effort and time (Martins, 1984), making it ideal for time sensitive hotel investments.

Despite having its roots in both psychology and philosophy, MCDM is presently viewed as a discipline of actuarial mathematics, has been adapted to resolve copious real-world quandaries which traditional methods of decision making have unsuccessfully attempted to solve (Greco, et al., 2016, p. xxi).

While the premise of MCDM itself being rather straightforward, multiple approaches and methods of implementation exists, each with their own characteristics, and arguably benefits and disadvantages, depending on the subject and application environment, while mostly differing along how the comparison of options/alternatives are made (Triantaphyllou, 2000, pp. 3-5).

The prevalent MCDM "value" approach adopts a utility and functional perspective to measure each alternative against the decision objective until saturation is (Dyer, et al., 1992). In choosing hotels for a portfolio however, the limited criteria of utility and function are insufficient to achieve the objectives of this research.

Others would argue that the "outranking" approach would be preferable, where pair-wise comparisons of each alternative are conducted to achieved ranked preferences (Tchangani, 2015). This method is potentially effective in managing the asymmetrical weightage assigned by different stakeholder groups across the identified determinants, but at risk of being resource, most notably time, consuming.

The Analytic-Hierarchy Process (AHP) method is somewhat popular and widely adopted, however it has been criticised as cumbersome in resolving issues with no hierarchies, as in having multiple criteria but predicated upon a single level only (Triantaphyllou, 2000, p. 2).

The Weighted Sum MCDM method (WSM) is advocated by Popovic at al (2019), and is supported by Ginevičius & Zubrecovas (2009) due to the method being intuitive, able to compare both qualitative and quantitative values, and reduced complexity, which would be invaluable in real-world and real-time analyses.

Thus considering that hotel investment opportunities are finite and often limited in terms of choices available, particularly in attractive markets (Rushmore, 2002, p. 24), the WSM MCDM model would be ideal for evaluating hotel investments.

Criticisms towards MCDM methods are primarily attributed to biases induced by Decision Makers (DMs), particularly when the weightage factor is provided either arbitrarily or under influence, which affects the neutrality and objectiveness of the model. This is particularly prevalent when increased point scales are utilised (Steele, et al., 2009), or basically any form of communication between DMs and the analysts performing the modelling occurs (Roy, 2016, p. 22).

Another complaint levied towards MCDM stems from its complicated application, in particular the rules, procedures and regulations, which has been claimed to restrict efficiency in real-world investment settings (Al-Shammari, et al., 2015). Regardless of MCDM being a discipline of scientific maths, it is impractical for each hotel investor to have an actuarial analyst under its employ, hence a model adopting WSM would be more practical for deployment.

Even if an investor's predisposition and preferences are taken into account as determinants, it would still be difficult to quantify and generalise them across every investor. Thus while MCDM is hypothetically sound, it would be difficult for an investor to accept an investment decision based on mathematical modelling, without consideration to their pedagogical stance (Roy, 2016, p. 33).

Therefore, placing aside the tenets of different MCDM approaches, other than presenting the precise criterions, it appears the predilections of the Decision Makers ultimately affect the decision of alternatives or choices. Thus it behoves the analyst to identify the right stakeholder groups as the DMs, and to comprehend their values and beliefs.

Ultimately, to conciliate multi-stakeholder mind-sets, the determinants and weighted values of hotel investments could ostensibly be distilled into a Multiple Criteria Decision Making/Analysis (MCDM/MCDA) equation.

2.10 Theoretical Frameworks

2.10.1 Existing Hotel Specific Frameworks

Following the shift from small motel to large hotel developments in the middle of the 20th century, hotel developers have adopted two popular frameworks for the industry, neither of which were globally endorsed but share common elements amongst them.

Development Frameworks are loosely defined and procedural in nature. An early example would be Henderson's framework published by Cornell, indicating the shift from motels to hotels as a popular lodging class (Henderson, 1963). Believing that financing factors dictates 70% of a development's concerns, his 10-step Development Framework definitively leans towards the numbers.

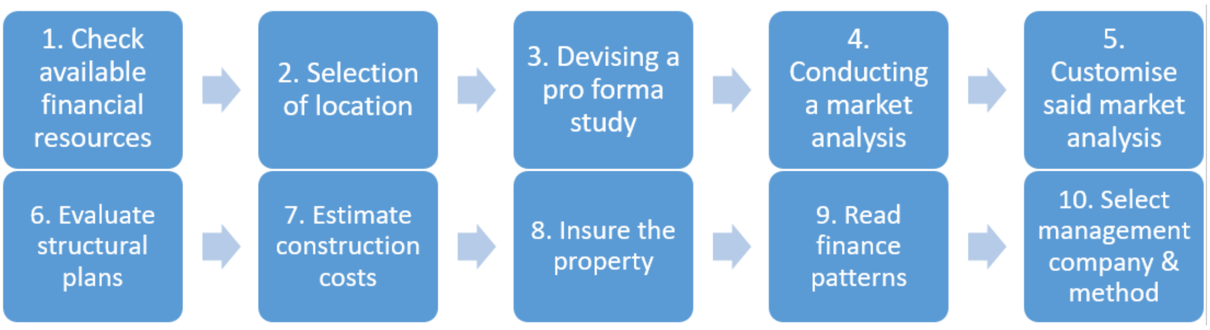

Figure 15 Henderson's 10-step Development Framework

Source: (Henderson, 1963)

Depicted in the preceding figure, Henderson's 10-step Development Framework is not sufficiently prescriptive, therefore left open to interpretation and borders on genericity, with the only objective being discovering whether the development will generate positive cash flow.

A more contemporary Development Framework from Wurtzebach & Miles (1994, p. 652) expands upon Henderson's thesis by adding in operating perspectives and idea generation, as shown below:

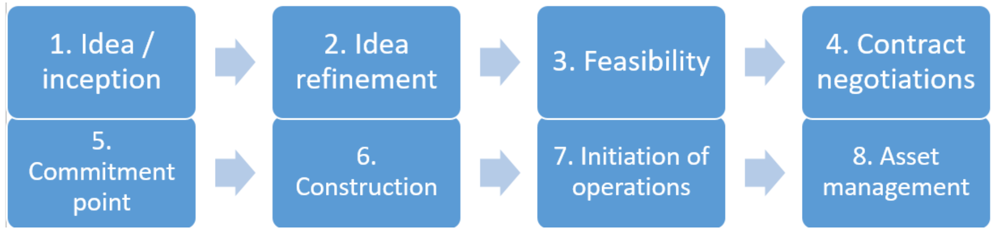

Figure 16 Wurtzebach & Miles 8-step Development Framework

Source: (Wurtzebach & Miles, 1994, p. 652)

Similarly non-prescriptive, this 8-step Development Framework does not dictate how ideas for hotels are generated, neither do they denote which contracts are of paramount importance nor discuss the decision making criteria on Step-5, the commitment point.

Bruce Baltin, an authoritative figure in the United States hotel development industry, has put forth his 5-step sequential Development Framework and a 10-step Acquisitions Framework:

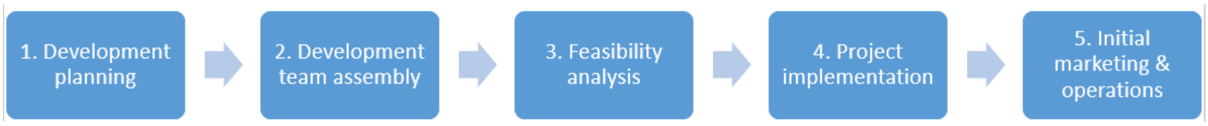

Figure 17 Baltin's 5-step Development Framework

Source: (Butler & Baltin, 2013)

Figure 18 Baltin's 10-step Acquisitions Framework

Source: (Butler & Baltin, 2013)

In his depiction, Baltin does list down several criteria for consideration such as location and property type among others, and remarkably acknowledges the purchaser's or developer's internal abilities. However he emphasises that "there is no right or wrong for each asset class" (Butler & Baltin, 2013, p. 4), and with consideration that he operates a consultancy providing hotel acquisition services to potential purchasers, one may wonder whether his perspective is skewered commercially.

Culminating in a study of various development frameworks spanning over six decades, Venter & Cloete has surmised their interpretation of the Development Framework into 12 steps:

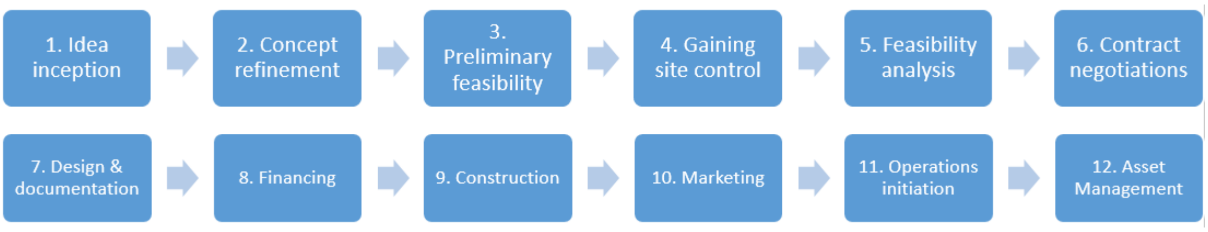

Figure 19 Venter & Cloete's 12-step Development Framework

Source: (Venter & Cloete, 2007)

It is apparent that Venter & Cloete's model is merely a consummation of previous works, grouping together certain steps or separating them. It is evident at this point that Development Frameworks are non-prescriptive and does not indicate which criteria are important. The number of steps do not appear relevant either, it is merely denotes the specificity on how the steps are split.

As Development Frameworks are procedural and semi-dependent on regions or countries, they are the peripherals of the subject study for this paper; therefore, Evaluative Frameworks would be the subject of focus. Evaluative Frameworks on the other hand, distinguishes themselves apart from Development Frameworks in the sense they study the different factors as a whole and unconstrained by particular sequencing.

Historically, hotel Evaluative Frameworks harkens back to the 1930s, modified from models used to evaluate other real estate classes, by modestly adding estimates of daily rates, occupancy (demand) and supply (Hodari & Samson, 2014). The actual evolution of Evaluative Frameworks occurred in the '60s and '70s, as more complex projects and ownership structures coupled by the incline of hotel chain groups incited the need for more thorough and industry specific analysis (Kim, 2002; Rushmore, 1996).

The 1980s saw the inclusion of more sophisticated statistical methods to bolster the framework's effectiveness, but the scepticism of the 1990s rebutted the accuracy of the frameworks, particularly the key variables of demand, supply and rates (Kim, 2002), ostensibly due to the poor performance observed from the lodging industry.

Beals & Troy (1982) categorises the four taxonomies of economic studies most commonly utilised in the evaluation of hotel investments: the Market, Marketability, Feasibility and Appraisal study. While each of these studies contains attributes and factors derived from their precursor, it is worth noting that an appraisal or property valuation report may omit certain components, depending on the estate valuation methods adopted (Beals & Troy, 1982).

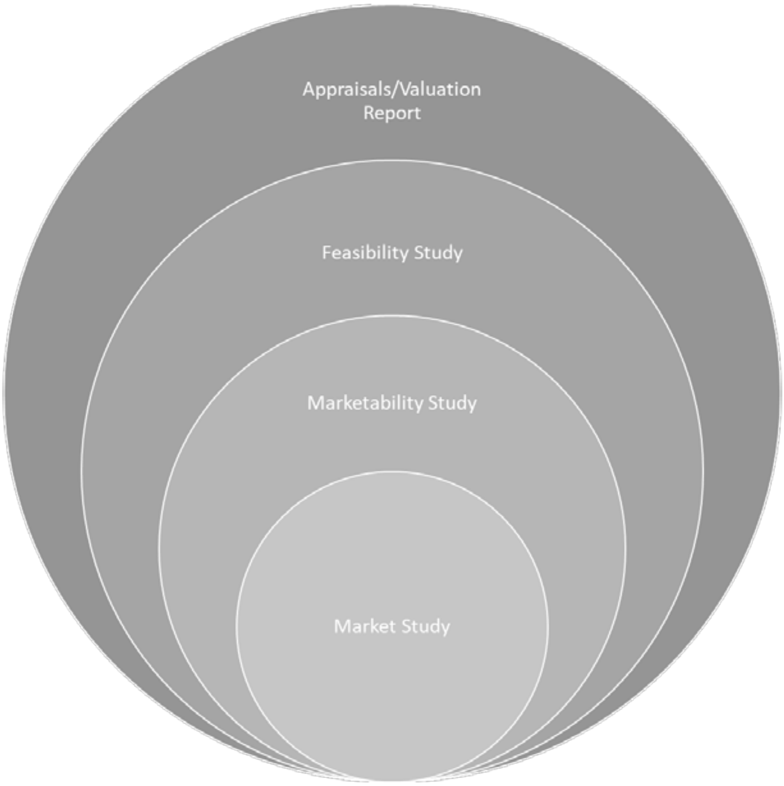

Figure 20 Taxonomy of Existing Evaluative Frameworks for Hotels

Source: Adapted from (Beals & Troy, 1982)

Whilst not specifically intended for hotel development purposes, the author purports Anthony Downs' instrumental classification of the Market Study introduces the requisite analysis of present and future consumer demand, along with competitor supply. Characterised by shorter-term analysis, demand estimates were obtained from unverified sources such as competitors, and studied as an aggregate instead of segmented demand (Beals & Troy, 1982).

The Marketability Study builds upon the Market Study format, and places emphasis on the micro-internal factors of the proposed development, instead of merely the Market Study's micro-external focus. The Marketability Study adds concepts such as command-able likelihood of sale and competitiveness of the facilities attached to estimate the "fair share" assumptions of the property. Beals & Troy (1982) however criticised the continued lack of guest segmentation or sub-segmentation in the Marketability Study. These were subsequently addressed in the Feasibility Study.

A hotel Feasibility Study, in its various iterations, was proposed to determine whether the proposed hotel's economic value surpassed the required rate of return (Hodari & Samson, 2014). In simpler terms, whether it was economically worth acquiring or building a particular hotel in the proposed destination.

While certain quarters uphold that a Feasibility Study is merely a Marketability Study augmented with projections of financial performance, however the general consensus is that the Feasibility Study additionally incorporates both macro perspectives such as the general economic condition, as well as micro perspectives such as the site's visibility and accessibility (Kim, 2002). It is however, criticised as still being inadequate, lacking consideration of ownership aspects such as debt or taxes, and limited depth in aspects of financial modelling (Beals & Troy, 1982).

The final hotel specific evaluative framework is dubbed the Appraisal or Valuation Report, and may be identical to other non-hotel commercial valuations or totally dissimilar, depending on the method selected by the appraiser to derive the building's value. Valuation standards in different countries would dictate the minimum content available in these reports, and practices differ among various firms.

Building upon the Feasibility Study's contents, the Appraisal Report adds the component of property value, with emphasis on investment logic (Beals & Troy, 1982), but as non-specialised appraisal firms are appointed to value hotels, the resultant report tends to omit several of the industry's characteristics (Troy & Beals, 1982).

Traditional real estate appraisers tend to adopt the Cost or the Market approach, which hoteliers are inclined to dispute, citing that a hotel is more than a mere building, and should be evaluated based on its potential for revenue generation. As these valuation approaches are mutually exclusive, the appraiser appears to semi-arbitrarily assigns value reconciliation to derive the decisive hotel value.

2.10.2 Criticisms on Existing Hotel Specific Frameworks

Concerns over the research methods, predictive ability, content, factors studied, the use and usefulness of hotel evaluative frameworks have persisted in both industry and academia for at least the past 30 years (Singh, et al., 2011; O'Neill, 2013; Rushmore & Goldhoff, 1997).

There is the challenge of subjectivity, as Venter & Cleote (2007) claims that not any single framework could be applied directly, and would have to be adapted to suit a specific hotel, leading to potential inducement of biases.

There are widespread disagreements and inconsistencies in terms of which investment factors to consider in the evaluative framework (Troy & Beals, 1982). To a lesser extent, there is the question of which stakeholders and audience should be involved in the framework (Kim, 2002), with many authors blurring the lines between Owners, Investors and Managers (Newell & Seabrook, 2006, p. 10), often lumping them together. With the exception of Eyster (1973) and more recently Newell & Seabrook (2006), practically no other author discusses the weightage or ranked important of investment factors specifically.

The prevailing measure for valuations of hotel investments are principally constrained to eminent financial metrics such as the universally applied Internal Rate of Return (IRR) and in a slightly lesser extent, the Net Present Value (NPV) of said investment opportunity (Gotze, et al., 2015, p. 50; Kim, 2002).

While the financial metrics discussed does integrate the notion of risks superficially, future cash flows and to a lesser degree, privileges linked with the hotel investment opportunity (Jang & Yu, 2002), these yardsticks utterly disregards an organisation's internal operating environment and predispositions, the background of the key figures within the organisation and intrinsic attributes including the goodwill, recognition and standing the promoter.

The time horizon adopted in the IRR or NPV calculations would widely impact the evaluation of a hotel investment opportunity. For example, a hotel developer with long-term holding intent would be put off by the low IRR should the calculations commence 5 years from project inception, instead of construction completion (Beals & Troy, 1982).

A low IRR may also conflict with a high NPV, denoting a slow rate of return but reflective of a higher total value to the firm, indicating that the firm themselves would require to decide whether ultimate returns or the rate is more contingent to their investment strategy. The assumption that positive cash flows generated during the course of business is reinvested at the same rate of return, which may not necessarily be true within the hotel investment context.

It has been over two decades since the barrage of sustained criticism levelled at the consultants preparing hotel evaluation reports, with critics claiming little to no evidence of improvement (Hodari & Samson, 2014), but often rebutted by the consultants as these improvements would prove too time consuming to be economically, practically or effectively implemented (Rushmore & Goldhoff, 1997).

With records indicating very little, if any at all, litigation within the hotel investment context towards parties preparing inaccurate appraisals or feasibility reports, there appears to be very little fear nor favour to improve hotel investment evaluation approaches (Hodari & Samson, 2014).

2.10.3 Non-Hotel Specific Investment Frameworks

Traditional investment evaluations tend to begin with a scan of the external business operating environment. The popular PESTLE or STEEPLE analysis is fairly extensive in a broad sense, but does not specify which particular sub-aspect of the external environment to take into consideration. Despite being employed by many real estate appraisers, it is ill-suited for the hospitality environment, as this analysis method does not dictate relationship aspects of the hospitality environment, rendering it indistinct.

First introduced in 1979, relationship modelling aspect is present in the popular Porter's Five Forces framework. However, it does not detail the procedures and potentially ignores multiple important elements particular to the hotel industry, such as the investment quantum in relation to the undertaking developer's organisation size, or the culture of the hotel management (Speed, 1989).

More specifically on the investment evaluation itself, traditional frameworks employed are Business Use-Case Modelling, Benefit-Cost Analysis and Business Rules Analysis, along with their derivatives, have been criticised as being too inconsistent, arbitrary and too dependent on the analysts' predispositions (Prest & Turvey, 1966). Furthermore, these frameworks do not take into consideration that a hotel investment incorporates both business and real estate risks.

The non-hotel specific frameworks discussed thus far serve more as loose guidelines rather than actual procedural analysis methods. Without prescriptive guidance, the stakeholders would be making their own interpretations in evaluating hotel investment opportunities, thus potentially incurring oversight and bias in the decision making.

A lack of prescription not only plagues operating environment analysis, but is mutually applicable to business or system activity/actor analysis tools such as Object Class Analysis, Network Analysis and various forms of Rich Picture methods.

The other issue is a lack of weightage in the original form of these tools. While they do produce and encourage critical discussion on various aspects of the investment opportunity, traditionally they do not assign a value system outside of risk assessment, and insinuates that all determinants are of equal import and impact.

Moving on to internal strategic assessments of an organisation's ability to undertake a contemplated investment, the existing framework and models narrowly focuses on very few elements within the organisation, exemplified in the table as follows:

Table 3 Existing Internal Organisation Models & Frameworks

Realm	**Tools/Models/Frameworks**	**Originator**	**Highlights**
Strategic Intent	MOST/VMOST Analysis	Rakesh K. Sondhi, BMC Global Services Ltd. U.K., in 1999.	Discusses and visualises strategic intent in an unguided manner.
Resources	Resource Audit / Resource Based View Analysis	Barney, Jay B. Texas A&M University, 1991.	Examines the resources within an organisation, both tangible and intangible, including human resources and intellectual property
Financial Performance	Fundamental Analysis	Benjamin Graham & David Dodd of Columbia Business School, 1934	Quantitatively scrutinises the financial metrics & performance of the company.
Product & Market Strategies	BCG Matrix/Boston Box	Bruce D. Henderson for the Boston Consulting Group, 1970	Hypothetical positioning exercises to test acceptance and subsequently success levels of products offerings and the market.
Organisation Modelling	Value Proposition / Chain analysis	Michael E Porter of Harvard Business School, 1985	Fixates on value creation process, and interaction with

			immediate stakeholders only.
Business Processes	Business event analysis, activity diagrams/sampling, business process/activity modelling, decision table/trees, CATWOE	David Smyth & Peter Checkland of University of Lancaster,1975	Relationship modelling of business processes, with purpose of functional troubleshooting.
Visualisation	Outcome Frame / Orientation / Thinking	Richard Bandler & John Grinder in California, 1975.	Actionable steps planning to achieved desired outcome.

Source: Compiled from the works of Cadle, Paul, Turner & Marr (Cadle, et al., 2014; Marr, 2016) and Aithal (2017) among other sources.

Taking aside the fact that internal/organisational analysis tools are generally detached from the external environment, they radiate a tendency to focus only on a limited number of determinants, is inexact or less prescriptive, and does not incorporate aspects of hospitality, which differs from other investments.

Arguably, even the more inclusive assessment models such as “Process, Organisation, People, Information and Technology” or POPIT for short, and the lauded McKinsey’s 7S, are inward oriented, and segregated from the investment context and real-world challenges encountered by the organisation (Cadle, et al., 2014).

Stakeholder identification, classification and prioritisation proves to be a test as well, as no particular tool encompasses all three tasks simultaneously. Adopting a sweeping approach, the Stakeholder Wheel method identifies all stakeholder parties without circumscribing the relevancy of each party or recognising individual exigencies.

While the Social Network Analysis and Power-Interest Grid methods does rank stakeholder relevancy, it is somewhat open ended and left to the analyst’s interpretation. The "Customer, Actor, Transformation, Worldview, Owner, and Environment" or CATWOE method for short, made popular by Peter Checkland, limits identification of stakeholders directly involved in the process, again does not prescribe weightage other than that assigned by the analyst (Cadle, et al., 2014, p. 101).

2.10.4 Different Approaches to Hotel Investment Evaluations Globally

There are different preferences to valuation approaches towards real estate and business valuations, including hotels, among varied regions and even countries globally, primarily stemming from the maturity of the market the object of the valuation resides in, while local culture and experience have been cited as additional considerations (Pagourtzi, et al., 2003).

While all appraisers are in theory recommended to attempt all three main approaches in valuing a hotel, being the cost, income capitalisation and market approach using evidenced transactions (Rushmore, 2002, pp. 26, 211-223), the reality of information availability and asymmetry makes it difficult for both the appraiser and subsequent users (Yadegaridehkordi, et al., 2018).

Matured markets with rigorous regulatory administration are consequentially deemed as “efficient markets”, thereby indicative that market prices are reflective of all available relevant information, thus promoting the market approach of valuation. The market approach, which uses comparison are often considered the most accurate and reliable method in the regions of Europe, United Kingdom and North America, which possesses arguably superior information disclosure (Pagourtzi, et al., 2003).

This is substantiated by the fact that past large-scale studies on hotel transactions were conducted by bodies such as AHLEI and REIAC based in the United States, along with HOTREC in Europe (Newell & Seabrook, 2006; Butler, 2013).

There are severe criticisms and recommendations that the market approach should be relegated as a secondary corroborative/reconciliatory approach, stemming from the contingencies and details particular to the past transactions omitted from the sales records, and the inclusion of an appraiser’s subjective judgement in adjustments considering that no two hotels are identical (Beals & Troy, 1982).

As opposed to the developed markets discussed earlier, in terms of emerging hotel markets, there is a distinct lack of preferred approach for the valuation of assets universally accepted by both academicians and practitioners (Bruner, et al., 2002).

The twin unsystematic risks of hotel transactional information asymmetry and closely held owner-occupied hotel ownership structures has been considered as a particularly difficult valuation challenge in new hotel markets, such as Latin/South America and those of the African continent, in which constituent regions or countries itself have their own predilections (Pereiro, 2002; PricewaterhouseCoopers, 2012).

Thus in emerging hotel markets, where property investments are less prevalent due to preference of owner-occupation, the cost approach, sometimes called the contractor’s method is adopted, which is essentially the aggregate of expenses incurred in developing the hotel (Pagourtzi, et al., 2003).

Even in established markets, there is the matter of different ownership and hotel management structures, and the scarcity of market evidence of said contractual obligations in the recorded transactions. Globally, there is not fixed formulaic standards for management contracts (Harper, 2017, p. 54), preventing the market approach to be simply adopted when valuing hotels with different corporate structures.

Thus in regions where property leases are more commonplace such as Japan and Korea, as opposed to the rest of Asia (Voellm, 2021), hotels are commonly valued using the income capitalisation or its derivative gross rent multiplier approach. Due to its applicability under multiple circumstances, the income approach is arguably the world's most popular towards hotel valuations (Beals & Troy, 1982), despite being potentially less accurate than the market approach (Pagourtzi, et al., 2003).

2.10.5 Severity of Issues Attributed to Current Evaluation Approaches

Inaccurate hotel evaluation approaches have resulted in a range of issues, which could be as localised as a single estate, or as far reaching as the entire industry. It has been established that multiple parties, including investors, lenders and developers rely on hotel evaluation reports as a decision making tool in judging whether to participate or undertake a hotel investment (Singh, et al., 2011).

It has been further established that the accuracy of these reports have been direly in question, with studies indicating 80% of these reports had overestimated the forecasted occupancy rates by over 5 percentage points, and only 40% of these reports were accurate in the net income projections for the subject hotel's first operating year (Tarras, 1990).

It has been claimed that the only decision worse than skipping the hotel's feasibility evaluation stage, is the adoption of unreliable financial information in evaluations. This fallacy plagues even experienced hotel developers such as Legacy Hotels & Resorts while constructing the Portswood Hotel at Cape Town's Waterfront, mistakenly assuming that their hotel would match and enjoy the immediate neighbouring hotel's occupancy of 85% upon completion (Venter & Cloete, 2007).

In scenarios involving the acquisitions of existing hotels, appraisal studies have the explicit purpose to arm the acquirers with estimates of the target hotel's future financial viability (Singh, et al., 2011). Flawed evaluation approaches may result in overpriced acquisitions, such as Tsogo Sun's purchase of Southern Sun Hotel in Ikoyi, Lagos, Nigeria for a reportedly overpaid quantum of USD70 Mil (Harper, 2017, p. 203).

These examples demonstrates unreliable information derived from flawed hotel evaluation approaches leading to inefficient investments within portfolio allocations, which in turn causes misallocation of often-limited capital, thus depriving the investors of potentially superior financial returns (Jang & Yu, 2002).

While this occurs at the start of the investment, the severity of the issue however compounds in accordance with the inherent rates of return across a hotel's multi-year holding period, as the flawed assumptions adopted within the evaluation approach distorts the weighted cost of capital in deriving investment values (Rushmore, 2002, p. 218).

Illogical operating assumptions within flawed approaches, resulting in inabilities to service debt commitments have been theorised as the most significant contributing factor to borrowing defaults, particularly among non-listed investing entities (Cathcart, et al., 2020).

Loan defaults plagues not only borrowers, but lenders as well, as lenders often become unintended hotel owners due to foreclosure. As the hotel's labour intensive and illiquid traits are highly divergent from that of the financing industry (Singh, et al., 2011), the potentiality of assuming ownership risks has drastically reduced lenders' willingness to fund hotel developments, even prior to the Covid-19 pandemic (Çolak & Öztekin, 2021).

In the extreme example of reliance upon flawed assumptions derived from current approaches, a completed hotel may not be allowed to operate at all. As observed in April of 1994, where an amendment to legalise gaming failed to pass by 1,200 votes, thus upholding the United States court's decree of gambling as unconstitutional, and preventing the operation of casino hotels (Rushmore, 2002, p. 494).

Assuming a hotel developed based on information from flawed evaluation approaches does eventually open, it faces a slew of operational challenges. Ineffective feasibility evaluations have been blamed for subpar strategic choices for hotels, being brand selection and hotel design in particular, rendering the hotels ill-suited for their market of choice (Morey & Dittman, 1997).

Hotel evaluation approaches which ignores or fails to recognise the subject market's price sensitivity or elasticity, have resulted in a 11% AOR drop while attempting to increase an ADR by merely 10%, which in turn can ultimately devolve into development losses or turn a profitable venture into a loss-making one (Sturman, et al., 2011, pp. 176, 313-314).

Another aspect of the market that current approaches tend to ignore is the market's demand and affordability, evidenced by the barely occupied rapidly constructed luxury hotels demanding tier-1 city prices, but mismatched location wise within tier-3 cities such as Ningxia, Qinghai, and Neimenggu of the People's Republic of China (Yang & Cai, 2016).

Approaches which ignore the subject hotel itself can be as hazardous as those which neglect the market, as explained above. Purchasers that have not evaluated or considered existing credit or unprofitable long-term contracts tied to the hotel have found themselves obliged to honour the oversights, turning the hotel into a loss leader (Butler, 2013, p. 56).

Another issue predicated by flawed studies is management-property mismatch. In a case of failure in evaluating brand standards appropriately has resulted in business hotels being unable to accommodate certain guests segments that require CPTED to be implemented at the hotel (Rutherford & O'Fallon, 2007, p. 223).

In another case, Tom Farmer & Shane Atchison v DoubleTree by Hilton Club Hotel, Texas in 2001, an inexperienced management company operating an upscale positioned hotel caused irreparable reputation damage to the brand and property by poor service recovery, largely attributed to the management's lack of experience (Sturman, et al., 2011, p. 143).

Considering that current hotel investment evaluation approaches are usually presented from a singular perspective, this causes a disparity as hotel developers, which financial returns are derived from operating profits, and 3rd party hotel managers, being the chains, which in turn derive their fees from a hotel's revenue (Rushmore, 2002, p. 230), have different yardsticks to measure the viability of a hotel development.

Improper evaluation may result in examples of the principal-agent problem, whereby 3rd party managing one's assets introduces the risk of financial distortion or abuse by managing agents tendency to award themselves at the principal's expenses (Hodari, et al., 2018). Compounding this issue is even in event of non-performance, an inexperienced developer or owner may subsequently face inability to disengage themselves from the management agreement (Butler, 2013, p. 88).

These undesirable occurrences caused by current approaches, in combination with the asset light strategies employed by the hotel chains (Deloitte, 2019), have resulted in an uneven distribution of risk, by placing the burden of the hotel's financial success upon the developer or owner (Hodari & Samson, 2014). This indicates while a hotel's potential financial performance may be viable to support a chain's management fees, it is not necessarily sufficient in allowing the owner to discharge their fiduciary duties towards their financial backers.

Inaccurate evaluation or ineffective feasibility approaches towards the market and the subject hotel as the basis of business planning has been deemed the primary cause of hotel project failures (Hodari & Samson, 2014), particularly by inexperienced first time developers (Venter & Cloete, 2007).

Failures of single hotels can devolve to failures of entire selected hotel markets. Often labelled as a failure of market due diligence, poor evaluation approaches have contributed to incomplete hotel transaction deals (Rushmore, 2002, p. 446), and cumulatively large scale M&As failing to provide the required synergies and financial returns (Zhang, et al., 2020).

On an industry wide scale, hotel evaluation approaches arrogant enough to claim sufficient expression via a single metric, have been upheld to significantly increase one's risk exposure

(Zhang, et al., 2019), as wide variations caused by many determinants ignored by the appraiser could have severe ramifications (Tarras, 1990).

These valuation approaches focusing on singular determinants while agnostic of others, such as in China and Taiwan reliance on tourist arrivals during the early 2000s, have been heavily cited as the cause poor stock market performance (Chen, et al., 2012).

Ultimately, multiple literary sources have cited the most severe result of current flawed hotel evaluation approaches to be industry wide overbuilding of unprofitable hotels. With inaccurate financial forecasts generally erring on the optimistic end (Tarras, 1990), this has promoted several periods of overbuilding in the past, most notably in the mid-1970s and late 1980s (Singh, et al., 2011).

A tool, meant to curb the construction of financially unfeasible hotels, has instead directly promoted the building of an unsustainable quantity of hotels, and subsequently dragged down both occupancy and daily room rates in already saturated markets, bringing about difficult times in the hotel industry and institutionalising the perception of hotels being risky real estate assets (Hodari & Samson, 2014).

The industry wide overbuilding phenomenon has caused numerous hotels to be foreclosed when highly leveraged assets and cash strapped owners reliant on the overoptimistic performance projections within their hotel evaluation reports were not able to service their debt commitments (Kim, 2002).

2.10.6 Summary of Theoretical Frameworks

This critique was not intended to imply that these tools are flawed, but merely incomplete for lack of better adjective, and would require applications in sequence or tandem to achieve the desired results.

Even from hotel investment evaluation practices itself, it is evident while hotel investments are a global phenomenon, the method of assessing hotel investments are not homogenous, to the extent that they may vary from region to region, with examples citing national differences.

Initially meant as a decision making instrument, existing frameworks towards evaluation of hotel investments are inherently flawed, and potentially results in a financially unviable hotel (Harper, 2017, p. 68). Findings from these approaches however, when compiled, have been critiqued and derogatorily reclassified as "*a supplementary document submitted to financiers to obtain hotel loans*" (Tarras, 1990).

In summary, there is a palpable absence of any comprehensive nor universally accepted model or framework suitable to identify stakeholder groups based on their materiality and systemically evaluate hotel investments in the context of both internal and external operating environment based on values held by key stakeholder groups.

2.11 Conceptual Framework

In view of an evident absence of any sufficiently comprehensive framework to encompass the nuances of evaluating hotel investments, the Researcher proposes a custom framework to address the gaps and encapsulate a systemic approach to evaluating potential hotel investments, with a diagrammatic representation of the main research variables as follows.

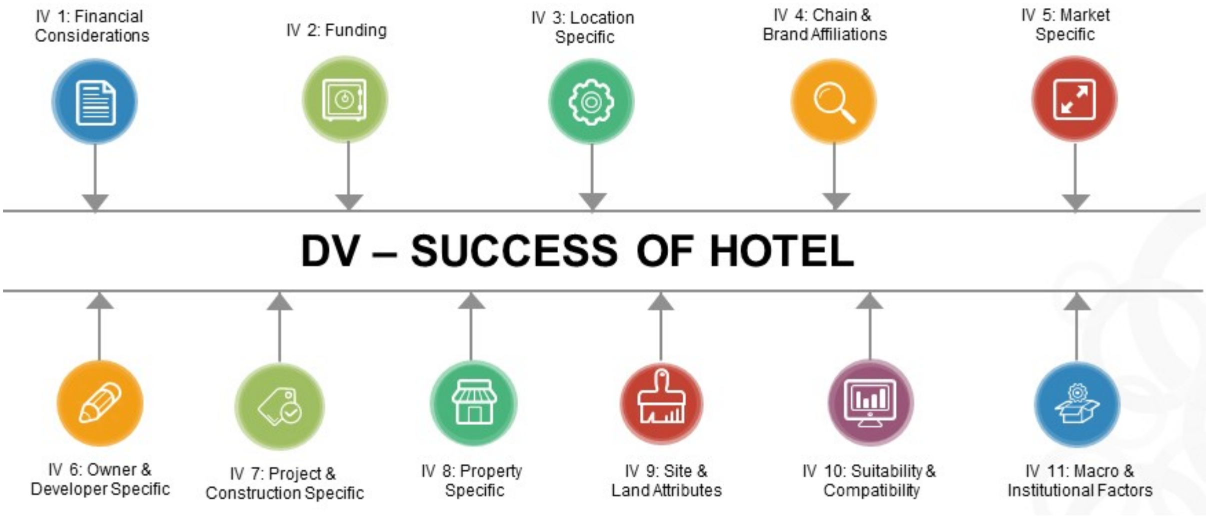

Figure 21 Researcher's Conceptual Model

Source: Developed by Researcher.

Alternatively, the proposed model can be expressed in a form of an equation:

$$DV = (w_1 * IV1) + (w_2 * IV2) + (w_3 * IV3) + (w_4 * IV4) + (w_5 * IV5) + (w_6 * IV6) + (w_7 * IV7) + (w_8 * IV8) + (w_9 * IV9) + (w_{10} * IV10) + (w_{11} * IV11)$$

Where:

Table 4 Conceptual Framework's Research Variables

DV	Success of the Hotel
IV1	Financial Considerations
IV2	Funding
IV3	Location Specific
IV4	Chain & Brand Affiliations
IV5	Market Specific
IV6	Owner & Developer Specific
IV7	Project & Construction Specific
IV8	Property Specific
IV9	Site & Land Attributes
IV10	Suitability & Compatibility
IV11	Macro & Institutional Factors

w_1 to w_{11}	Weight multiplier for associated independent variable

Source: Developed by Researcher.

This conceptual framework theorises that a multitude of 75 themes, labelled as indicator variables within factor analysis nomenclature, congregated under 11 over-arching main themes as the independent variables, contribute towards the dependent variable, being the success of a potential hotel investment, in varying degrees. Furthermore, the juxtaposition of different key stakeholder group's values are indispensable in optimising the success of the hotel investment.

Chapter 3: Research Methodology

3.1 Premise

Multiple definitions exists for the term “research”, ranging from simple explanations such as “*a process undertaken in a systematic manner to discover items*” (Saunders, et al., 2016, p. 5) to one as convoluted as “*a systematic inquiry that is designed to collect, analyse, interpret, and utilise data*” (Mertens, 2015, p. 50).

What was relatively easy to define without significant contention three to four decades ago by way of scientific inquiry, has contemporarily become far more convoluted, due to the dramatic increase of research methods cause by applied and social sciences (O’Leary, 2017, pp. 23-24), despite Sekaran & Bougie (2016, p. 18) contending that both these disciplines are frequently undertaken in a scientific manner.

The common elements are mutually agreed upon however, as being purposeful in addressing the problem statement, and development of knowledge in a particular dominion (Mackenzie & Knipe, 2006; Sekaran & Bougie, 2016, p. 2), which in this study’s context would be the stakeholder groups and weighted consideration factors in a hotel investment.

Remenyi & Williams (1996) asserts other than the research subject, the other topic of import to the researcher are the methodology and methods. It is immanently imperative to correlate the corresponding methodology to resolve the line of inquiry contemplated (Sekaran & Bougie, 2016, p. 6).

The literature review has illustrated that investments into hotels combines the consideration of multiple aspects, to disparate stakeholders of various consequence. Therefore, these factors require identification, with the appropriate value significance assigned to each of these criteria.

Other than the research problem to be unravelled and the selection of methods, Holden & Lynch (2004) upholds a researcher's thought paradigm and philosophical stance as the 3rd determinant of consequence in concluding the design elements for the research to be undertaken.

Even prior to the philosophical differences between the different research paradigms, the nature of research itself or what constitutes as "research" is in a constant state of discourse (Jonker & Pennink, 2010, p. 34), particularly among the academic community.

As the topic of hotel investments involves the decision making process in a managerial setting, this would indicate the likeliness of Applied Research (Sekaran & Bougie, 2016, p. 2). While Hitt & Greer (2012) advocated the virtue of fundamental/basic research, van Aken (2004) however claims that methods adopted under applied research are no less rigorous, and shares similar foundations, and share more similarities than differences (Saunders, et al., 2016, p. 8).

In the past, the scientific method, most notably the hypothetico-deductive method championed by Karl Popper (Sekaran & Bougie, 2016, p. 30), has been often held as the golden standard of contemporary research.

In recent times, with the multitude of research methods increasing significantly in the applied/social sciences (Mackenzie & Knipe, 2006), the answer to the best research method would seem to simultaneously be both "none" (Saunders, et al., 2016, p. 2) and "all" (Creswell & Creswell, 2018). This could be interpreted as there being no "best" research method, only the most appropriate ones to achieve the research objectives.

3.2 Research Assumptions

It is imperative as a researcher, to be aware and able to justify clearly the understanding gained, choice of methodology and interpretation of findings, not only to others (Crotty, 1998), but to oneself, by documenting a well deliberated consistent set of fundamental assumptions. Illustrated in the following diagram (Saunders, et al., 2016, p. 124), are the consideration of the philosophical forms and commitments the Research has undertaken.

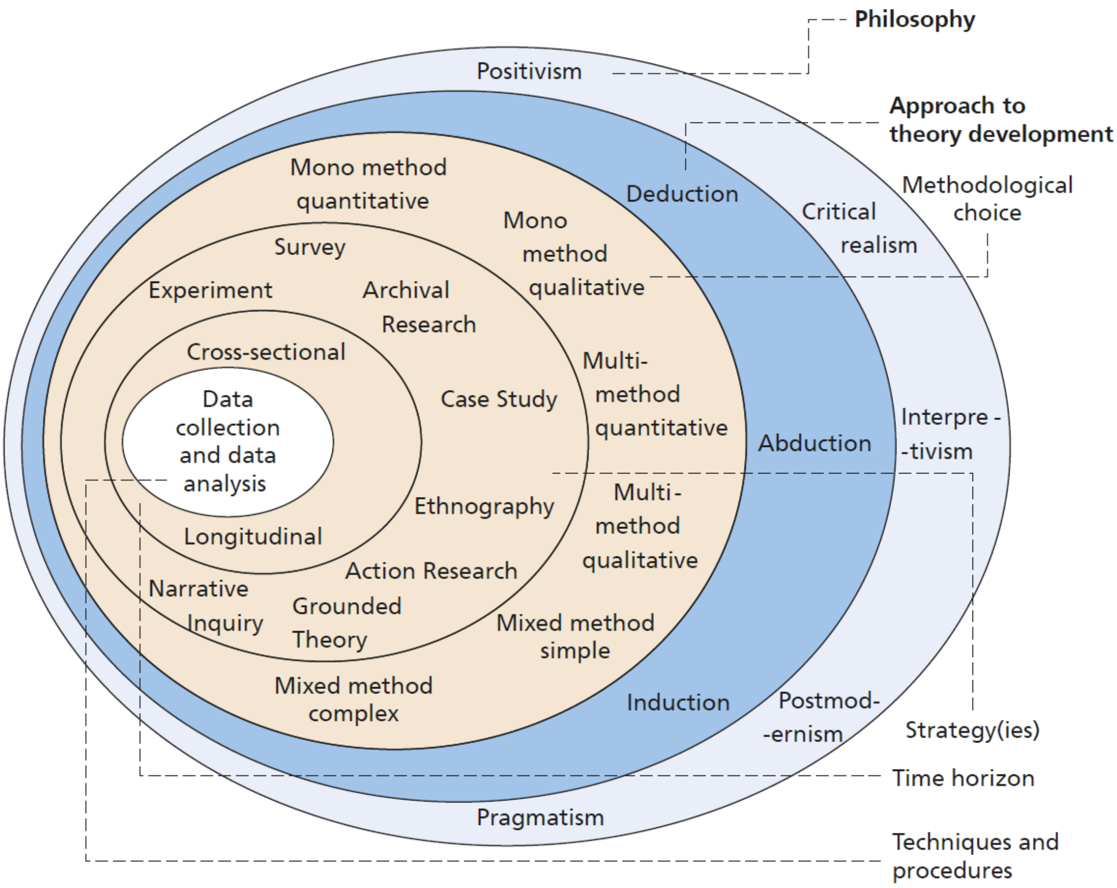

Figure 22: Research Considerations Illustrated.

Source: (Saunders, et al., 2019, p. 130)

The ontological stance predicates the Researcher's perception of reality (Burrell & Morgan, 1979), and affects the researcher's decision on what to research (Saunders, et al., 2016, p. 127). Often defined as the study of a phenomenon's essence and the nature of its existence, the Researcher shares Jonker & Pennink's (2010, p. 21) view of the improbability of a single universal reality, as individuals tend to interpret situations and conditions differently.

Believing that an amalgamation of perspectives or "realities" from key stakeholders are necessary in delivering a systemic evaluation framework, this ontological assumption shall predicate and frame the Researcher's other research assumptions (Holden & Lynch, 2004).

On the subject of acceptance of what constitutes as legitimate, valid and acceptable knowledge (Burrell & Morgan, 1979), the Researcher's epistemological stance is decidedly bifurcated. To account for the differences in contextual perspectives from key stakeholders and to obtain a more in-depth view of the hotel investment industry, the Researcher is required to adopt a wider variety of acceptable epistemologies.

However, in deployment of the proposed investment evaluation framework, the research findings will have to be considered objective and somewhat generalisable and applicable to a range of hotel investment opportunities, leading to a requirement of a more positivist epistemological stance.

In terms of the related deontological standing, being a measure of the duty and obligations of the researcher (Jonker & Pennink, 2010, p. 78), the selected set of methods would be those appropriate and justifiable, without limiting oneself to exclusion, while simultaneously preserving validity. Not completely free of normativity, the Researcher's selection of methods would have to be credibly accepted by both practice and academia.

On an axiological aspect, the Researcher's values and preferences should not colour or be imposed upon the participants, allowing them to freely submit their value perspectives without prejudice or apprehension.

It can be argued however, as the Researcher and having a choice on the research topics and methods employed, would influence the findings (Saunders, et al., 2016, p. 128). However, by refraining from attempting any direct influence on the respondents, the Researcher believe that the results will continue to hold credibility.

Reflective of human nature, a researcher's assumptions are consequential to one another. One's view of ontology, can affect their epistemological persuasion, which in turns influences their view of nature and subsequently the methodology selection, all based on the assumptions the researcher has already decided upon (Holden & Lynch, 2004).

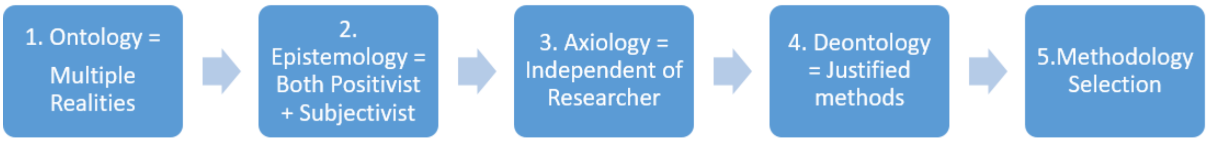

Figure 23 Researcher's Research Assumptions

Source: Developed by Researcher.

The process of a researcher's reflexivity, involves interpreting the researcher's role in the undertaken research, how they are influenced by the subject of the research, and acknowledging the researchers influence, which may be subconscious or embedded (Holden & Lynch, 2004), on both the process and outcome (Saunders, et al., 2016, p. 13).

The conspicuous academic partisanship between pluralism against unificationism is symbolic of various researchers discord on the concept of a quintessential research philosophy (Tsoukas & Knudsen, 2018, pp. 1-2), with conflicts routinely converging upon axiological, deontological, ontological, and epistemological postures (Burrell & Morgan, 1979, pp. 1-3; Saunders, et al., 2019, pp. 130-134).

3.3 Doctrine and Philosophy

A research philosophy refers to an often fixed system or set of beliefs and assumptions held by the researcher towards the production of knowledge (Saunders, et al., 2016, p. 124), and represents a continuation of the researcher's reflexivity process. Therefore one should thoroughly examine one's own belies with the same level of scrutiny as we would upon others.

By stating this Researcher’s philosophical inclinations, and justifying them in relation to alternative philosophies potentially adopted, this practice actively shapes the relationship to the research to be undertaken and acts as a reflection of this Researcher’s values (Saunders, et al., 2016, p. 125).

A philosophical review of the researcher’s position is important, as various reasons such as experiences and dispositions of past mentors may unwittingly slot the researcher into a prejudiced subjectivist or objectivist position, without fully understanding what the research problem requires (Holden & Lynch, 2004).

In the 1980s, Morgan & Smircich (1980) initially compiled and proposed a taxonomy of six predominant philosophical frame of references towards research. The evolution across the subsequent three decades however saw the emergence of variant philosophies and their associated methodologies such as Interventionist, Hermeneutics, Feminism, Phenomenology, and Postmodernism among others.

However the research dichotomy remains heavily influenced by two primary schools of thought, each espousing what are claimed to be distinct and incompatible worldview (Cunliffe, 2011; Feilzer, 2010).

Positivism and Interpretivism are at fundamentally extreme opposing ends (Creswell, 2009; Feilzer, 2010). Positivists takes a hard stance, made up of hard beliefs, and relatively unshakeable structures, totally independent of individual cognitive efforts (Holden & Lynch, 2004), while at the opposite end, Interpretevists upholds reality is a social construct derived from perceptions of various actors (Saunders, et al., 2016, p. 130).

Major paradigms have a framework consistent with definitions, while subset research paradigms have particular, and sometimes limited, features differentiating them from other paradigms in the same cluster (Mackenzie & Knipe, 2006).

With due consideration that the research subject is not of the natural sciences, the Researcher is inclined to adopt a subjectivist-nominalist posture, believing ontologically that determinants in a hotel investment are social constructs viewed differently by the belief system of the different stakeholders (Burrell & Morgan, 1979, p. 4; Jonker & Pennink, 2010, pp. 26-27).

The Researcher however was unable to incapable of corroborating the subjectivists' axiological perspective, and eschews interventionist research approaches, believing that a researcher should be independent and impartially segregated from the research itself, less bias be introduced. (Saunders, et al., 2016, p. 243).

Axiologically, the Researcher unequivocally agrees with objectivism in the sense when the notion or motive is ingrained within an occurrence, epistemologically any subsequent theories developed should be both replicable and able to derive generalisations from (Holden & Lynch, 2004). But objectivism's rejection of multiple interpretations or intangible elements (Morgan & Smircich, 1980), is unfortunately at odds with the Researcher's values.

3.4 Paradigms and Reasoning

In determining a researcher's ideological orientation, Burrell & Morgan (1979) categorises two opposing views of society, which mirrors the two main research philosophies: the sociology of regulation, assuming an underlying cohesiveness in society, and the sociology of radical change, which seeks to question or perhaps even upturn the way things are now.

This Researcher's value system upholds a belief that society needs some forms of regulation, hence rejecting radical or chaotic changes and their various sub-paradigms, leading to either functionalist or interpretivist views (Saunders, et al., 2016, pp. 132-135).

However, due to the stubborn practices ingrained in the paradigms, to the extent of being dogmatic, has caused perspectives of incommensurability, as all four paradigms literally adopts contradicting assumptions and sits on opposing quadrants, exemplifying irreconcilable differences (Burrell & Morgan, 1979).

The problem of incommensurability, borne of the contradictory nature of business research's theoretical and methodological rigour, would appear to be at odds of practical relevance most of the time (Saunders, et al., 2016, p. 6). Positivism's rigid need for measurement of reality via "contextual causal understanding" appears simply incompatible with the subjective plurality of interpretivism (Feilzer, 2010).

Jonker & Pennick (2010, p. 34) holds that the core principles of research are identical on both sides, being respect, need for informed consent, anonymity, beneficence and confidentiality. While fundamentally conflicting, positivism and subjectivism share the similar objective of discovering the "truth", the difference being whether said truth is viewed from several or a sole lens of reality (Feilzer, 2010).

Gorard & Taylor (Gorard & Taylor, 2004, p. 7) contends while mixed-methods will require more skill to implement, but asserts that such methodology will satisfy criticism from advocates of both camps as figures would have significant impact upon academicians and finance oriented individuals, while others would easily remember narratives.

McKenzie & Knipe (2006) further extolls the benefits of applying both approaches, to the extent of labelling research approaches without adopting both inductive and deductive methods as "unduly impoverished". Contemporary researchers are now advocating, with strategies for consistent integration, combining qualitative and quantitative methods are now viewed as complementary rather than contradictory (Creswell & Creswell, 2018; Feilzer, 2010; Mackenzie & Knipe, 2006).

Pragmatism has recently been rediscovered, in a sense, as a relevant philosophy to research, and not being limited to mixed methods. It has even been touted as a practical paradigm for any and every type of research (Feilzer, 2010).

While it is not the first paradigm to attempt assimilating interpretivist and positivist values, Pragmatism's reconciliatory attributes have been described as outcome-focused and practically relevant (Saunders, et al., 2016, p. 143), reflexive (Elkjaer & Simpson, 2011), while retaining methodological credibility, validity and reliability (Kelemen & Rumens, 2012).

Declaring independence from established theorems and models, Pragmatism is a contemporary version of Connell & Nord's (1996) agnostic-interests approach. Being agnostic of dogmatic methods does not suggest Pragmatism ignores constructs or content validity, neither does it promote cutting corners for convenience's sake (Feilzer, 2010). In this Researcher's opinion, Pragmatism junctures objectivist's discipline of regulation to subjectivist's freedom of exploration.

Pragmatism in its most intense iteration does not enforce concurrent use of both deductive and inductive methods, but rather favours a sequential approach to analysis, with the rigour of each doctrine imposed during application (Kelemen & Rumens, 2012).

As several knowledge and research gaps have been identified in hotel investment evaluations, these gaps require examination to expound the problem and enhanced documented knowledge (Ketokivi & Mantere, 2010), thus an initial inductive approach with focus on hotel investment context is endorsed.

Inductive reasoning is suitable for the initial stage of research as it aims to observe specific phenomena to arrive at general conclusions (Sekaran & Bougie, 2016, p. 26), and in this context, would be to collect data to explore the phenomenon of hotel investments to generate a theory, or rather in this occasion, a framework (Saunders, et al., 2016, p. 145).

While there are many strategies employable under the inductive reasoning, Thematic Analysis stands eminently as the leading qualitative approach. Its simplicity in gathering key themes being expected to divulge ideas about key stakeholders and the relative importance of certain consideration criteria to hotel investments (Sekaran & Bougie, 2016, p. 337).

The key themes discovered, being determinants in a hotel investment, would be less than utilitarian unless its importance is subsequently assessed. The deductive inferencing's ability to apply the practice of reductionism is expected to quantitatively weigh and rank the each of the determinants (Saunders, et al., 2019, pp. 153-154).

3.5 Research Design

The Researcher's philosophical beliefs decidedly aligns with those of a Pragmatist, primarily due to a devout commitment to pursuing progress in the realms of both practical application and theory.

A deductive approach is required to derive replicable generalisations from research findings, albeit in a secondary role. The exploratory attributes of the research to produce a conceptual model however, decidedly requires an inductive approach in the initial stage, in order to generate a theory from literature on who are the key stakeholders, and what determinants to consider for hotel investments.

Insufficient information on stakeholder opinions on various investment consideration factors requires the attitude dimensions to be first developed via a preliminary stage of qualitative research, prior to the weighted opinions to be measured in a subsequent quantitative survey (Brace, 2008, p. 101).

The 2nd Phase adopts deductive inference, which would subject premises derived from Phase 1 would be used to logically in generating potential conclusions (Saunders, et al., 2016, pp. 145-146) via testing a serious of propositions.

Given these specific requirements, an appropriate approach for conducting research would involve utilising a Sequential Exploratory Mixed Methods Research Design (Creswell, 2009). This may possibly unfold into an abductive multi-phase design for future research endeavours, should the findings prove merited.

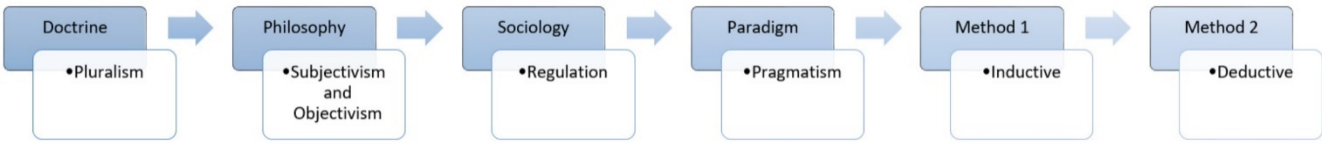

Figure 24 Researcher's Philosophical Inclinations
Source: Developed by Researcher.

This research design recognises a mixed methods approach to be both iterative and interactive, where the 1st Phase subsequently advises and instructs the 2nd Phase of data collection and analysis (Saunders, et al., 2016, p. 171).

Jonker & Pennick (2010) equates the Sequential Exploratory Mixed Methods research design to an exercise of observation, theorising and deduction, in which a researcher is confronted with a problem with little knowledge on what the problem is all about, starting with only limited sensitising concepts while discarding other theoretical hang-ups in aspiration to generating a theory. Theorising findings from Phase 1 allows for a systematic investigation of the problem, in order to continue researching it in Phase 2 (Jonker & Pennink, 2010).

Glaser & Strauss (2006, p. 17) iterates that there are no fundamental clashes in the context of capacities and purposes between quantitative and qualitative methods, and believes that ultimately the objective would dictate the methods. In this research, it is proposed that Qualitative methods would best serve in “generating the theory”, while Quantitative methods would emphasise on “verification” of said theory.

The Researcher’s selection of strategies are therefore dependent on the philosophies realised, on one’s perspective on what constitutes as acceptable research practices, purpose, the nature of the objectives, as well as the access limitations and time constraints (Sekaran & Bougie, 2016, p. 96; Saunders, et al., 2016, p. 178).

The Researcher’s posture, combined with the advantages and debatable shortcomings of each partisan in the research design divide (Mackenzie & Knipe, 2006), has led the Researcher to adopt a Mixed-Methods Sequential Exploratory approach towards the research. Both qualitative and quantitative persuasions have been applied sequentially consonant to the Pragmatist philosophy in academia (Feilzer, 2010).

3.6 Data Collection Methods

A research strategy is considered as the plan or methodological link between the philosophies adopted and consequent methods to collect and analyse the data (Denzin & Lincoln, 2017), with the purpose of answering one’s research questions and achieving research objectives (Sekaran & Bougie, 2016, p. 96).

A comprehensive literature review in Chapter 2 revealed preliminary information on how evaluations of hotel investment opportunities made, who the key stakeholders could potentially be and underscored the lack of any measures involving Value Management approaches, all of which should be subjected to further analysis.

Phase 1's data collection, being inductive in nature, allows for several types of research strategies to be considered for application.

The Ethnography strategy, even the realist variety, has roots in anthropology (Sekaran & Bougie, 2016, p. 97), and was considered but immediately discarded on grounds of being too focused on the social or cultural world of a particular group (Saunders, et al., 2016, p. 188), instead of delving in to the factual and recorded determinants pertinent to a hotel investment. Furthermore, Ethnography's acceptance of a researcher's immersion and participation into the research itself goes against the Researcher's axiological stance of not imposing one's values and beliefs upon the research.

Action Research stood as a strong contender for Phase 1's inductive approach, as it aims to translate inquiries into practice to address actual industrial or organisational issues (Denzin & Lincoln, 2017, p. 72). However, due to Action Research requiring several iterations or stages, each involving a mechanism of issue definition, constructing or diagnosing, planning, execution and evaluation until resolution (Saunders, et al., 2016, p. 191; Sekaran & Bougie, 2016, p. 98), making it time consuming and unsuitable a cross-sectional time horizon.

Stemming as an offshoot or an evolution of Ethnography, Action Research is garnered towards effecting change (Denzin & Lincoln, 2017, p. 72), which is against the evaluative nature of this proposed research. Furthermore, Action Research is recognised as a collaborative inquiry, often requiring different competencies of a selected group, which is beyond the capabilities of a single researcher (Coghlan, 2007).

Similarly, the qualitative technique of interviews in line with narrative enquiries were contemplated but disqualified due to issues concerning data collection instrument validity, along with the potential introduction of coercion and forms of bias (Jonker & Pennink, 2010), which is against the Researcher's axiological stance.

Focus groups were considered, but deemed unsuitable due to the unlikelihood of being able to gather sufficient participants spread across the region with adequate knowledge on the subject matter, and considering the ongoing pandemic's impact to access.

Constructivists Grounded Theory's pragmatic origins (Charmaz, 2016) would cast this research strategy in a desirable light, as its reflexive nature requires constant questioning of the social actors and their mental constructs throughout the duration of the research, making it a rather abductive process (Saunders, et al., 2016, p. 193).

Despite being developed as a counter-narrative against Extreme Positivism, Grounded Theory forces the researchers to take a deeply reflexive stance of methodological self-consciousness and constant comparison, inducing scrutiny of their actions upon the analysis (Charmaz, 2016; Sekaran & Bougie, 2016, p. 98).

However, the primary shortcoming of Grounded Theory is similar to Action Research, being both intensive and reflective, causing a voracious appetite towards time as a consumable resource. The exercise of matching the resultant developed theory with new data may yield a "bad fit" (Sekaran & Bougie, 2016, p. 98), which may cause researchers with looser axiological stances to cherry pick data which fits into the prevailing theory to successfully conclude the research (Saunders, et al., 2016, p. 197).

Upon review of the available strategies, it readily became apparent that the most appropriate data collection method for Phase 1 was surprisingly be Archival and Documentary Search, a strategy ordinarily associated with a deductive reasoning, despite Phase 1 being inductive in nature.

Archival and Documentary Search involves the review and analysis of secondary materials and sources, which original purpose was not the direct intent of this research, but may be analysed further to yield different types of knowledge and interpretations (Saunders, et al., 2016, p. 316).

One of the main reasons Archival and Documentary Search was selected is because of the rich and virtually copious amounts of literature available for different isolated aspects of hotel investments, dating back to almost half a century.

Reviewing these documents qualitatively allowed the Researcher to yield a rich and detailed narrative on the decisions behind hotel investments, the context and external forces subjected to the industry, as well as identification of the actors' roles, which in this case would be the key shareholders, corresponding with this research's objectives.

Being wary that most of the literature were not authored for the purpose of this research, the Researcher would have to identify the initial context and purpose of the literature, and apply an unbiased axiological perspective during the data collection stage (Saunders, et al., 2016, p. 183).

Sources of the secondary data recieved were from other past surveys conducted, journals, periodicals, investment reports, published interviews, textbooks, guides as well as minutes and proceedings from hotel related conferences, but not all were selected.

By including both raw data sets and published summaries, secondary data carries an advantage over primary data in the form of increased volume and sources of access, which in turn provides time and monetary savings (Saunders, et al., 2016, p. 316), allowed the Researcher to focus on other parts of the research scope.

As primary purpose of Archival and Documentary Search for Phase 1 would be the simultaneous identification of actors (stakeholder groups), broad themes (independent variables) and specific criterions (indicator variables) relevant to a hotel investment (Saunders, et al., 2019, pp. 195-196), both longitudinal and snap-shot secondary data will be reviewed.

Ancillary findings have established the motivations of such investment, along with the various perspectives and opinions from the primary stakeholder groups identified. In addition to understanding the challenges of the hotel investment industry, along lies the discovery of potential external influences acting upon the decision-making aspects of the investment.

Building upon existing knowledge, the analysis of secondary data yielded more comprehensive findings than an interview, particularly as the secondary data selected was a result of a much larger studies (Smith, 2006), and resulted in several unforeseen discoveries of additional determinants and perspectives.

Another added advantage of secondary sources is the palpable permanence of data, which sources are often perpetual and contained in a form to allow for third party verification (Denscombe, 2014). The openness of the data to public scrutiny will in turn lend credibility to the research findings (Saunders, et al., 2016, p. 331).

Other advantages include the ability to review the explicit factors and capture the implicit ones from a critical review against other secondary data sources. Due to the sensitivity of the data, which may involve key corporate strategies and internal know-how, Archival and Documentary Search would be an unobtrusive manner of obtaining preliminary data (Cowton, 1998).

Some of the previous studies and findings were gathered by researchers whom had superior access to arguably higher quality of data sources (Smith, 2006, p. 31). Combined with the lower resource requirements and availability of large data sets, Archival and Documentary Search was deemed to be the most suitable data gathering method for Phase 1.

It is worthy to mention that multiple different qualitative approaches were considered, and given the ubiquitous and open ended nature of qualitative research, causing blurred overlapping areas and conflicting tensions (Denzin & Lincoln, 2017), the selection method depended heavily on "what is necessary" to obtain desired data, rather than selecting a time-consuming technique yielding plentiful but unutilised or unusable data.

Table 5 Summary of Phase 1's Data Collection

Phase	1
Mode	Exploratory
Reasoning	Inductive
Method	Archival and Documentary Search of Secondary Data Sources
Purpose	• Establishment of themes • Identification of rationale, viewpoints and preferences. • Understanding influences and bases of power. • Exploring issues faced by the industry • Compiling the list of stakeholders involved
Potential Sources	• Company annual reports • Investment papers • Peer reviewed journals and other periodicals • Books from established publishers • Conference proceedings
Advantages	• Reduced resource demands • Pool of sizeable data • Defensibly a superior source of quality data • Inconspicuous method of attaining initial data • Data verifiability and perpetuity
Evaluation	• Source reputation and credibility • Width of coverage • Contextual and logical fit of data

Source: Developed by Researcher.

While the investment determinants have been identified from Phase 1's data collection, we recognise that these determinants are not of equal importance, and require sorting in a value based approach dependent on the key stakeholder's priorities.

Therefore, Phase 2's data collection carries the purpose of assigning weightage and ranking to the investment determinants, based on the value beliefs of identified key stakeholder groups. Several strategies were considered, discussed as follows:

The Case Study strategy, being described as a deep-delve enquiry into an occurrence or subject within its real life setting, has the flexibility of being conducted from an inductive, deductive or a combination of both approaches (Yin, 2014).

While Case Studies are able to provide rich empirical context (Eisenhardt & Graebner, 2007), there are those who argue that Case Studies are more suited for data collection from a single contained environment such as a business unit or a particular organisation, rather than an industry as a whole (Sekaran & Bougie, 2016, p. 98).

Seen as a form of "realist ethnography", Saunders et al (2016) suggests the potential use of Case Studies in any manner of research, however Eisenhardt & Graebner (2007) advocates its use in early exploratory stages of the research, instead of the explanatory stages such as Phase 2 of this proposed research.

Despite being major proponents of the Case Study strategy, thought leaders Robert Yin (2013) believes that the strategy is interpretive in nature, making it less than suitable for making generalisations, while Flyvbjerg (2006) acknowledges the common conception that in most cases, a single case study is unsuitable to produce reliable and generalisable contributions to knowledge.

Considering the above, a Case Study strategy would be unable to assign numerical weightage to the determinants for hotel investments, thus rendering the Case Study strategy unsuitable for the purpose of this study's Phase 2.

Experiments represents the quintessential research strategy of the deductive reasoning in explanatory studies, owing much to its roots from natural sciences but widely adopted in social sciences as well (Saunders, et al., 2016, p. 178). Commonly associated with the hypothetico-deductive method, its primary purpose is to study the causal relationships between various variables (Sekaran & Bougie, 2016, p. 97).

Given the fact that this research exists in an applied research context, whereby attempting to resolve a management challenge, an Experiment strategy may not be the most feasible (Sekaran & Bougie, 2016, p. 97). Phase 2 of this research however, is not primed towards testing predicted relationships between the variables, but rather inquire in-depth towards the relationship between variables itself, therefore reducing the viability of adopting the Experiment strategy and lending credence to the Survey strategy (Saunders, et al., 2016, p. 181).

The Survey strategy, is an archetypical representative of deductive approaches to research (Saunders, et al., 2016, pp. 181-182), and is broadly acknowledged as an information collection system from and occasionally about people to explain, describe or compare their propensities, such as opinions, behaviours or knowledge (Fink, 2003, p. 1).

The purpose of the Survey strategy would be to capture both factual and demographical data of the stakeholder groups identified in Phase 1, as this deductive method allows for the ability to measure/quantify their responses in the form of weighted opinions to determine values of the hotel investment indicators identified and supported by literature reviewed.

While surveys may be employed inductively in the form of structured observations or interviews (Sekaran & Bougie, 2016, p. 97), for the purpose of this research, a survey strategy utilising self-administered questionnaires has allowed quantitative data to be collected and analysed using inferential and descriptive statistics (Saunders, et al., 2016, p. 182).

Another factor that promoted the adoption of self-administered questionnaires, which suits the purpose of this research, is the standardised data collected from a sizeable portion of the target population in a relatively quick and economic manner, permitting for uncomplicated comparisons (Jonker & Pennink, 2010).

Internet Self-Completed Questionnaires surpasses standard self-completed questionnaires in practically every aspect, due to ease of dissemination via hyperlink, data is automatically entered and saved to softcopies, and allows automated formatting for export to a range of formats to comply with different analysis software other than the ones utilised by the Researcher, to allow for further checks and verification (Saunders, et al., 2016, p. 501).

Being less obtrusive, and considering the time requirements to truly ponder over the questions, particularly the ranking ones, the survey strategy has the potential ability to lower chances of interview fatigue, coercion and respondent discomfort to a certain extent (Saunders, et al., 2016, p. 396).

While a different statistical analysis software was subsequently utilised to analyse the data gathered, the selected survey design software package, SurveyMonkey, allowed for mass invitation management, filtering of incomplete responses, preliminary statistical analysis and integration of data in additional to their basic functions of data collection and entry (Saunders, et al., 2016, p. 501; SurveyMonkey, 2020).

Table 6 Summary of Phase 2's Data Collection

Phase	2
Mode	Descriptive
Reasoning	Deductive
Method	Survey strategy: Self-Completed Questionnaire via Internet
Purpose	• Collection of respondent's profile. • Acquiring respondent's opinion on importance of determinants discovered in Phase 1.
Specific Sources	• Respondents from stakeholder groups ascertained from Phase 1
Advantages	• Effective approach for gathering responses from a substantial sample size. • The capability to quantify and measure the collected responses • Reduced intrusiveness. • Convenient distribution through the use of Internet hyperlinks • Automatic formatting of data for streamlined post-collection analysis.
Evaluation	• Content (logical), construct and criterion-related validity. • Instrument reliability.

Source: Developed by Researcher.

3.7 Questionnaire Design and Considerations

As the selected method of data collection for Phase 2, a questionnaire is commonly accepted as a set of pre-formulated questions put forth to an informant, whose responses will provide data to the Researcher (Ambele & Todd, 2018, p. 60; Sekaran & Bougie, 2016, p. 142). They are widely utilised as a main data collection instrument in survey research strategies across various disciplines (Fink, 2003, p. 22; Dornyei, 2007, pp. 101-102; Saunders, et al., 2016, p. 436).

Enabling the collection of data in a standardised demeanour from representative samples of a defined population, questionnaires allows interpretations of the findings to be inferred upon a wider population (Mourougan & Sethuraman, 2017; Rattray & Jones, 2007).

Questionnaires attempts not only to procure the data needed to answer the research question, but to obtain said data in the most accurate manner possible (Brace, 2008, pp. 2-7). Therefore, the development process of a questionnaire was approached with as much detail and rigour as possible, to allow the Researcher to interpret findings, and subsequently make informed decisions in implementing them (Rattray & Jones, 2007).

Given the time frame for this course and research, a survey via questionnaire, if suitably designed and administered, would represent an uncomplicated and efficient method of collecting data for Phase 2's requirements (Bee & Murdoch-Eaton, 2016), as well as being relatively economical and preparing the foundations for convenient analysis (Rattray & Jones, 2007).

Phase 2's selected instrument of Self-Administered Internet Questionnaires improves on all the attributes of more traditional questionnaire delivery methods, and provides additional benefits of allowing improved anonymity, less intrusiveness and higher convenience to respondents (Regmi, et al., 2016), as well as reduced chances of entry errors during data transfers (Brace, 2008).

The following figure indicates considerations undertaken in the design of the self-administered questionnaire utilised in Phase 2's data collection:

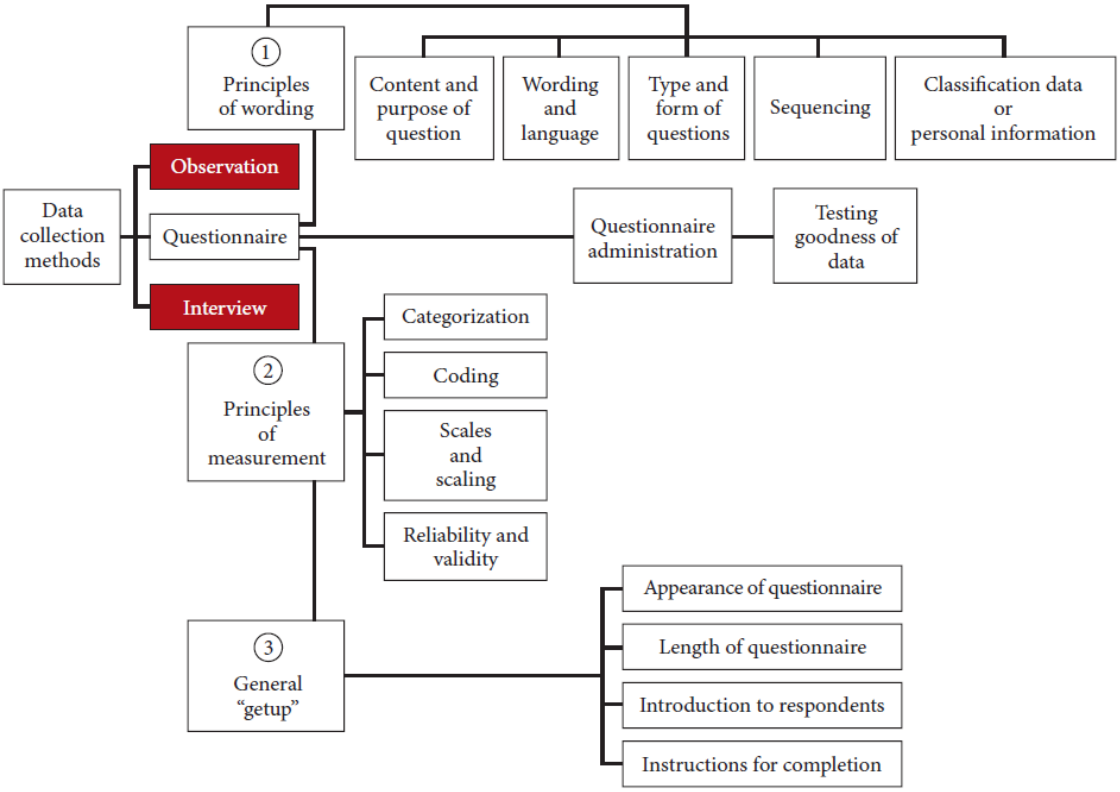

Figure 25 Elements Considered in the Questionnaire Design

Source: Uma Sekaran & John Bougie (2016, p. 145)

Rating Scales are preferred over Ranking Scales, as the former focuses on measurement of behavioural concepts, and has all the data collection abilities of the latter, while allowing for subsequent statistical analyses (Saunders, et al., 2016, p. 501; Sekaran & Bougie, 2016, p. 219).

While several forms of rating scales such as the Stapel or Semantic Differential have been developed specifically to measure responses to capture sentiment and attitudes, Numeric Scales, similar to Likert Scales, are useful in attempts to measure latent constructs such as opinions and values placed upon an aspect, which in this occasion, an investment consideration factor (Bogner, et al., 2018).

Holding no objective numerical basis, Likert Scales measures the sentiment or attitude of the respondent, while Numerical Scales measures the degree or intensity of the respondent's sentiment (Brace, 2008, p. 79). This is supported by Christian & Dillman's (2004) claim that Numerical Scales provided for higher responses in self-completed surveys.

In consideration of the target respondents, the element of culture was considered. It has been proposed while certain regions of the world do not observe significant differences in results between a 5-point & a 7-point scale, however it is possible that other regions do (Sekaran & Martin, 1982).

Therefore, taking into the international dimensions of scaling, as the respondents are sought globally for homogeneity, to err on the side of caution, a 10-point Likert scale was adopted as past research has shown a higher point scale tends to elicit less biased responses over lower point scales (Barry, 1969).

Sekaran & Bougie (2016, p. 213) advocates a more powerful scale such as the Interval Scales to be utilised whenever possible to measure variables of interest, which allows for increased prevision of data quantification and flexibility in statistical tests. Furthermore, a 10-point scale will allow for convenience in statistical analysis and application during modelling.

Likert Scales are one of the commonly employed tools to measure attitudes and opinions on a variety of statements or questions (Sekaran & Bougie, 2016, p. 210), making it ideal to measure the respondent's weighted opinion on the relative importance of investment determinants identified from Phase 1's data analysis.

With recognition that there is no perfect data collection instruments, questionnaires inherently carry problems within the questionnaire themselves and problems outside of the researcher's control (Brace, 2008, p. 3 & 13), the most common of them being forms of biases. The Researcher attempted his best to mitigate bias via a sound design process and adherence to healthy design principle practices.

On the Researcher's part, by staying true to the adopted axiological stance of neutrality and detached objectivity, while adhering to the code of ethics espoused, Confirmation Bias is avoidable; however, Order Bias is a perennial issue in all questionnaires, regardless to the method of delivery (Brace, 2008, p. 117; Mourougan & Sethuraman, 2017).

While Order Bias manifesting itself in the form of scalar responses, primary and recency effects can be managed by rotating the order of the scales randomly (Brace, 2008, p. 118), this would however contravene the design principle of convenience to the respondent.

Order bias and fatigue effect from answering a battery of questions, can be partially mitigated by randomising the order of the questions, if enabled by the technology of the internet questionnaire tool (Mourougan & Sethuraman, 2017), and by only asking questions which are necessary to achieve the research objectives (Brace, 2008, p. 11 & 35).

Considering the online dropout rate increases after 5 minutes spent on the questionnaire, fatigue effect itself can be reduced by limiting the list of questions and keeping them short and unambiguously clear, with jargon limited to the capabilities and usage of the identified stakeholders from Phase 1's findings (Mourougan & Sethuraman, 2017; Regmi, et al., 2016; Ambele & Todd, 2018, pp. 59-60).

As the stakeholders/respondents will largely be sourced from English speaking events and directories, the Researcher did not foresee employing English as the language medium to cause any issues, however the phrasing of the questions and statements were worded unambiguously as a precaution (Ambele & Todd, 2018, pp. 60-65).

While needing to balance the length of the questionnaire and avoid respondent fatigue, sufficient guidance and notes within the questionnaire in lieu of face-to-face guidance found in interviews was necessary (Mourougan & Sethuraman, 2017; Brace, 2008, p. 14).

While informed consent was sought, personal data potentially identifying the Respondents was not requested nor collected, to further protect the Respondent's right to privacy and confidentiality, along with mitigating social desirability bias which may skewer the respondent's honesty while answering the questions (Brace, 2008, p. 195).

As the objective of Phase 2's data collection is to measure the key stakeholder respondent's disposition towards determinants in hotel investments, this research strictly recorded attitudes instead of memory items, as recalled information can be unreliable (Brace, 2008, p. 19), and in the case of this research, unnecessary.

While Brace (2008, p. 9) has identified up to five different group of roles in some questionnaire processes, in this particular research, the Researcher will play the roles of the Client, Interviewer, Data Processor and Questionnaire Writer. Therefore the entirety of the questionnaire will be designed for the participant/respondent's benefit in mind (Bee & Murdoch-Eaton, 2016), including the best time to undertake the survey.

Collectively, the design principles of the questionnaire should have the systemic goal of logically collecting data required to answer the research questions in a structured approach as objectively possible, without offending the respondents and minimising the chances of errors at every stage (Mourougan & Sethuraman, 2017; Rattray & Jones, 2007; Brace, 2008, pp. 9-10).

While testing for reliability errors is notoriously difficult (Brace, 2008, p. 175), however the items in the questionnaire was individually subjected to Cronbach's Alpha statistic reliability analysis with a target threshold of 0.70 to promote internal consistency (Rattray & Jones, 2007).

While other tests can be employed such as item-total correlations or the reliability test-retest, ultimately as the objective of reliability testing being a measure of whether the respondents comprehends the questions and their ability to answer meaningfully (Brace, 2008, p. 175), which the Researcher discussed with test respondents in the pilot study.

The validity of the questionnaire, being a matter of whether it measures what it is supposed to, can be difficult to be establish (Mourougan & Sethuraman, 2017), however is not viewed as a major challenge as the questionnaire attempts to capture the opinion of the stakeholder on various investment determinants.

Nonetheless, convergent/concurrent and discriminant validity is already achieved from the onset as the data were collected from secondary sources in Phase 1 are considered established measures (Rattray & Jones, 2007). Content validity however, is attempted by seeking expert opinion of senior stakeholders identified from Phase 1, while factor analysis can be adopted to check construct validity at the various stages (Mourougan & Sethuraman, 2017).

The Researcher has not provided a mid or a neutral point in the selected scale, as during measuring attitude and perception, studies have shown that most respondents do subconsciously possess an opinion even if they do not consciously recognise it (Brace, 2008, p. 72).

Furthermore, having a neutral point significantly increases its chances of selection (Kalton, et al., 1980) by respondents who intend to reduce effort on their part (Coelho & Esteves, 2007), while eliminating it increases both validity and reliability of the instrument (Saris & Gallhofer, 2007), therefore it would be legitimate to compel a response towards one end of the scale or another (Brace, 2008, p. 72).

As suggested, it was essential to field test the questionnaire for reliability, validity and errors prior to conducting a large-scale study by piloting the instrument, delivery and other procedures (Ambele & Todd, 2018; Dornyei, 2007, p. 75). This ensured the sufficiency, ordering and phrasing of the questions, the inclusiveness of the content, the adequacy and clarity of the instructions as well as the detection of any data compatibility or transfer issues from the collection to the analysis platforms (Regmi, et al., 2016; Ambele & Todd, 2018).

3.8 Sampling Plan

The process of sampling is required for both phases of the research, to select the right number of elements, which in this research would be the objects, articles, contexts and respondents to comprehend the population's characteristics/attributes to generate a defensible and generalisable representation of the target population (Sekaran & Bougie, 2016, p. 239).

Given that Phase 1's target population comprises of literary sources, and Phase 2's stakeholders in the hotel investment industry, a census would not be possible as there are no limits or method to define the entire population of either. Hotel investments are not a limited phenomenon, and therefore highly unlikely to provide a fixed population.

Furthermore, there are arguments that sampling may provide higher overall accuracy compared to a census as resources saved could be redeployed to improve designing and piloting the data collection instruments, as well as checking and data testing prior to analysis, or even improving the means to connect with difficult to reach cases (Saunders, et al., 2016, p. 274).

Sampling furthermore reduces the risk of fatigue, resulting in lesser errors of data collection compared against the census method (Sekaran & Bougie, 2016), especially considering that a significant number of elements are involved in this study.

As illustrated in the following diagram, the Researcher deliberated several considerations in deciding between the two main branches of sampling, being Probability and Non-Probability. The use-case conditions were considered for both methods, explained in the following segments.

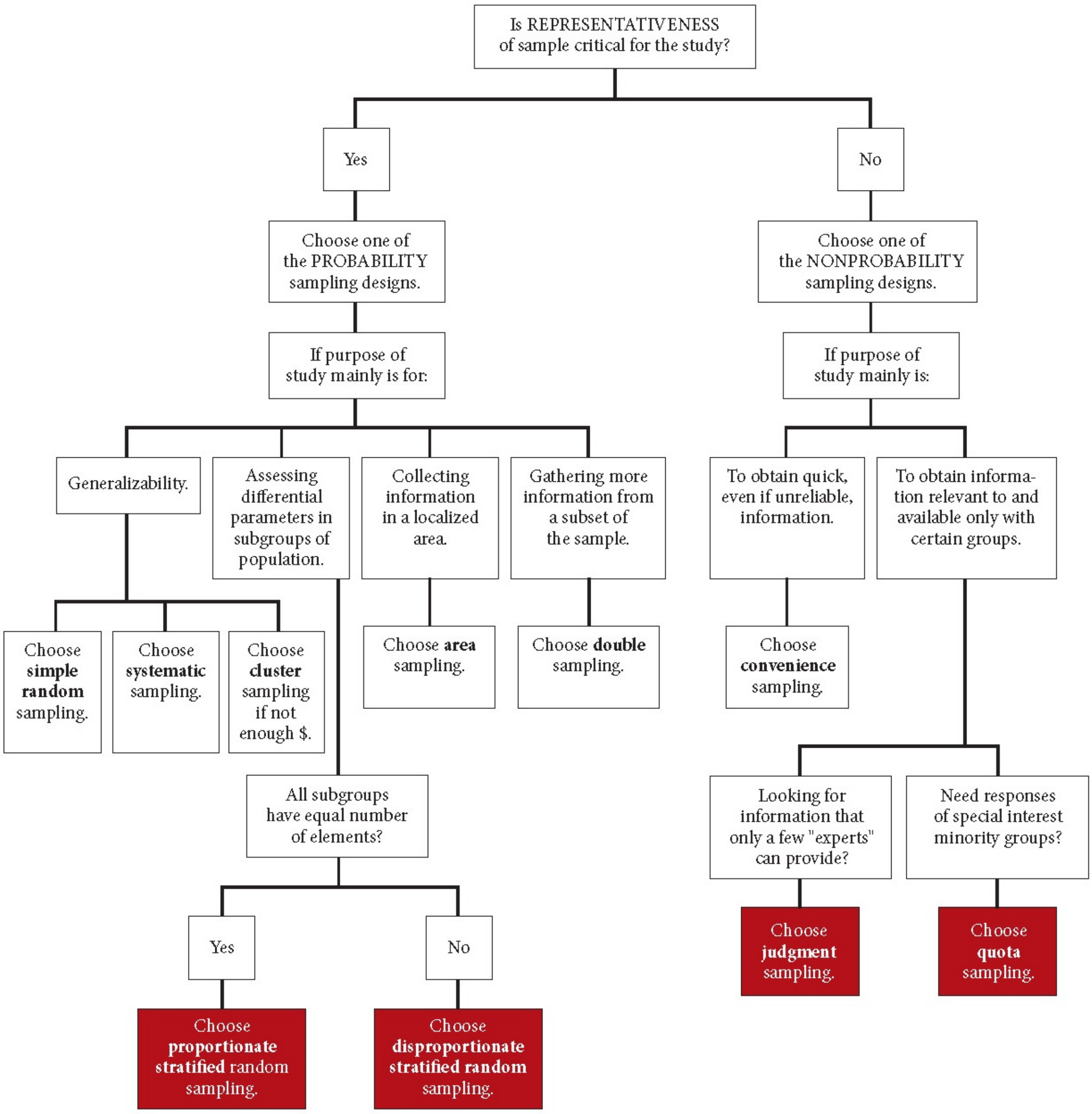

Figure 26 Sampling Technique Considerations

Source: (Sekaran & Bougie, 2016, p. 251)

<u>Sampling - Phase 1:</u>

The mode of Phase 1's research, being exploratory, did not necessitate the sampling method to statistically estimate the characteristics of the target population, which would be impossible as well due to the fact that the number of data sources, which in this research being credible published literature, cannot be comprehensively tabulated and is non-compellable (Weathington, et al., 2012).

Despite the need for the researcher to make inferences from the key stakeholders and the investment determinants identified from Phase 1’s Archival and Documentary Search, the inferences are not required to be statistical in nature (Saunders, et al., 2016, p. 276), lending support to the use of a method under the Non-Probability Sampling subset.

Sampling rules in all Non-Probability branches with the exception of Quota Sampling are fluid to the extent of ambiguity (Saunders, et al., 2016, p. 297), standing contradictorily to Probability Sampling methods, but fitting to the Pragmatic paradigm championed.

As the population targeted are credible literature, being non-natural entities devoid of free will, Volunteer Sampling techniques were immediately disqualified (Saunders, et al., 2016, pp. 303-304). Haphazard Sampling techniques, most commonly associated with Phase 1’s exploratory mode, would be the simplest and requiring of the least resources, however when not actively selecting the literature sources would risk unsupported documents ending up in the sampled population, thus potentially distorting the findings (Sekaran & Bougie, 2016, p. 247).

There was a need to select literature sources to match the research objectives requires judgement on the Researcher’s part, therefore leading the sampling method selection to be from the group of Purposive Sampling techniques, often employed in qualitative investigations (Saunders, et al., 2016, p. 301; Sekaran & Bougie, 2016, p. 248). The subjects, in this research being the literature, will be selected based on their contents and expertise of the authors.

While Extreme or Critical Case Sampling may offer the richest source of literature, they may also induce the element of bias as these elements represent deviations or exceptions to the rule, making it less than ideal to draw parallels from (Saunders, et al., 2016, pp. 301-302). On the opposite end, Typical Case or Homogenous Sampling would not be sufficiently representative, considering that there are several key stakeholder groups identified, and their potentially disparate perspectives (Saunders, et al., 2016, p. 302).

As the literature review revealed emerging theory and developing categories of themes gradually through the process, subsequent sample selection may be beneficial more than a dogmatically fixed sample frame (Saunders, et al., 2016, p. 303). The Theoretical Sampling technique with its iterative resampling until "theoretical saturation" is achieved, introduced by Glaser & Strauss (2006, p. 45) the originators of Grounded Theory in 1967, has appeared to be the most appropriate for Phase 1's sampling requirements.

While Theoretical Sampling originated as a tool from the Grounded Theory approach as an alternative to the zeitgeist of "extreme positivism" in social research of that time, it is now applied as a core method in multiple approaches of analytic induction (Saunders, et al., 2019, p. 205).

Theoretical Sampling shares similarities with Purposive Sampling, the latter allows the theory define the sample size before collecting data, while the former collects and codes data while simultaneously studying said data to develop theory in an iterative manner (Gray, 2017, p. 301; Merriam & Tisdell, 2016, p. 100).

Theoretical Sampling's sample size is eventually defined when theoretical saturation is achieved, being no new or relevant strands of thought are uncovered, categories developed, variations demonstrated and relationships established (Tracy, 2013, p. 195).

With the flexibility to extract data in various manners including conducting observations, participation in occurrences and the study of documents (Gray, 2017, p. 301), Theoretical Sampling is suitably appropriate for deployment as Phase 1's core sampling approach.

Phase 1 required generalisations made to the theory, and not to the population, therefore the relationship between the focus of the research and the sample selection technique was of more importance than the sampling size itself (Saunders, et al., 2016, p. 297).

Patton (2015) advocates focus on the research objections or roadblocks, specifically the extent requiring discovery, credibility of the sources, and research resource constraints rather than the sample size. He further emphasises on the importance of the data collection methods and analysis competence over the subject of sample sizes.

Cresswell & Poth (2018) has recommended a minimum sample size of 5 to 25 for in-depth interviews, while Saunders et al (2019) has advocated for a sample size of 20 to 35 for Grounded Theory strategies. While theoretical saturation dictated the sample size, an initial frame of 30 cases were sought following review of past research practices.

While Theoretical Sampling sizes are fluid and guided by the number of factors relevant to the study (Merriam & Tisdell, 2016, p. 100), inferring that literary sources would carry the same or superior qualities as an in-depth interview, Phase 1 of this research achieved a sample size of 32 credible literature sources, of which five were books from reputable publishers, while the remainder were from peer reviewed sources.

Time, being a restraining concern, would constrain the study of small but high quality cases of secondary data sources, suited to Theoretical Sampling. The sample size of 32 credible literary sources were selected based on developing or emergent themes derived from prior sampled sources, and was deemed sufficient at the Researcher's discretion in determining the point of diminishing returns (Saunders, et al., 2016, p. 280).

Table 7 Summary of Phase 1's Sampling Plan

Phase	1
Research Population	Hotel investment literature
Target Population	Credible literature
Sampling Type	Non-Probability
Sampling Technique	Theoretical Sampling
Reasons	• The unavailability of any comprehensive list of secondary data renders usage of probability sampling methods unfeasible. • An incomplete or inaccurate roster of secondary data precludes the fair selection of every case within the target population. • Generalisations are not anticipated to be drawn given Phase 1's qualitative nature. • Intent to engage with limited cases of high quality. • Selection of secondary data sources is contingent upon emerging themes. • Combines commendable practices from quantitative studies while addressing criticisms regarding the perceived lack of structure in qualitative research.
Target Sample Size	Dictated by theoretical saturation, however a minimum of 30 quality literary sources were sought.

Source: Developed by Researcher.

Sampling - Phase 2:

While Probability or Representative Sampling is most commonly associated with Phase 2's Survey research strategy, the total population identified from Phase 1 however are incapable of being estimated, as the chances of each case being selected from the population is indefinable (Sekaran & Bougie, 2016, p. 242). This therefore disqualifies Probability Sampling methods and encouraged the adoption of Non-Probability Sampling, similar to Phase 1.

While the Non-Probability's Theoretical Sampling method was appropriately utilised for Phase 1, however Phase 2's descriptive mode of data collection does not allow for subsequent sample selections. Haphazard's Convenience Sampling techniques are similarly rejected as the samples cases selected runs high risk of not falling within the key stakeholder groups identified in Phase 1, without the proper screening (Sekaran & Bougie, 2016, p. 247).

The two subsets of Volunteer Sampling were subsequently scrutinised. Snowball Sampling, requiring initial identified cases from the target population to volunteer themselves and refer others to the study, is somewhat unsuitable on grounds of bias (Saunders, et al., 2016, p. 303). Respondents identified from Phase 1 of the study constitutes reputable members of the key stakeholder groups identified, and should the initial set of respondents refer likeminded acquaintances or impart influence upon the new survey respondents, this would risk resulting in a fairly homogenous sample (Lee & Lee, 2012).

With the understanding that the target respondents for Phase 2's survey are highly knowledgeable, prolific and reputable individuals from stakeholder groups discovered from Phase 1's analysis having been subjected to further refinement via stakeholder identification frameworks, they may even be considered authorities in their field.

As such, the use of Purposive Sampling is justified, as the research requires the selection of cases, being experts from the identified stakeholder groups, which is arguably a limited population (Saunders, et al., 2019, p. 321), reasoning they would therefore possess strong, knowledgeable and unique perspectives on this research topic (Sekaran & Bougie, 2016, p. 248).

Also known as "Hand-picked" (O'Leary, 2017, p. 390), "Judgemental" or "Deliberate" Sampling (Bairagi & Munot, 2019, p. 96), and despite frequent use, Purposive Sampling has been considered as a less desirable sampling technique (Creswell & Creswell, 2018, p. 212), due to sample selection by researchers.

The Researcher however believes the voluntary nature of case selection and secured commitment from receptive respondents did not require any coercion on the Researcher's part, thus upholding the Researcher's independent non-invasive axiological stance and yielding higher data validity. Furthermore, it has been suggested that Purposive Sampling may be the only viable sampling method to obtain information from specific pockets of individuals (Sekaran & Bougie, 2016, p. 248), such as the key stakeholder groups.

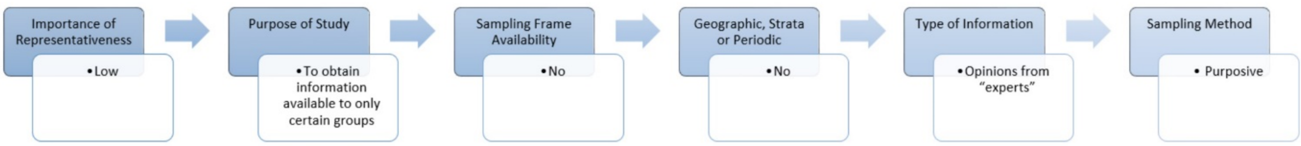

Figure 27 Logic Adopted in Deriving Sampling Plan

Source: Developed by Researcher.

The preceding figure illustrates the Researcher's logic path in deriving the selected sampling method.

Statisticians have advocated a sample size of 30 or more will yield a sampling distribution for a mean that comes very close to a normal distribution (Stutely, 2014, p. 112). Despite this rule of thumb, it has been advocated that the sample size should be selected to sufficiently satisfy the requirements of the statistical tests required to achieve the research objectives (Saunders, et al., 2019, pp. 209, 603).

Of the statistical tests proposed later in this chapter, the most rigid and demanding would appear to be the Exploratory Factor Analysis (EFA) method, of which its sample size requirements are often a controversial and highly debated topic. Despite being a numerical figure influenced by the communalities, correlations among the indicator variables, and number of factors, Garson (2023, p. 33) and Winter et al (2009) claim that several "rule of thumbs" exists, among them being:

i. 3 to 1: three cases to each indicator variable
ii. Rule of 10: ten cases for each item in the data collection instrument.
iii. TV ratio: minimum of five cases to each independent variable.
iv. Rule of 300: 300 cases and above.
v. Significance rule: 51 more cases than there are variables.

In comprehending the literary guidance on sample size for EFA applications, one would have to discern among the various terms as the nomenclature appears to differ depending on the author. For the purposes of this study, items would mean the measured/indicator variables and factors as independent variables (Garson, 2023, p. 3).

There are arguments that large sample sizes in EFA are often plagued by Type-II errors, as large sample sizes tend to exhibit high correlations among the variables even when the actual relationship is weak, while the inverse is true for small sample sizes and Type-I errors (Sekaran & Bougie, 2016, p. 264).

Despite proponents arguing the use of samples sizes under 50 for EFA applications (Winter, et al., 2009), the near universal concurrence is sample sizes of below 50 being unsuitable for performing EFA (Garson, 2023, p. 33).

While several stimulation studies indicate the minimum sample size to perform EFA is a function of several parameters such as communality levels, loading values, the number of variables associated with each factor, and the number of factors themselves (Winter, et al., 2009), multiple researchers have suggested an absolute sample size of 100 as a minimum (Hair, et al., 2019, pp. 132-133; Streiner, 1994; Burmann, et al., 2009; Iskamto, et al., 2020).

As neither the communalities nor the inter-item correlations are unable to be determined prior to data collection, with the preliminary assumption that these figures will not be low, the Researcher has targeted an initial sampling size of 100, due to notable literature support and practicality. Sampling adequacy will be statistically tested subsequent to data collection, to validate the sample size obtained.

Considering the competing requirements and influences, the ultimate sample size is often a compromise between calculations, practicality and discretion (Saunders, et al., 2019, p. 209). In adopting Non-Probability Sampling methods, it was held that the quality of cases mattered more than quantity, allowing resources, chiefly being time, to be allocated to the questionnaire instrument design and post-data collection analyses over spending copious amounts of time garnering large numbers of respondents.

Table 8 Summary of Phase 2's Sampling Plan

Phase	2
Research Population	Identified key stakeholder groups within the hotel investment ecosystem.
Target Population	Distinguished individuals from the identified stakeholder groups
Sampling Type	Non-Probability
Sampling Technique	Purposive Sampling
Reason	• Respondents offered optional participation are often more receptive and hold well-defined perspectives on measured items, indicating they are ideal for achieving this survey's objectives. • Option of voluntary participation and has been associated with higher data validity (Saunders, et al., 2016, p. 303). • In non-probability sampling, the emphasis lies on the quality of cases rather than their quantity, allowing the Researcher to focus on instrument design and analysis instead of approaching numerous respondents.
Target Sample Size	At least 100 respondents.

Source: Developed by Researcher.

Despite utilising non-probability sampling methods for both Phases, we are still able to make generalisations about the target population, merely not on statistical grounds (Saunders, et al., 2016, p. 276). Therefore, it is predicted that the sampling methods surmised will allow for methodologically sound data to be utilised in the modelling stage.

3.9 Time Horizon

Neither of the phases of this research are causal in nature, nor was the Experimental strategy utilised in the course of this research, as cause and effect relationships are not one of the primary objectives. This therefore distances the requisite for Longitudinal Study's significantly higher time, effort and resource requirements (Sekaran & Bougie, 2016, p. 105).

For both phases of data collection, a Cross-Sectional Study was adopted. For Phase 1, only literature published prior to the cut-off date of 30th January 2022 was accepted, while Phase 2's respondents were contacted from 18th September 2022 to the 31st October 2022.

A Cross-Sectional Study allows for the study of hotel investments at this particular time period, and is especially suited for the Survey Strategy adopted for Phase 2, time constraints imposed for this academic course, and allows for the transitionary stages of a mixed-methods research design such as this (Saunders, et al., 2016, p. 200).

3.10 Data Management and Analysis Approaches

<u>Phase 1:</u>

Phase 1's qualitative data analysis involves the cross examination of non-standardised text, in an iterative process, collected from the literature sources to discover valid but non-statistical inferences (Sekaran & Bougie, 2016, p. 332; Saunders, et al., 2016, p. 569), being determinants relevant to hotel investments, along with their patterns and relationships to the stakeholder groups.

As Jonker & Pennink (2010, p. 91) reiterates, the purpose of qualitative research is ultimately towards the search and development of theory, which in this study, is represented by the resultant contemporary hotel investment evaluation model.

The inductive process for Phase 1 required the analysis to commence without a defined rigid theoretical framework, to avoid being sensitised by existing constructs, to better understand the nuances of the relationships between elements discovered and build a theory from its interpretation (Saunders, et al., 2016, p. 570). Multiple approaches exists for the purpose of this qualitative analysis process.

Considering the objective is to capture the key determinants and stakeholders from the available literature, the Narrative Analysis collection of techniques, which seeks to capture whole narratives sequentially (DeFina & Georgakopoulou, 2015), making it decidedly unsuitable for Phase 1. Neither was the anthropologically inclined Discourse Analysis, which is far more appropriately utilised to grasp the nuances in lingual aspects (Schiffrin, et al., 2015), of which this study is not concerned with.

The Analytic Induction technique, an inductive version of the Explanation Building approach, adopts an increasingly intense scrutiny of selected cases, to empirically identify the cause of the subject phenomenon (Saunders, et al., 2016, p. 590). As Analytic Induction aims to obtain explanations for the cause of a phenomenon, and requires exhaustion of data set collection (Sekaran & Bougie, 2016, p. 350), appears therefore at odds against Phase 1's objective of seeking key stakeholders and determinants within this research's permissible time frame, thus Analytic Induction would not be an appropriate analysis technique either.

The Researcher had to maintain theoretical sensitivity, and avoid being overly sensitised by pre-existing theoretical frameworks, conceptions or preconceptions to allow the full extent of the rich narrative and nuanced meanings from the literature in Phase 1 to guide the data collection (Saunders, et al., 2016, p. 195), in line with the iterative tenets of Theoretical Sampling.

At the initial glance, being the most commonly used approach towards qualitative analysis, many believe Thematic Analysis shares similar attributes with Content Analysis, and the differences mostly appear to be only in terms of nomenclature (Vaismoradi, et al., 2013), and have been used interchangeably alongside the hybrid term "thematic content analysis" (Braun, et al., 2019, p. 844).

Despite the similarity in approaches of scouring the data in search of themes and patterns, Content Analysis places more emphasis on the quantification of data (Saunders, et al., 2016, p. 608; Vaismoradi, et al., 2013), and is said to be an approach combining both qualitative and quantitative analysis. This attribute was not required for Phase 1's qualitative analysis, and would be separately and more competently administered by Phase 2's quantitative approach.

Devised in the 1970s by Gerard Houlton, Thematic Analysis is touted as qualitative analysis' foundational method, which focuses on essentially searching for patterns or themes which occurs across the collected data set (Braun, et al., 2019, p. 843; Saunders, et al., 2016, p. 579). Perhaps the version adopted for use in this research is more appropriately identified as "Thematic Text Analysis", as the sampling population consists of literary sources (Kuckartz, 2014, p. 139).

While Thematic Analysis may be utilised from multiple philosophical standpoints, adopting an inductive approach would allow exploration of the occurrence and reoccurrence of themes reiteratively, in line with the Theoretical Sampling method selected (Saunders, et al., 2016, p. 579). In Phase 1, the objective would be to extract the key investment consideration factors and stakeholder groups across the literature sample set, in a logical and orderly manner.

While the Grounded Theory approach was considered, but Thematic Coding was deemed more flexible, adaptable and time considerate. Furthermore, as the primary objective of Phase 1 was to discover key themes (determinants), Thematic Analysis avoids sensitisation from existing theories/mental structures, and is deemed sufficient as the foundation method for qualitative analysis (Weathington, et al., 2012, p. 406).

Thus Phase 1 in summary, was generally the abbreviation and transcription of relevant data discovered from the literature sources, followed by individual case analysis where the data was coded, and subsequently completed by a general analysis to discover reoccurring themes and their frequencies from all the studied individual cases (Kuckartz, 2014, pp. 34-35).

Table 9 Summary of Phase 1's Data Analysis

Phase	1
Data Types	Non-standardised text
Analysis Approach	Inductive / qualitative
Analysis Technique	Textual Thematic Analysis
Analysis Software	QSR International's NVivo™
Testing	• Typographical error reviews. • Coding error audits.
Expected Output	• Themes representing the sought determinants, relevance of stakeholder groups, relationships, predispositions, attitudes, rationale and hierarchies. • Theme frequency tables and descriptive statistics
Reason	• Theory building, desensitises against existing established thought and constructs. • Improved flexibility, adaptability and resource intensiveness over a Grounded Theory technique. • Recognised as the quintessential technique of inductive analysis.

Source: Developed by Researcher.

In terms of Computer Aided Qualitative Data Analysis Software (CAQDAS), the most popular software packages are Atlas.Ti and Nivivo (Woods, et al., 2015). Based on the versions released at time of writing, certain quarters have argued Atlas.Ti carries more analysis features over Nvivo, however Nvivo has historically been utilised significantly more frequently in academia (Fornari, et al., 2019), and with their superior third party support, this made Nvivo the preferred CAQDAS to conduct a Textual Thematic Analysis across the selected literature, as indicated in the preceding table.

Phase 2:

Quantitative data collected from Phase 2's questionnaire in its raw form was not easily understandable, and requires processing and conversion from numbers into discernible information (Saunders, et al., 2016, p. 496).

From the questionnaire, both Categorical and Numerical data were collected, in the form of Descriptive/Nominal Data from the demographic qualifier section and Interval Data from the main body of the questionnaire. Ranked or Ordinal Data will not be required, as the Interval Data will sufficiently place the position of each case within the selected sample set (Saunders, et al., 2016, pp. 500-501).

Interval Data allows for the measurement of differences between the various cases, as well as the relative proportions of the differences, making it convenient for subsequent framework modelling. Additionally, using the Interval Scale permitted straightforward statistical calculations of means, deviations, variances and dispersions (Sekaran & Bougie, 2016, p. 209).

As the data set was recorded in the form of individual data values, descriptive statistical analyses were performed to ascertain both the specific and relative amounts, trends, proportions and distribution of the individual data values (Kosslyn, 2006).

As in most research related studies, it is difficult to reproduce the full set of data from all the cases, thus descriptive statistics are required to describe and provide a summary of the important characteristics of the sample, for comprehension purposes (Fulk, 2023).

Viewed as a critical part of initial data screening, descriptive statistical tests provide the foundation for subsequent variable comparisons with inferential statistical tests, and is considered an essential for good research practice when employed systematically to reduce the likelihood of misleading results (Kaur, et al., 2018).

Sarstedt & Erik (2019, p. 97) advocates an initial data screening process to detect potential errors in the data collection instrument, data entry errors, missing data and most importantly the presence and nature of any extreme outliers.

While inferential statistics provides valuable insights, failure to provide the adequate requisite descriptive statistics impairs the reader's ability to understand not only the data utilised in the study, but also forms the foundation of the subsequent hypotheses testing and analyses results (Turner & Houle, 2019).

Tables of the data set's measures of central tendencies and deviations have been provided to convey a general impression of data frequency, while a box-plot has been employed to compare the value distributions among the stakeholder groups and screen for potential extreme outliers (Saunders, et al., 2019, pp. 583-584; Fulk, 2023).

While words may be descriptive, however in line with the Exploratory Data Analysis approach, the employ of diagrams, graphs and charts to explore and understand the gathered data, has allowed the Researcher to express implicitly what words may fail to convey (Tukey, 1977, p. 56).

Subsequently, normality tests were conducted to understand whether the data set's distribution conforms to the concept of normality, which is required in deciding whether to adopt parametric or non-parametric versions of subsequent statistical tests (Sarstedt & Mooi, 2019, p. 154).

Normality tests typically commence with visual checks of the quantile (Q-Q) plots, where departures from normality are revealed by plotted data deviations from the diagonal ascending line, followed by formal tests for normality such as the Shapiro-Wilk Test for affirmation (Sarstedt & Mooi, 2019, p. 162).

Should either visual or formal test results indicate violations of normality, the use of transformation processes should be employed with the objective of reducing distortions in alpha levels to determine whether the departure from normality is genuine, thus allowing the researcher to make an informed decision in the adoption of parametric or alternative tests (Meyers, et al., 2017, p. 101; Mooi, et al., 2018, pp. 121-123).

Literature however, has demonstrated that data for private real estate investments, such as hotels, are often stable but usually does not observe normal distribution, as opposed to other applications, being primarily due to the industry's dynamic, high levels of uncertainty and non-linear nature (Brown, 2005, pp. 119-121). This hypothesis will be tested in the subsequent analyses.

The statistical method for testing whether there are actually significant variances among the measured means of several populations are equal, is the analysis of variance, and possesses several permutations, most notably its parametric and non-parametric iterations (Cooper & Schindler, 2014, pp. 454-460). In relation to this study, the analysis of variance will be utilised to discover any potential variations among responses provided by Phase 2's subject cases.

There are several approaches in assigning weightage to the identified determinants contributing towards a successful hotel development, ranging from uncomplicated to refined, among them are classical test theory (CTT), item response theory (IRT), and factor scores (Kilic, 2019).

It could be as straightforward as simply summing the raw scores collected from all the items loading onto a particular determinant, however that carries the assumption that all factors are of equal weight, despite some potentially having higher loading values (DiStefano, et al., 2009; Field, 2018, p. 999).

A more sophisticated alternative involves the use of Exploratory Factor Analysis (EFA), belonging to a family of statistical techniques within the factor analysis discipline. While factor analysis is known for its dimensionality reduction and scale validation purposes, and despite commonly adopting an independent procedural stance, factor scores obtained from the analysis may be used as predictors of DVs within a conceptual model (Garson, 2023, p. 3).

Factor analysis has been cited as being particularly efficient in estimating the impact of each identified factor, therefore suitable for application to complex issues, such as premised within this study, with multiple factors affecting the observed phenomenon (Jurczak & Jurczak, 2021).

While not able to validate a causal relationship, the squaring of factor loadings in deriving the factor scores provides a measure of the substantive importance for a particular variable, and provides a purer measure of relationship between the variables and factor (Field, 2018, pp. 471, 994), while requiring smaller sample sizes compared to other estimation methods (Kilic, 2019).

In fact, as the factor model upholds that variables are determined to a considerable extent by a linear permutation of underlying factors (Schuster & Yuan, 2005, p. 5), both factor and component scores have been utilised as independent variables for multivariate analyses in the fields of social sciences (Wheeler, 2005, p. 121), such as law, health, psychology, education and business research (Jurczak & Jurczak, 2021; DiStefano, et al., 2009).

While considered relatively rare (Jurczak & Jurczak, 2021), the use of EFA is justified as this approach has been successfully employed in business and management research, exemplified in the following recent applications with similar context to this study's:

i. Determinants contributing to performance indicators of financial institutions (Nimalathasan, 2009).
ii. Key determinants contributing to successful internal brand management (Burmann, et al., 2009).
iii. Determinants contributing to financial literacy (Rahim, et al., 2016).
iv. Factors influencing purchase decisions and consumer behaviour within a dynamic pricing environment (Victor, et al., 2018).
v. Dimensions contributing to entrepreneur satisfaction (Iskamto, et al., 2020).
vi. Technological factors contributing to enterprise innovation (Rojek, 2021).

In determining discriminant validity, the results of EFA's correlation matrix from the data set will be examined for intercorrelation, which indicates that the observed variables are measuring on the same dimension, and whether the correlation is too high, which would indicate extereme multicollinearity causing difficulties in determining the unique contribution of that particular variable (Kootstra, 2004).

While normality is not a critical assumption required in factor analysis (Garson, 2023, p. 22), the factor extraction method will be determined by the data distribution. It has been suggested that the Maximum Likelihood method will provide more accurate results for normally distributed data, while the Principal Axis Factoring method is more suited for non-normally distributed data (Taherdoost, et al., 2022), whereas an orthogonal rotation method will be applied given the distinctiveness of the variables explained by the literature reviewed.

The dimensionality/variable reduction and study of the underlying structure outcomes of EFA will not be utilised, as the number of variables and the relationship structure has already been established heuristically via qualitative data reduction, based on the conceptual research model supported by the literature review. This exclusion applies to the Parallel Analysis, Kaiser K1 rule, and the Scree test as well, which apparently has only an accuracy rate of 57% (Taherdoost, et al., 2022).

Similar to the selection of Nvivo over other CAQDAS, IBM's Statistical Package for the Social Sciences or commonly abbreviated as SPSS was selected for the quantitative data analysis stage primarily due to its proven track record within both applied and academic fields, in addition to its versatility, abundance of reference resources and its wide adoption, despite criticisms on user-friendliness (Arkkelin, 2014, pp. 2-3).

In addition synergies and data migration affinity from the survey instrument, SPSS' capabilities allows for deriving descriptive statistics such as distribution patterns, proportions, and frequencies, along with the discovery of potential correlations and variations between variables (Stockemer, 2018, p. 73).

Microsoft's Excel of their Office Suite was selected to both collect the data from the survey instrument, and perform weightage calculations and scoring, due to its capabilities in managing multiple sets of figures, and ability to formularise the calculations across the spreadsheets.

Descriptive and nominal data denoting the respondent's stakeholder group affiliation, usage of VM, along with qualifying information were analysed, together with ranked and ordinal data for respondent's measured priorities in the hotel investment determinants presented.

Ultimately, the data collected and processed from the descriptive purposed Survey strategy in Phase 2 was utilised to produce models of relationships between elements identified in Phase 1, ultimately mapped into the value based evaluative hotel investment model in accordance with MCDM principles.

Table 10 Summary of Phase 2's Data Analysis

Phase	2
Data Types	• Nominal data on respondent's profile, demographics and management approaches. • Ordinal data for opinions on importance of determinants.
Analysis Approach	Deductive / quantitative
Analysis Technique	Statistical Analysis
Analysis Software	Microsoft Excel and IBM's SPSS Statistics™
Testing	• Reliability and validity • Distribution normality • Descriptive statistics • Exploratory Factor Analysis • Correlations • Stakeholder group variances • Weightage and ranking
Expected Output	• Loading values for the determinants • Diagrams, tables, graphs and charts of the statistical findings.
Reason	• Ease of migrating data from questionnaire distribution platform and subsequent analysis software. • The need to study both descriptive and inferential statistics.

Source: Developed by Researcher.

3.11 Test-Specific Hypotheses Development

Upon review of the literature, and decisions on which statistical tests to be conducted, several hypotheses have been developed to guide the analysis.

In determining whether the items (scales) in the data collection instrument (questionnaire) are measuring the intended concept, being the convergent validity (Saunders, et al., 2019, p. 517; Hair, et al., 2019, p. 162), the intercorrelation between the indicator variables will be assessed. Therefore, the first alternative hypothesis to be tested is:

$H1_a$: There are significant intercorrelations among the indicator variables.

While the null hypothesis is:

$H1_0$: There are no significant intercorrelations among the indicator variables.

Similarly, the convergent validity of the composite independent variables will be examined. Therefore, the second alternative hypothesis to be tested is:

$H2_a$: There are significant intercorrelations among the independent variables.

While the corresponding null hypothesis is:

$H2_0$: There are no significant intercorrelations among the independent variables.

With consideration to literature informing that real estate data tends to depart from normal distribution (Brown, 2005, pp. 119-121), and on deciding whether to conduct parametric or non-parametric tests on the data set (Meyers, et al., 2017, p. 101; Mooi, et al., 2018, pp. 121-123), the normality of the data distribution has to be assessed. Therefore, the third alternative hypothesis to be tested is:

$H3_a$: The data is not normally distributed.

While the corresponding null hypothesis is:

$H3_0$: The data is normally distributed.

As literature warns of potential different investment priorities between various stakeholder groups (Turner & Guilding, 2010; Hodari & Samson, 2014), the responses among different stakeholder groups would require screening for potential variances. Therefore, the fourth alternative hypothesis is:

$H4_a$: There are significant differences for any of the independent variables among the key stakeholder groups.

While the corresponding null hypothesis is:

$H4_0$: There are no significant differences for any of the independent variables among the key stakeholder groups.

In relation to $H2_a$, while correlation is desired, too much correlation among the variables will result in multicollinearity, being each variable accounting for the similar variance in the outcome (Field, 2018, p. 534), hence the data would require screening for discriminant validity, whereby the summated scales are sufficiently distinct from another (Hair, et al., 2019, p. 162; Saunders, et al., 2019, p. 517). Therefore, the fifth alternative hypothesis to be tested is:

$H5_a$: There is not too much correlation among the independent variables.

While the corresponding null hypothesis is:

$H5_0$: There is too much correlation among the independent variables.

3.12 Framework Modelling

The index values procured from the analysis of data collected from the participating respondents was formularised via the MCDM's weighted sum model (WSM), resulting in the development of a "concise" evaluation model incorporating the weighted factor load coefficients of the 11 independent variables.

This resultant research model is discussed further in Chapter 5.

3.13 Referencing Protocols

The Harvard referencing style adopted is one of the four compliant with the university's guidelines (University of Wales Trinity Saint David, 2020), and in addition to the Researcher's familiarity with this referencing system, it was selected due to benefits extolled (University of Brighton, 2012), such as:

a) Flexibility: The Harvard referencing system allows for flexibility in terms of formats of sources cited, which includes books, journal articles, periodicals, dailies and websites among others.

b) Clarity: The Harvard referencing style's use of in-text citations readily assists the reader to conveniently locate and if required, to validate the sources utilised by the Researcher.

c) Consistency: It provides a consistent format for citing a variety of sources, allowing the audience to comprehend and continue along with the thesis flow.

3.14 Ethical Considerations

This research adopts the University of Wale Trinity Saint David’s Research Ethics & Integrity Code of Practice (University of Wales Trinity Saintt David, 2017) in its entirety. While the respondents hailed from around the globe, however the data gathering and analysis were conducted in Malaysia under the supervision of the London School of Commerce’s Westminster International College campus, the Malaysian Code of Responsible Conduct in Research (National Science Council of Malaysia, 2017) were adhered to as well.

With the understanding that no particular code of ethics or standards are exhaustively comprehensive (British Sociological Association, 2017), this Researcher leaned towards the deontological perspective as an ethical basis, rather that the teleological view (Saunders, et al., 2016, p. 240), believing the end does not justify the means and acting outside the ethical code of conduct is unjustifiable.

Despite adopting a pragmatic stance, there were no compromises to the primary principles of integrity and objectivity, which governs the goals, intents, methods and procedures of this research. Findings and subsequent claims were interpreted impartially, unvarnished and independently against direct influence of any potential stakeholders or third parties.

Respect and care were accorded to all parties, particularly in the treatment of respondent’s data. The challenge of using internet-enabled surveys was primarily one of data security, therefore all gathered data were secured to the best of the Researcher’s abilities. All cited works of other researchers and authors have been credited accordingly.

Respondents have been informed of the survey’s purpose along with their voluntary nature of participation and rights to withdraw, and in shall no way be coerced. Privacy of the participants will be a key consideration, as the data gathering method proposed in Phase 2 involves collection of sentiments and/or values from individuals in a corporate decision making capacity, the anonymity of the respondents will be preserved.

Non-maleficence was deemed important as well, as the Researcher would have to protect and not utilise any potential trade secrets or privileged information shared which may affect the respondent’s organisation.

Pertaining to the respondent’s individual personal data, due care was taken to ensure the confidentiality and security, in compliance with Malaysia’s Personal Data Protection Act 2010 (Attorney General's Chambers of Malaysia, 2016).

In line with the overarching principles of openness and accessibility, the Researcher did not receive any funding or undue influence from third parties encountered in this research. All research tasks performed will be documented for posterity and validation.

3.15 Summary of Research Strategy

In summary, the research was undertaken in two phases:

Phase 1's inductive approach is descriptive and exploratory in nature, involving qualitative data collection and analysis to identify both key determinants and stakeholder groups pertinent to hotel investments. Considering that both the determinants and stakeholders are of finite integers, the ideal approach adopted was an in-depth qualitative analysis of peer reviewed literature and secondary data published from credible sources.

Phase 2's deductive approach is evaluative in nature, and collects quantitative primary data, which is subsequently subjected to statistical and mathematical analysis methods to assign weightage based on stakeholder perception upon the determinants discovered in Phase 1, and rank the identified determinants.

The two research phases are executed sequentially on a cross-sectional time horizon, and summarised in brief within the following figure:

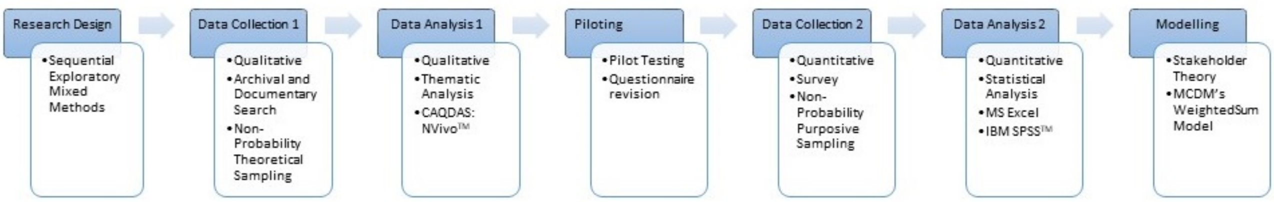

Figure 28 Summary of Research Strategy

Source: Developed by Researcher.

Chapter 4: Analysis and Interpretations of Findings

4.1 Introduction

This chapter encompasses the analysis process, findings and subsequent interpretations made. Initially, results from the stakeholder analyses are presented, followed by a summary of the cases and respondents from Phase 1 and Phase 2 respectively.

In the vein of the Sequential Exploratory Mixed-Methods research design, the findings from the qualitative analysis will be presented at the outset, trailed by findings from the quantitative analysis.

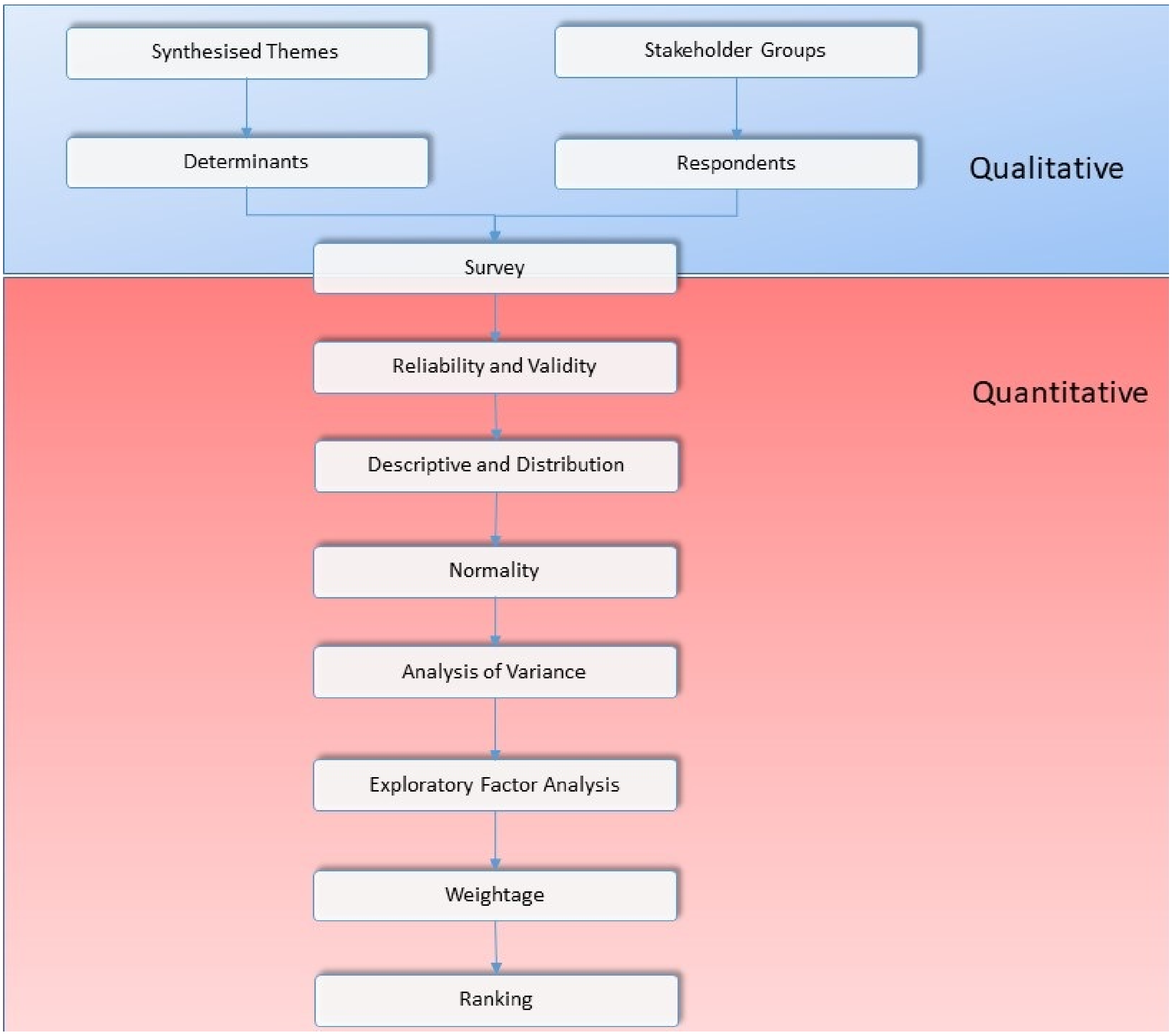

Figure 29 Analysis Sequence Flow Chart

Source: Developed by Researcher

All the analyses have been arrayed in the logical order of progression for the reader's benefit, the results/outputs from preceding tests have been subsequently incorporated as inputs into the ensuing tests.

Several tables derived from the statistical analysis have been truncated due to space constraints, but will be made available upon requests to the Researcher. In depth discussions on the findings will be discoursed in the subsequent chapter.

4.2 Stakeholder Analysis

Discussed in Chapter 2, the preliminary stages of a qualitative approach involves identifying the potential stakeholder groups attendant in the hotel investment ecosystem, and subjecting them to qualitative analyses to determine which are deemed to be the key stakeholder groups.

4.2.1 Stakeholder Identification via Power-Interest Grid

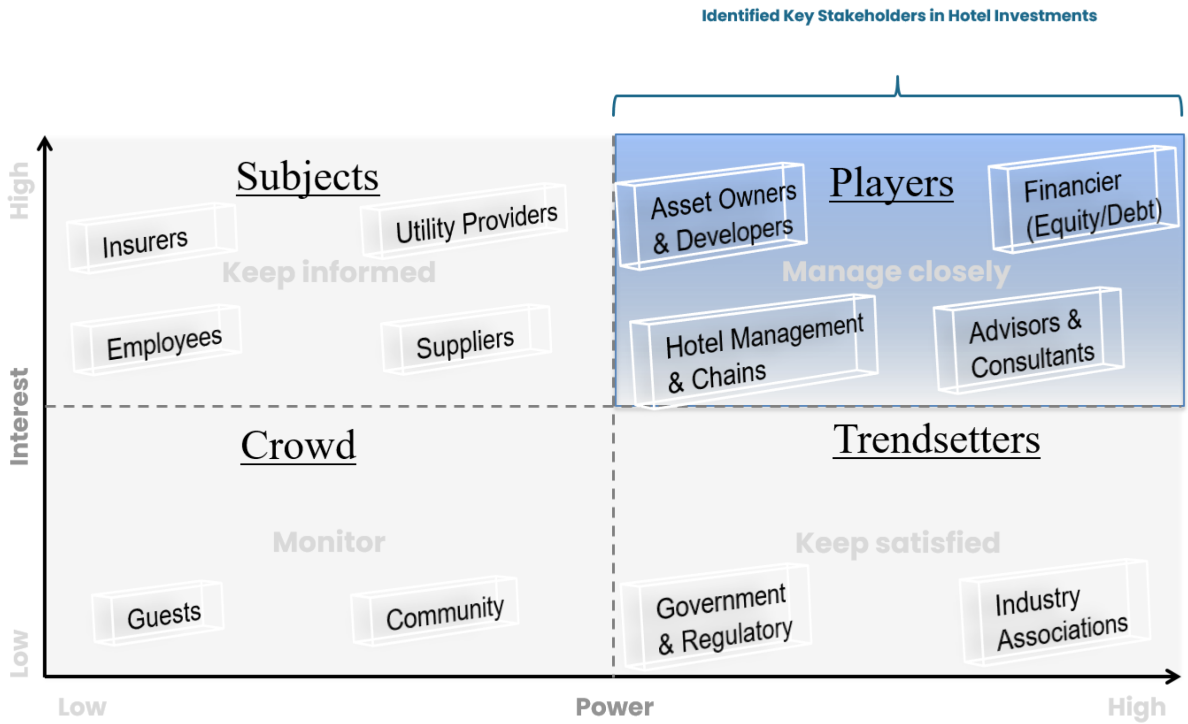

Figure 30 Hotel Stakeholder Power-Interest Grid

Source: Developed by Researcher.

The categorised stakeholder groups are depicted in the preceding chart, and discussed as follows.

Crowd: Low Interests, Low Power

Hotels are perceived as a form of fungible goods to the consumer, being the hotel guests. Therefore, in terms of functionality and practicality, one hotel is largely indiscernible to another, provided they are fitted with similar facilities, hence the low-interest rating of the guest stakeholder groups. Paradoxically, the contrary corresponds. While hotels do go out of their way to provide an experiential lodging transaction, well marketed hotels are not reliant on specific guest segments.

The community that the hotel operates in, may not necessarily be the community the hotel primarily serves, considering that the hotel's main offering is accommodation first, and services such as F&B and recreation second. In the same line of reasoning as fungible goods, the local community is not obligated to rely on any particular hotel for their necessities. Furthermore, provided the hotel has adequate approvals to operate, the community at large does not influence a hotel's ability to generate revenue.

Subjects: High Interest, Low Power

While scarcity of operating equipment and supplies may have been endemic to certain far flung locations in the past, however in contemporary times, globalisation has rendered supply issues moot, along with the bargaining power of suppliers to a significant extent. This holds true for both insurers and utility providers as well, where competition is rife along with the prevalence of substitutions.

The employees have extremely high interest in the hotel, being their employer and source of livelihood, however the bulk of employees in any hotel tend to be rank and file employees, casual labour or interns, of which there are seldom shortages of. This is evident from the increasingly unpopular trend of unionisation within contemporary hotels and resorts.

Trendsetters: Low Interest, High Power

Governments, regulatory bodies and local authorities arguably wield substantial regulatory power over the hotel's operating environment, but only affects the investment process indirectly. Furthermore, these bodies are largely disinterested in the daily operations, being the value creation stage of the hotel.

The industry associations, identified earlier in Chapter 2 as hotel associations and owner associations, has clout in terms of media power, but lacks the direct authority to affect investment decision making of the hotels and does not wield regulative power as the authorities. While maintaining positive relationships and gaining the support from associations are advantageous to the hotel, it is however unlikely that the associations themselves are able to affect the hotel's operations explicitly.

Players: High Interests, High Power

This quadrant, consisting of asset owners, developers, financiers including both shareholders and lenders, the hotel managers & chains, and associated advisors & consultants bear the imperative of being able to affect not only the hotel's operations, but both the development and corporate holding structure of the hotel itself.

Inversely, these key stakeholders possesses the highest amount of vested interests into the hotel, to the extent that the success of the hotel, or lack thereof, affects them and their purpose of existence the most, among all other stakeholder groups identified.

These quadrants are analysed and explicated further in the following section.

4.2.2 Bases of Power and Directions of Interests of Identified Key Stakeholder Groups

Key Stakeholder Group 1: Asset owners & developers

From a past study conducted in 2011, concentrated around hotel ownerships in the United States, it was discovered that 81% of the hotels are privately owned, while only 8% are publicly traded via Real Estate Investment Trusts, with public property corporations owning the balance 11% (Newell & Seabrook, 2006). The difference between private owned hotels and property corporations are not clearly defined, but are anticipated to share similar financial objectives.

Very often the originators of a hotel project development, asset owners manifests in the form of property owners recognising development opportunities, real estate conglomerates expanding or diversifying their portfolios, property developers seeking to add a hotel to their mixed-use developments, and even governments and government linked companies (Venter & Cloete, 2007). While less frequent but not unheard of, there are even tourism authorities, special interest groups, cooperatives, or even citizen's advisory committees which own hotels, but all with very varying investment objectives.

Rushmore (2002) observes that owners who invests most of the equity capital requirements, often assumes the significant portion of risks involved in a hotel development. Practically, owners in the guise of vendors of existing hotel assets should be considered as a key stakeholder, as the consideration or selling price of the hotel is influenced by the motivation of both the selling and buying parties (Rushmore, 2002).

Key Stakeholder Group 2: Hotel managers, operators & chains

Very often, a hotel chain or management company intending to expand their brand offerings to a fresh market would actively both scour for suitable sites and potential development partners or investors, in a bid to gain a foothold in desired locations (Venter & Cloete, 2007).

Depending on the mode of participation, the hotel operator bears different weightage of risks, ranging from only potential reputation damage in management agreements obligations, to even financial losses in lease arrangements (Rushmore, 2002).

Key Stakeholder Group 3: Financiers (equity/debt)

A primary source of funding would be equity investors, in the form of investment groups, institutional investors, investment funds such as private equities, venture capitals and unit trusts (Venter & Cloete, 2007), or the recently introduced crowd-funding platforms. With the primary objective being portfolio diversification, the investment horizon and quantum vary year by year, based on the current prevailing logic for such investment vehicles (Harper, 2017).

While loan-to-value ratios for hotel financing have decreased significantly from the highs of 70% to 80% in the mid-2000s, lenders and other debt providers such as insurance companies, credit agencies and security firms (Rushmore, 2002) inevitably bear the highest share of capital risk among all parties in the development (Hodari & Samson, 2014).

Troy & Beals' (1982) research supports this line of reasoning, and advocates the inclusion of sentiments not only from direct financiers such as bankers, but ancillary stakeholders such as prominent businesspersons in their capacity as lenders within the community, citing provision of location specific insights and eventual support would contribute significantly to the hotel's success.

While debt capital providers typically bears lower risk than equity subscribers, the lenders are undoubtedly essential. As Rushmore (2002) puts it, "*without the presence of a lender, the contemplated transaction will usually perish*".

Key Stakeholder Group 4: Advisors & consultants

In a hotel development's planning stage, a host of consultants or advisors are typically engaged, ranging from market and financial analysts, lawyers, accountants, appraisers, or even esoteric disciplines such as geomancers, sociologists or psychologists to understand consumer patterns, while the construction stage observes the likes of architects, designers, engineers and landscape planners (Kim, 2002; Butler, 2013).

For first time hotel developers with no prior record of accomplishment, Rushmore (2002) advocates a mortgage broker's services to secure financing, while Harper (2017) insists upon an experienced feasibility or appraisal firm to avoid costly mistakes.

An oft-overlooked consultant is the transaction broker or the real estate agent, which would represent either the vendor or purchaser of a lodging facility, and given their experience, their opinions often carry practical insights (Butler & Baltin, 2013; Rushmore, 1996). This is supported by Harper (2017), which states the broker will often have high levels of personal contact with the client, and requires to speak both regularly, and more importantly openly.

All of these consultants and advisors' reputations are inextricably tangled to the fate of the hotel they counsel for, and should such hotel fail, it may contentiously lead to detriments upon their reputation.

<u>Identified Key Stakeholder Groups</u>

From the stakeholder analyses, this study proposes the key stakeholder groups to be:

i. Asset owners & developers
ii. Hotel managers, operators & chains
iii. Financiers (equity/debt)
iv. Advisors & consultants

These four identified key stakeholder groups, were subsequently incorporated into the qualifying and demographic section of Phase 2's data collection instrument, being the questionnaire.

4.3 Summary of Cases and Respondents

4.3.1 Phase 1's Cases

Utilising the method of Archival and Documentary Search, the following literary sources were utilised iteratively along the tenets of Theoretical Sampling, in the sense each source was analysed and coded, until theoretical saturation was deemed achieved.

Table 11 Phase 1's Selected Cases

Case	Title	Type	Author	Year
1	Hotel Investments Handbook	Book	Stephen Rushmore	2002
2	Hotels & Resorts: An Investor's Guide	Book	David Harper	2017
3	How to Buy a Hotel Handbook	Book	Jim Butler	2013
4	Guide to a Successful Hotel Acquisition	Book	Hanrick Curran	2016
5	The Hotel Property Handbook 4.0 : Investment and Financing Keys	Book	Deloitte	2019
6	Factors influencing hotel investment decision making	Journal	Graeme Newell & Ross Seabrook	2006
7	Analysis of return on hotel investment: A comparison of commercial hotel companies and casino hotel companies	Journal	SooCheong (Shawn) Jang & Larry Yu	2002
8	Hotel investment risk: What are the chances	Journal	Elie Younes & Russell Kett	2007
9	Foreign direct investment patterns of global hotel chains	Journal	Maria Santos, Ana Brochado & José Esperança	2016
10	Under- vs. over-investment: hotel firms' value around acquisitions	Journal	Tarik Dogru	2017
11	Hotel Feasibility Analysis, Part 1	Journal	Paul Beals & David A. Troy	1982

12	Hotel Feasibility Analysis, Part 2	Journal	David A. Troy & Paul Beals	1982
13	Settling for Less: The Institutionalization of the Hotel Feasibility Study	Journal	Demian Hodari & David Samson	2014
14	A Framework for Successful Hotel Developments	Journal	I Venter & Chris E. Cloete	2007
15	The Historical Development of Hotel Feasibility Studies: A Review	Journal	Kyung-Hwan Kim	2002
16	Improving the quality of hotel feasibility studies: Evaluating potential opportunities for hotel development and acquisition in university towns	Journal	John W. O'Neill	2013
17	The Economic Feasibility of a Motel	Journal	Ernest Henderson	1963
18	How to Buy a Hotel	Book	Jim Butler & Bruce Baltin	2013
19	Does religion influence location choice in the hotel industry?	Journal	Fernando E. García-Muiña, Ana M. Romero-Martínez & Diala Kabbara	2020
20	Hotel restaurants' challenges and critical success factors in Klang Valley, Malaysia: the inseparable roles of support centers and revenue streams	Journal	Sanghyeop Lee, Kai-Sean Lee, Bee-Lia Chua & Heesup Han	2018
21	The role of portfolio diversification in the hotel industry: Evidence from the Italian market	Journal	Claudio Giannotti, Gianluca Mattarocci & Luca Spinelli	2011
22	Hotel brand portfolio strategy	Journal	Yao-Chin Wang & Yeasun Chung	2015
23	Profitability determinants of hotel companies in selected Mediterranean countries	Journal	Mira Dimitrić, Ivana Tomas Žiković & Andrea Arbula Blecich	2019

24	Predicting determinants of hotel success and development using Structural Equation Modelling (SEM)-ANFIS method	Journal	Elaheh Yadegaridehkordi, Mehrbakhsh Nilashi, Mohd Hairul Nizam Bin Md Nasir & Othman Ibrahim	2018
25	An investigation of AAA diamond rating changes on hotel performance	Journal	Michael E. Nalley, Jeong-Yeol Park & Diego Bufquin	2018
26	The use of investment incentives for tourism projects in developing countries	Journal	C.L. Jenkins	1982
27	Research on Institutional Investors, Free Cash Flow And Idle Funds	Journal	Yong Liang & Shengdao Gan	2016
28	A gravity model of foreign direct investment in the hospitality industry	Journal	Martin Falk	2016
29	Hotel Real Estate in a Property Investment Portfolio: An Examination of Results from 1992 to 2001	Journal	Gabriel A. Petersen, A. J. Singh & Atul Sheel	2003
30	A framework for the evaluation of hotel property development projects	Journal	Gabrijela Popovic, Dragisa Stanujkic & Darjan Karabasevic	2019
31	Tracking the critical success factors for hotel companies	Journal	A. Neal Geller	1985
32	Attracting international hotels: Locational factors that matter most	Journal	A. George Assaf, Alexander Josiassen & Frank W. Agbola	2015

Source: Developed by Researcher.

As indicated in the table above, books were the initial cases nominated for analysis, selected for their expanse and extensive perspectives to capture initial themes, emerging theories and evolving narratives, which led to peer-reviewed journals for granularity on the emerging themes.

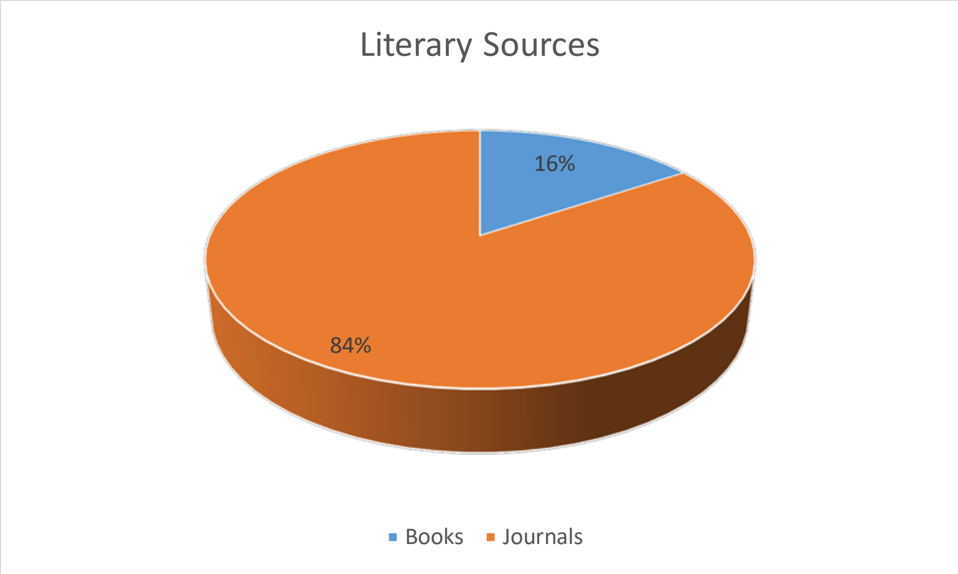

Figure 31 Phase 1's Literary Sources

Source: Developed by Researcher.

Portrayed in the chart above, are the distribution of the literary sources utilised in the Archival and Documentary Search, with peer-reviewed journals consisting of the primary 27 source cases at 84%.

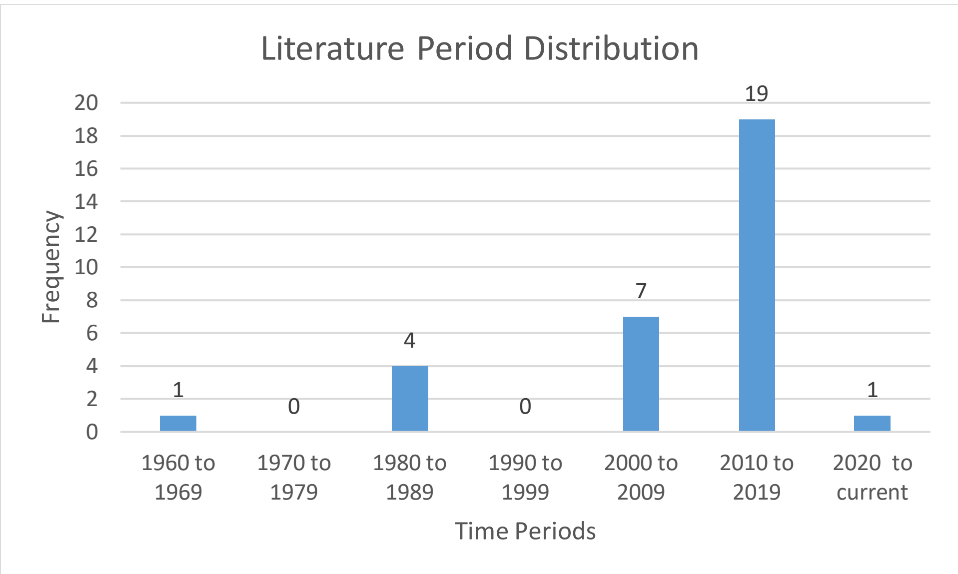

Figure 32 Period Distribution for Phase 1's Literature Cases

Source: Developed by Researcher.

Evidenced in the preceding chart, is the time period distribution of the literary materials utilised in the Archival and Documentary Search. Contemporary literature from the past decade provided the most recent studies, and were sampled expansively and extensively.

4.3.2 Phase 2's Respondents' Demographics

In a practice of Purposive Sampling, survey participation invitations were sent out via email to 1,350 of the Researcher's acquaintances, and 2,929 members of the hotel investment community based on the identified stakeholder groups.

Out of the total of 4,279 contacts approached, only 166 responded to the survey invitation, and of those, only 104 respondents copiously completed the questionnaire. Therefore, in Neuman's (2014) terminology, the Total Response Rate was approximately 3.9%, while the Active Response Rate was approximately only 2.4%.

The response rates are significantly lower the 9% expected based on a benchmark of business surveys in 2016 (Saunders, et al., 2016, p. 284). Verbal queries with selected respondents post data collection cited three main potential causes for the poor response rate, being:

i. Respondent fatigue from answering multiple questionnaires originating from a multitude of sources during the Covid-19's pandemic period.
ii. The length of the questionnaire and the duration of time to answer it meaningfully is significantly longer than the respondent's willingness to commit.
iii. Particular respondents felt that they were unfamiliar with certain determinants in the evaluation of hotel investments, and were hesitant to impart their opinion.

While a minimum sample size of 100 was initially sought, the Researcher managed to achieve 104 complete responses across all the identified key stakeholder groups, in the proportions depicted within the following figure:

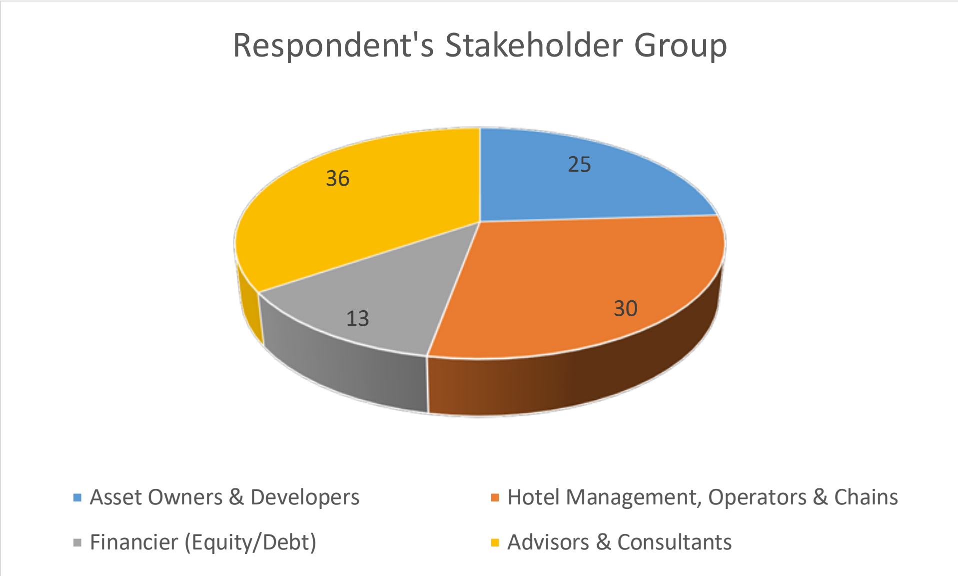

Figure 33 Phase 2's Respondent Stakeholder Groups

Source: Developed by Researcher.

It has been observed that the financier category of respondents were the most elusive to gain access to, followed by the asset owners and developers, therefore it was not startling to affirm reduced participation from these stakeholder groups.

While the advisor & consultants category was furthermost represented, this majority did not skewer the research findings, as explained in the subsequent sections.

Figure 34 Phase 2's Stakeholder's Corporate Levels

Source: Developed by Researcher.

The workplace positions or seniority of the respondents were somewhat evenly distributed, with “management” level being the mode. Equal representation from both leadership and operational levels has allowed for an integrated insight into the collective values of the respondents.

4.4 Findings from Phase 1’s Qualitative Analysis

As a practice of Thematic Analysis, the Researcher had the objective of identifying patterns, potential relationships and connections among the discovered themes. Therefore discretionary decision-making was exercised when determining the scope of each over-arching theme, being the independent variable, and how finely to section the sub-themes, being the indicator variables.

In exercising reflexive practice, the various themes were segregated restrictively enough to be implicitly distinct and divergent, while not yet expansive enough to be relegated open for interpretation, as the purpose of this study is to accomplish a practice of prescriptivism.

As the research is conducted by a single-party, being the Researcher himself, inter-coder reliability measures traditionally used to assess the consistency or agreement between different coders who independently analyse the same texts have not been utilised, neither have any inter-coder reliability measures such as Cohen's Kappa been adopted.

However, the coding guidelines espoused have been verbally discussed among peers, and deemed sufficiently comprehensive and unambiguous to minimise interpretation differences, should findings require verification by other coders or assessors. Furthermore, the composite groupings are supported and backed by the literature reviewed.

4.4.1 Synthesized Themes

Phase 1's qualitative analysis, coded with NVivo, culminated in the following synthesised themes obtained from data association and reduction methods. A table format has been adopted for purpose of conciseness, as not to replicate ad-verbatim the duplicated texts readily available from the referenced literature sources.

Table 12 Synthesised Themes and Sub-Themes

No.	Sample of Content Distilled	Sub-Theme	Adapted Composite Theme
1	Project's economic value, financial appraisal, economic market study.	Economic Feasibility	Financial Considerations
2	Value matching, value over price, payment arrangements, affordability implications, transacted pricing.	Hotel Purchase Price & Affordability	Financial Considerations
3	Internal rate of return, Net present value, capitalisation rate, benchmarking, risk adjusted returns.	Profitability, Yield & Financial Returns	Financial Considerations

4	Asset lifetime value, economic value, market valuation, valuation methods.	Property Value & Appraisals	Financial Considerations
5	Borrowing ability, interest rates, capital liquidity, market strength, loan approval rates.	Capital Availability	Funding
6	Hurdle rates, return thresholds, return on equity, borrowing rates, loan to value, margin of financing, costs of capital.	Favourable Lending Terms	Funding
7	Financing instruments, debt provision, forms of equity investments, borrowing flexibility.	Capital Sources & Financing Options	Funding
8	Locational characteristics, convenience, desirability, central / downtown.	Attractiveness of Location or Area	Location Specific
9	Supportive land use, mixed developments, tourist attractions, events, university towns, central business districts.	Demand Generators Available	Location Specific
10	National advantages, regional reputation, weather, climate, cultural heritage.	Geographical Region & Host Country	Location Specific
11	Standard operating procedures, standards regulation, brand requirements, adherence strictness.	Brand standards	Chain & Brand Affiliations
12	Hotel chain image, brand recognition, brand value, association benefits, loyalty membership programs.	Branding, Chain Affiliations & Loyalty	Chain & Brand Affiliations
13	Management effectiveness, resource deployment, brand strategy, business philosophies, area of protection, afforded exclusivity, brand portfolio management.	Business & Operating Strategy	Chain & Brand Affiliations
14	Availability of centralised services, group purchasing, cross marketing, referral programs, sister properties, economies of scale, centralised human resources.	Centralised or Shared Services & Procedures	Chain & Brand Affiliations

15	Mode of participation, operator appointment, contract length, transparency, charging mechanisms, pass through payments, franchising, affiliate billings, management fees.	Engagement Terms	Chain & Brand Affiliations
16	Capital contributions, key money, operator loans, deferred billings, chain policy, equity participation willingness.	Financial Contribution to Property	Chain & Brand Affiliations
17	Terms negotiation, assistance allowed to owners, early termination, contract buyouts, financing support, rights transfer restrictions, assignments.	Flexibility	Chain & Brand Affiliations
18	Organisation size, growth, expansion, regional presences, number of brands, managed portfolio, critical mass.	Group Size, Growth Rate & Financial Standing	Chain & Brand Affiliations
19	Inter chain competition, intra-brand portfolio contradictions, market cannibalisation, chain relationships.	Competitiveness	Chain & Brand Affiliations
20	Leadership profile, past track records, achievements, corporate image, company stability, market specialisations, regional experience, asset class adeptness.	Knowledge, Expertise, Reputation & Experience	Chain & Brand Affiliations
21	Market orientation, sales strategies, distribution channels, online & offline activations, guest retention, brand reach, synergies, cohesiveness.	Marketing & Distribution Capabilities	Chain & Brand Affiliations
22	Information technology adoption, big data, competitive advantages, yield management, revenue optimisation, niche markets, distressed assets, unionised hotels, corporate differentiation.	Technology, Abilities & Services	Chain & Brand Affiliations
23	Forms of demand: latent, forecasted, inherent, unaccommodated. Leisure,	Demand	Market Specific

	commercial, demand indicators, categories, causality.		
24	Future supply levels, upcoming hotels, competitor set analysis, overbuilding, saturation, induced supply, predictions.	Supply & Competition	Market Specific
25	Average daily rate, market projections, bar levels, peak periods, charging potential.	Achievable Room Rates	Market Specific
26	Deterrents, induced or natural, regulatory restrictions, scarcity, heritage zoning mechanisms, overdevelopment protection policies.	Barriers to Entry	Market Specific
27	Property positioning, market penetration index, asset competitive advantages, market share, hotel standing.	Competitive Position	Market Specific
28	External forces on supply and demand, room rate undercutting, consumer behaviour shifts, market demand evolution, supply levels rationalisation.	Market Forces & Dynamics	Market Specific
29	Guest statistics, local area employment patterns, price sensitivities, types of guests, reasons for travel, number of arrivals, facilities patronisation.	Economic Base & Patronage Demographics	Market Specific
30	Market establishment, area age, segment saturation, future market expansion, new market segments.	Market Maturity, Endurance & Growth Potential	Market Specific
31	Available segments within the market, quantity and saturation levels, total market size, underserved segments.	Market Size & Segment Diversity	Market Specific
32	Population aging, logistics, travel routes, technology adoption, short and long terms trends, location seasonality.	Trends, Volatility & Seasonality	Market Specific

33	Owner's past achievements, current portfolio performance, credibility, areas of experience, non-financial resources, corporate governance, operating philosophies.	Owner/Developer Background	Owner & Developer Specific
34	Access to funding, existing borrowings, cash reserves, debt servicing ability, portfolio size, organisation reach, financial health, credit worthiness.	Fiscal Ability, Financial Resources & Size	Owner & Developer Specific
35	Investment rationale, development objectives, asset class comprehension, mission statement, short, medium and long term goals, investment ethos.	Investment Objectives & Business Strategy	Owner & Developer Specific
36	Risk tolerance, underlying culture and beliefs, existing practices, decision making processes, investment biases.	Investor Psychology & Culture	Owner & Developer Specific
37	Capital organisation, legal entity structuring, corporate incentives, expansion modes, mergers and acquisitions.	Ownership Structure & Forms	Owner & Developer Specific
38	Unutilised financial resources, urgency of investment, unrealised returns, capital reserves, inflation hedging.	Idle Funds	Owner & Developer Specific
39	Choices of local consultants available, specialised firms, inter-party coordination, quality and reputation of consultants.	Consultant Quality & Availability	Project & Construction Specific
40	Total project development costs, pre-acquisition expenditures, construction costs, consultants' fees, land price, pre-operating expenditures.	Development Costs	Project & Construction Specific

41	Market entry timing, length of construction, market expectations, industrial and market cycles.	Development Duration & Timing	Project & Construction Specific
42	Directly manageable risks, mitigation strategies, risk-reward balance, operating, legal, construction, financing risks, etc.	Internal & Property Specific Risks	Project & Construction Specific
43	Creativity of architecture and design, aesthetic values, visual appeal, perceived/observed quality, rejuvenation projects, heritage hotel development.	Quality of Design & Build or Refurbishments	Project & Construction Specific
44	Human capital, property level, operational efficiency, management structures, staffing levels, redundancy ratios, local level leadership direction, operational excellence.	Employees, Management & Leadership	Property Specific
45	Rebranding, management takeover, alternative building uses, physical enhancement ability, prospective expansion capability.	Enhancement & Repositioning Potential	Property Specific
46	Legal compliance, unrealised benefits, building perks, special rights, local approvals, and gaming/casino licenses.	Existing Approvals, Permits or Special Licenses	Property Specific
47	Star rating, formal and informal classification, ranking, guideline compliance.	Hotel Classification, Rating & Compliance	Property Specific
48	Availability of facility, amenity and services, costs of selection, commensuration with hotel image, outsourced service providers, tie-ups and collaborations.	Hotel Facilities, Amenities & Services	Property Specific
49	Hotel particular achievable demanded rates, ramp up periods, income streams,	Income Generation Capacity	Property Specific

	occupancy levels, maximum earning potential.		
50	Space repurposing, operating-layout synergies, non-income generating spaces, back-of-house sizes, guest safety.	Layout Efficiency & Flexibility	Property Specific
51	Fixed and variable costs, casual workers, services on demand, system fees, competitor costs comparisons, profit ratios, management fees.	Operating Cost Structure	Property Specific
52	Variety of revenue streams, capture of multi-segments, specialisation in guest types, market leadership, pole positioning.	Product's Segmentation & Positioning	Property Specific
53	Age of subject property, capital replacement, furniture and fit-out wear and tear, cost of upkeep, perception of hygiene and cleanliness.	Property Condition, Wear & Age	Property Specific
54	Retained earnings, trading history, stabilised occupancy duration, traditional income levels, breakeven threshold.	Property Performance, Track Record & Past Results	Property Specific
55	Value, rarity, imitability, and organization. Asset reputation, perceived quality, awards bestowed.	Property Reputation, Image & Quality	Property Specific
56	Transport options available, logistics, travel hubs, visibility and prominence of asset location, access options.	Accessibility & Visibility	Site & Land Attributes
57	Remoteness of location, essential services, healthcare access, provision of utilities, community support, price gouging.	Infrastructure Availability, Quality & Pricing	Site & Land Attributes
58	Suitability and sufficiency of land to support hotel, excess land for expansion,	Land Considerations	Site & Land Attributes

	alternative land uses, natural resources, physicality.		
59	Type of lease, length of rights, lease owner relationship, land encumbrances, assignment and transferability of rights.	Property Ownership Tenure	Site & Land Attributes
60	Local boundary compliance, parking requirements, facility legalities, restrictive covenants, maximum building height, local government legislations.	Zoning, Regulations & Restrictions	Site & Land Attributes
61	Nature of relationship between chain and developer, regions of origin, congruent interests, levels of trust, assignment of rights, cultural differences, methods of communication, principal-agent challenges.	Alignment between Developer & Hotel Company	Suitability & Compatibility
62	Homogeneity of investors, share classes, rights issues, information asymmetries, communication styles, alignment of objectives and philosophies.	Cohesion among Shareholders & Stakeholders	Suitability & Compatibility
63	Fit between the physical building, operator and chain. Synergies in supervision and administration, management agency against structure.	Compatibility - Brand, Operator & Product	Suitability & Compatibility
64	Potential cultural, geographical, philosophical and communal differences. Familiarity, preferences and prejudice.	Distance Between Source & Host	Suitability & Compatibility
65	Owner's existing hotels, potential intra-asset cannibalisation, synergies, conflicts, diversification strategies, single-asset class risks, portfolio administration discipline.	Hotels in Owner's Portfolio	Suitability & Compatibility

66	Fit in terms of size, culture, facilities, local preference, expected level of service, design and façade outlook, asset type.	Product's Suitability in Location & Market	Suitability & Compatibility
67	Vibrancy of secondary hotel market, property sub-sales, transaction pricings, pressure to sell, screening transparency, future planning opportunities, supply sentiments.	Choices of Property Available	Macro & Institutional Factors
68	Industry health, inflation, capital market performance, growth rates, liquidity, income disposability, currency exchange rates and capital reserves for both source and host countries.	Economic Climate	Macro & Institutional Factors
69	External non-directly manageable risks for the business environment, global conditions, market inefficiencies and risk-return performance of hotels against other asset classes.	External Risk & Uncertainty	Macro & Institutional Factors
70	Host government's policies governing and incentives provided for investments and the hotel sector, local equity participation, foreign direct investments.	Government Initiatives & Incentives	Macro & Institutional Factors
71	Both domestic and global, wars, natural disasters, disease outbreaks, public investment sentiments.	Industry Cycles & Occurrences	Macro & Institutional Factors
72	Potential of political unrest, regime or leadership changes, transparency of governance, majority of leadership's coalition, revolutions.	Political Stability	Macro & Institutional Factors
73	National barriers to investments, country's policy towards hospitality, protectionism covenants, capital repatriation, rule of law, enforcements,	Regulatory & Legislative Environment	Macro & Institutional Factors

	tolerated practices, employment customs, import restrictions, ease of conducting business.		
74	Population growth, employment preferences, language or religious barriers, development impacts upon society, labour market size, healthcare standards.	Sociocultural	Macro & Institutional Factors
75	Tariff, duty and tax rates, reporting, audits, rules, laws, benefits, breaks, corporate structure, foreign and local owned differences.	Taxation Policies	Macro & Institutional Factors

Source: Developed by Researcher.

Predicated on the principles of qualitative data reduction, utilising the textual thematic analysis method, the Researcher selected, simplified and partially transformed the textual data to improve manageability and comprehension (Hair, et al., 2020, p. 313).

This heuristic process involved choices upon elements which were emphasised, minimised, and sometimes eliminated with due justification from further examination. As stated earlier, decisions were guided by the predetermined research objectives and principles observed, but ancillary analysis involved continually looking for new meanings and relationships.

Ultimately, the objective of qualitative dimensionality reduction was to reduce the data without discarding any elements relevant to the research, resulting in in 75 unique sub-themes, adapted into 11 composite key-themes supported by the literature, representing indicator variables and independent variables respectively in adoption of the nomenclature of factor analysis approaches in the subsequent sections.

4.4.2 Source and Frequency of Themes

The following table denotes the source and derivative method of the identified themes, as well as their frequency as presented by the cases within this qualitative analysis. While inductive in nature, the frequency was tabulated as an indicative of the theme's prevalence within the sampled literature.

Table 13 Sub-Themes' Source and Frequency Table

No.	Sub-Theme	Selected Sources	Frequency
1	Economic Feasibility	Adopted from (Rushmore, 2002)' (Henderson, 1963); and adapted from (Venter & Cloete, 2007); (Kim, 2002).	36
2	Hotel Purchase Price & Affordability	Adopted from (Butler, 2013); and adapted from (Newell & Seabrook, 2006); (Curran, 2016).	28
3	Profitability, Yield & Financial Returns	Adapted from (Rushmore, 2002); (Jang & Yu, 2002); (Younes & Kett, 2007).	44
4	Property Value & Appraisals	Adopted from (Harper, 2017); (Rushmore, 2002); and adapted from (Beals & Troy, 1982); (Butler & Baltin, 2013).	54
5	Capital Availability	Adopted from (Rushmore, 2002) ; and adapted from (Deloitte, 2019); (Liang & Gan, 2017); (Dogru, 2017).	60
6	Favourable Lending Terms	Adapted from (Jang & Yu, 2002); (Geller, 1985); (Dimitrić, et al., 2019).	51
7	Capital Sources & Financing Options	Adapted from (Jenkins, 1982); (O'Neill, 2013); (García-Muiña, et al., 2020).	55
8	Attractiveness of Location or Area	Adapted from (Lee, et al., 2018); (Santos, et al., 2016); (Assaf, et al., 2015).	47
9	Demand Generators Available	Adopted from (Hodari & Samson, 2014); (Harper, 2017); and adapted from (Troy & Beals, 1982); (Giannotti, et al., 2011).	44

10	Geographical Region & Host Country	Adopted from (Jenkins, 1982); (Harper, 2017); and adapted from (Wang & Chung, 2015); (Santos, et al., 2016); (Falk, 2016).	26
11	Brand standards	Adopted from (Venter & Cloete, 2007); and adapted from (Yadegaridehkordi, et al., 2018); (Lee, et al., 2018).	22
12	Branding, Chain Affiliations & Loyalty	Adapted from (Hodari & Samson, 2014); (Beals & Troy, 1982); (Butler, 2013).	78
13	Business & Operating Strategy	Adapted from (Wang & Chung, 2015); (Deloitte, 2019); (Kim, 2002).	33
14	Centralised or Shared Services & Procedures	Adapted from (Newell & Seabrook, 2006); (Harper, 2017); (Rushmore, 2002).	21
15	Engagement Terms	Adapted from (Henderson, 1963); (Falk, 2016); (Dogru, 2017).	132
16	Financial Contribution to Property	Adapted from (Dimitrić, et al., 2019); (Rushmore, 2002).	7
17	Flexibility	Adopted from (Butler, 2013); (Venter & Cloete, 2007); (Harper, 2017).	25
18	Group Size, Growth Rate & Financial Standing	Adapted from (Jang & Yu, 2002); (Dimitrić, et al., 2019); (Deloitte, 2019).	23
19	Competitiveness	Adopted from (Harper, 2017); (Santos, et al., 2016); (Wang & Chung, 2015).	28
20	Knowledge, Expertise, Reputation & Experience	Adapted from (Yadegaridehkordi, et al., 2018); (Jenkins, 1982); (Troy & Beals, 1982).	46
21	Marketing & Distribution Capabilities	Adopted from (Venter & Cloete, 2007); and adapted from (Geller, 1985); (Lee, et al., 2018); (Kim, 2002).	28

22	Technology, Abilities & Services	Adapted from (Rushmore, 2002); (Yadegaridehkordi, et al., 2018); (Geller, 1985).	20
23	Demand	Adopted from (Falk, 2016); (O'Neill, 2013); (Beals & Troy, 1982).	58
24	Supply & Competition	Adopted from (Dimitrić, et al., 2019); (Butler & Baltin, 2013); (Younes & Kett, 2007).	50
25	Achievable Room Rates	Adopted from (Rushmore, 2002); and adapted from (Nalley, et al., 2019); (Newell & Seabrook, 2006); (O'Neill, 2013).	29
26	Barriers to Entry	Adopted from (Rushmore, 2002); and adapted from (Harper, 2017); (Lee, et al., 2018).	21
27	Competitive Position	Adopted from (Harper, 2017); and adapted from (Jenkins, 1982); (Geller, 1985); (Troy & Beals, 1982).	60
28	Market Forces & Dynamics	Adapted from (O'Neill, 2013); (Kim, 2002); (Hodari & Samson, 2014).	35
29	Economic Base & Patronage Demographics	Adapted from (Giannotti, et al., 2011); (Henderson, 1963); (Santos, et al., 2016).	59
30	Market Maturity, Endurance & Growth Potential	Adapted from (Newell & Seabrook, 2006); (Venter & Cloete, 2007); (Falk, 2016).	29
31	Market Size & Segment Diversity	Adapted from (Deloitte, 2019); (Rushmore, 2002); (Henderson, 1963).	42
32	Trends, Volatility & Seasonality	Adapted from (Lee, et al., 2018); (Giannotti, et al., 2011); (Beals & Troy, 1982).	48
33	Owner/Developer Background	Adapted from (Dogru, 2017); (Dimitrić, et al., 2019); (Butler & Baltin, 2013).	25
34	Fiscal Ability, Financial Resources & Size	Adapted from (Jang & Yu, 2002); (Butler, 2013); (Falk, 2016).	31

35	Investment Objectives & Business Strategy	Adapted from (Curran, 2016); (Santos, et al., 2016); (Geller, 1985).	66
36	Investor Psychology & Culture	Adapted from (García-Muiña, et al., 2020); (Yadegaridehkordi, et al., 2018); (Harper, 2017).	18
37	Ownership Structure & Forms	Adopted from (Hodari & Samson, 2014); (Harper, 2017); and adapted from (Falk, 2016); (Newell & Seabrook, 2006); (Venter & Cloete, 2007).	39
38	Idle Funds	Adopted from (Liang & Gan, 2017); and adapted from (Rushmore, 2002).	6
39	Consultant Quality & Availability	Adapted from (Butler, 2013); (Hodari, et al., 2018); (Kim, 2002).	52
40	Development Costs	Adopted from (Harper, 2017); (Rushmore, 2002); and adapted from (Popovic, et al., 2019); (Henderson, 1963); (Geller, 1985).	37
41	Development Duration & Timing	Adapted from (Venter & Cloete, 2007); (Harper, 2017); (Rushmore, 2002).	18
42	Internal & Property Specific Risks	Adapted from (Giannotti, et al., 2011); (Jang & Yu, 2002); (O'Neill, 2013).	51
43	Quality of Design & Build or Refurbishments	Adapted from (Nalley, et al., 2019); (Younes & Kett, 2007); (Lee, et al., 2018).	33
44	Employees, Management & Leadership	Adapted from (Dimitrić, et al., 2019); (Beals & Troy, 1982); (Jang & Yu, 2002).	63
45	Enhancement & Repositioning Potential	Adapted from (Deloitte, 2019); (Harper, 2017); (Rushmore, 2002).	20
46	Existing Approvals, Permits or Special Licenses	Adapted from (Butler & Baltin, 2013); (Rushmore, 2002); (Harper, 2017).	14

47	Hotel Classification, Rating & Compliance	Adapted from (Nalley, et al., 2019); (Giannotti, et al., 2011); (Lee, et al., 2018).	13
48	Hotel Facilities, Amenities & Services	Adapted from (Yadegaridehkordi, et al., 2018); (Troy & Beals, 1982); (Butler, 2013).	52
49	Income Generation Capacity	Adopted from (Deloitte, 2017); and adapted from (Jang & Yu, 2002); (Hodari & Samson, 2014).	39
50	Layout Efficiency & Flexibility	Adopted from (Rushmore, 2002); and adapted from (Curran, 2016); (Henderson, 1963); (Geller, 1985).	25
51	Operating Cost Structure	Adapted from (García-Muiña, et al., 2020); (Yadegaridehkordi, et al., 2018); (Younes & Kett, 2007).	27
52	Product's Segmentation & Positioning	Adapted from (Wang & Chung, 2015); (Newell & Seabrook, 2006); (Kim, 2002).	45
53	Property Condition, Wear & Age	Adapted from (Deloitte, 2019); (Beals & Troy, 1982); (Nalley, et al., 2019).	55
54	Property Performance, Track Record & Past Results	Adapted from (Yadegaridehkordi, et al., 2018); (Rushmore, 2002); (Lee, et al., 2018).	27
55	Property Reputation, Image & Quality	Adapted from (Venter & Cloete, 2007); (Nalley, et al., 2019); (Troy & Beals, 1982).	73
56	Accessibility & Visibility	Adopted from (Harper, 2017); (Rushmore, 2002); and adapted from (O'Neill, 2013);; (Kim, 2002).	24
57	Infrastructure Availability, Quality & Pricing	Adapted from (Falk, 2016); (Jenkins, 1982); (Rushmore, 2002).	15

58	Land Considerations	Adopted from (Younes & Kett, 2007); (Kim, 2002); (Butler, 2013).	29
59	Property Ownership Tenure	Adapted from (Harper, 2017); (Curran, 2016).	9
60	Zoning, Regulations & Restrictions	Adapted from (Venter & Cloete, 2007); (Harper, 2017); (O'Neill, 2013).	42
61	Alignment between Developer & Hotel Company	Adapted from (Newell & Seabrook, 2006); (Jenkins, 1982); (Hodari & Samson, 2014).	20
62	Cohesion among Shareholders & Stakeholders	Adapted from (Dogru, 2017); (Henderson, 1963); (Rushmore, 2002).	13
63	Compatibility - Brand, Operator & Product	Adapted from (Jenkins, 1982); (Harper, 2017); (Butler & Baltin, 2013).	20
64	Distance Between Source & Host	Adopted from (Falk, 2016); and adapted from (García-Muiña, et al., 2020); (Santos, et al., 2016).	38
65	Hotels in Owner's Portfolio	Adapted from (Petersen, et al., 2003); (Wang & Chung, 2015); (Giannotti, et al., 2011).	15
66	Product's Suitability in Location & Market	Adapted from (Dimitrić, et al., 2019); (Jang & Yu, 2002); (Santos, et al., 2016).	57
67	Choices of Property Available	Adapted from (Popovic, et al., 2019); (Kim, 2002); (Curran, 2016).	21
68	Economic Climate	Adopted from (Harper, 2017); (Rushmore, 2002); and adapted from (Santos, et al., 2016); (O'Neill, 2013); (Butler, 2013).	57
69	External Risk & Uncertainty	Adopted from (Hodari & Samson, 2014); and adapted from (Petersen, et al., 2003); (Jenkins, 1982); (Younes & Kett, 2007).	43

70	Government Initiatives & Incentives	Adapted from (Newell & Seabrook, 2006); (Dogru, 2017); (Falk, 2016).	24
71	Industry Cycles & Occurrences	Adapted from (O'Neill, 2013); (Petersen, et al., 2003); (Dimitrić, et al., 2019).	27
72	Political Stability	Adopted from (Rushmore, 2002); (Kim, 2002); and adapted from (Harper, 2017); (García-Muiña, et al., 2020).	17
73	Regulatory & Legislative Environment	Adopted from (Harper, 2017); and adapted from (Falk, 2016); (Younes & Kett, 2007); (Newell & Seabrook, 2006)/	52
74	Sociocultural	Adopted from (Wang & Chung, 2015); and adapted from (Jang & Yu, 2002); (O'Neill, 2013); (Jenkins, 1982).	30
75	Taxation Policies	Adapted from (Harper, 2017); (Rushmore, 2002); (Butler, 2013).	27

Source: As cited and compiled by Researcher.

In themes denoted as adopted, no modifications were made to the wording, phrasing or terminology of the determinants; they were replicated as they appeared in the sources. While themes adapted had their core concepts and intent drawn from the textual thematic analysis, slight modifications were made to the term's nomenclature to better align with the specific context of the subsequent data collection instrument, being the questionnaire, to aid the study population's comprehension.

4.4.3 Cumulative Frequency and Rank Summary for Key Themes

Table 14 Key Themes' Cumulative Frequency and Ranking

No.	Theme	Freq.	%	Ranking
1	Financial Considerations	162	5.90%	9
2	Funding	166	6.04%	7
3	Location Specific	117	4.26%	10
4	Chain & Brand Affiliations	463	16.85%	1
5	Market Specific	431	15.68%	3
6	Owner & Developer Specific	185	6.73%	6
7	Project & Construction Specific	191	6.95%	5
8	Property Specific	453	16.48%	2
9	Site & Land Attributes	119	4.33%	11
10	Suitability & Compatibility	163	5.93%	8
11	Macro & Institutional Factors	298	10.84%	4
	Total Count =	2,748	100%	

Source: Developed by Researcher.

As indicated in the frequency table of key-themes above, the ranking in terms of frequency of coverage places "Chain & Brand Affiliations" as the most prominent, followed by "Property Specific" and "Market Specific".

However, the amount of coverage indicated within the frequency tables does not necessarily imply importance, as the determinants gathered via Archival and Documentary Search were not founded on the key-stakeholder's measured opinions.

It is with this premise, the identified 11 independent variables and 75 indicator variables were subsequently incorporated into a questionnaire, referred to in Appendix A, which outcomes were examined quantitatively in Phase 2.

4.5 Findings from Phase 2's Quantitative Analysis

4.5.1 Value Management Adoption

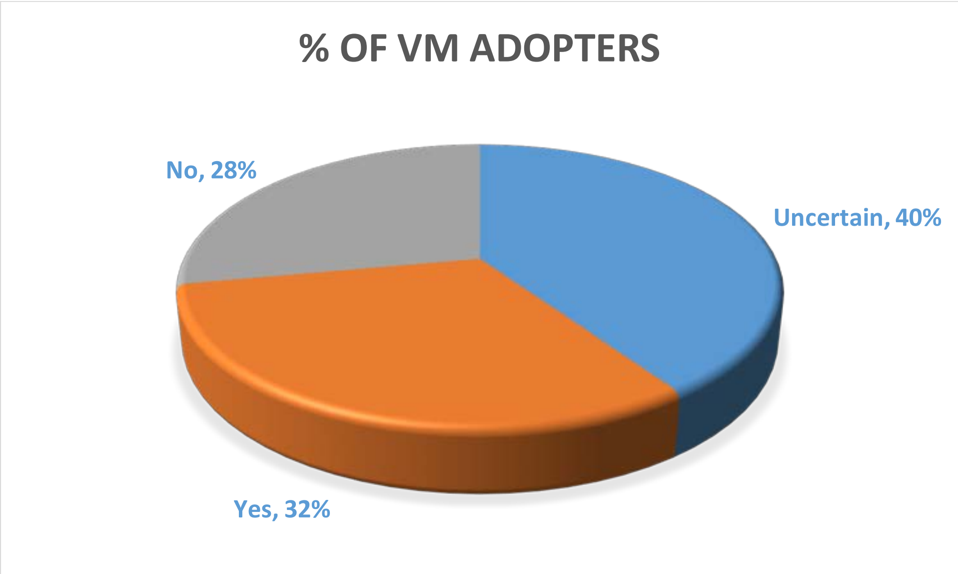

Figure 35 Percentage of Value Management Adopters

Source: Developed by Researcher.

Of the 104 participants, 32% repudiated their organisations practiced Value Management (VM), 40% were ambiguous whether their company practiced VM, while only 28% alleged adoption of VM practices.

However,when asked to elaborate upon the form of VM practiced, out of the 29 proclaimed VM practitioners, only half were in actuality selectively employing tools, functions and applications exercised by VM practitioners in piecemeal, such as:

i. Total quality management
ii. Time management
iii. Systematic risk assessment & modelling
iv. Goal setting

Approximately an equivalent corresponding quantity of respondents practising VM were able iterate certain VM principles, for instance:

i. Focus on competency.
ii. Usage of best practices in a structured approach.
iii. Sustainability.

Conversely, only 3 respondents (around 2%) of the total 104 respondents were truly able to recapitulate the collaborative approach and vision espoused by VM.

Another baffling discovery was that of the majority of the 42 respondents that were uncertain whether their organisation practiced VM, approximately 89% identified themselves within the capacity of management or operational roles. 5 respondents identified themselves in a leadership positions, but contended they were ignorant whether their organisations adopted VM practices.

Conclusively, 18 respondents representing 64% of the 29 self-identified VM practitioners surveyed claimed that they adopted an informal and selective approach of Value Management in their practice. From the aggregate of respondents surveyed, this represents only 17% of the surveyed population.

4.5.2 Data Validity and Reliability

Prior to proceeding further with the analysis, the reliability and various forms of validity testing, as illustrated in the diagram above, of the questionnaire prepared was conducted to ensure the consistency and legitimacy of each and every measured item, being the questions chosen for the study's questionnaire, and the grouped constructs.

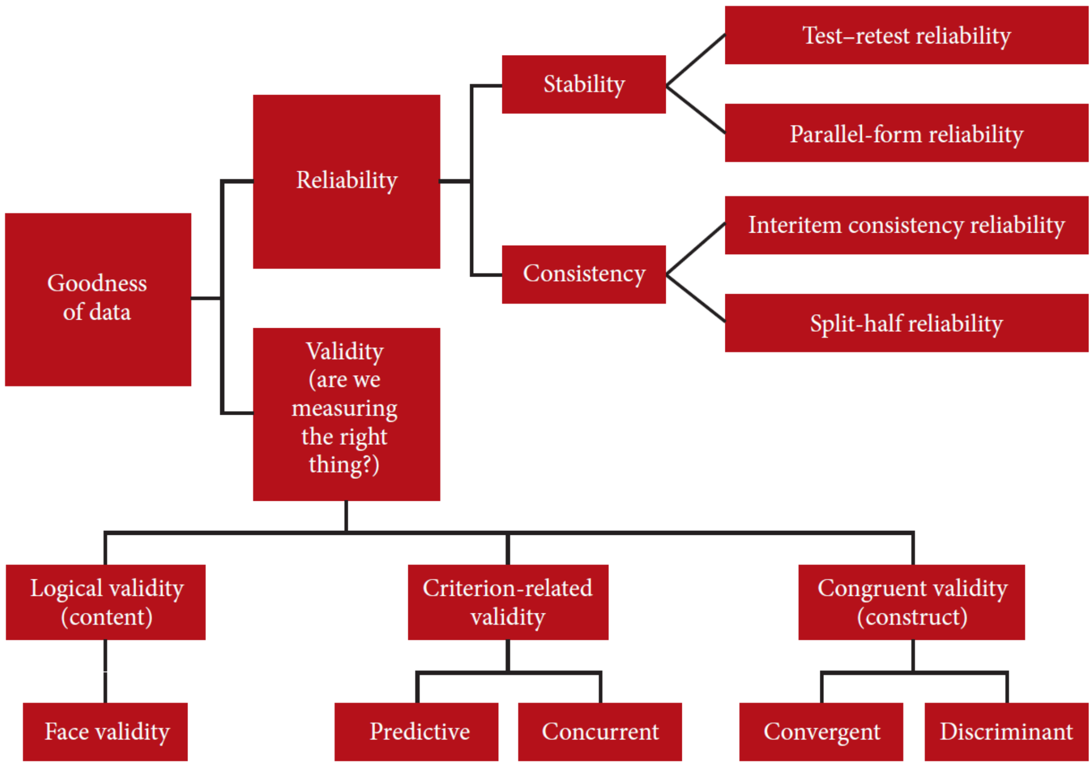

Figure 36 Considerations in Data Validity & Reliability

Source: Uma Sekaran & John Bougie (2016, p. 221)

Adopting the guidance in the preceding diagram, the core concept of the "goodness of data" is predicated on two primary measures, being reliability and validity, as explained in Chapter 3. It is important to draw distinctions between the concepts of "validity", which is associated with accuracy, while "reliability" relates to consistency (Hair, et al., 2020, p. 270). In this section, we address the multiple types of validity, along with measures of instrument reliability.

Content (Logical) Validity:

Content validity has been referred to as the extent to which the measurement provides sufficient coverage on the subject matter, and has can be assessed using two methods, being congruence with the literature reviewed, and discourse with others (Saunders, et al., 2019, p. 517).

As the items/questions and explanations within the subject questionnaire were derivatives of the findings from Phase 1’s Archival and Documentary Search, this satisfies the first condition of judging content validity.

The second measure of content validity was assessed via pilot testing of the questionnaire was conducted between 15th August 2022 to 18th September 2022, during which the questionnaire was refined with input from 11 pilot testers, consisting of 3 academics, and 2 profile respondents from each of the 4 identified stakeholder groups.

The quantity of pilot testers corresponded to over 10% of the target sample size. With the objective of conceptual clarification, the items within the questionnaire were further distilled and refined with the feedback attained (Yin, 2018, p. 147), in a reiterative process until comprehension saturation was achieved. With all testers indicating eventual understanding of each question item within the questionnaire, thus establishing both content (Sekaran & Bougie, 2016, p. 221) and face validity (Saunders, et al., 2019, p. 541).

Congruent (Construct) Validity:

The results obtained from each of the 75 questions evaluating the respondent's opinion of each determinant's importance were tested for correlations using Pearson's Product Moment Correlation coefficient, also known as "Pearson's r", which has been deemed appropriate for deployment when the variables represented are either of ratio or interval scales of measurement (Obilor & Amadi, 2018).

However, as the Pearson's r table consists of a matrix of 75 component rows by 75 component columns, it is too hefty and unwieldy to be included within the physical and digital confines of this thesis, thus the raw analysis work-files will be made available for examination upon request to the Researcher.

All the Pearson's coefficient p-value attained were significant at <0.05, thus the null hypothesis $H1_0$ is rejected, while the alternative hypothesis $H1_a$ being significant intercorrelations among the indicator variables is supported.

As each factor obtained an rxy value greater than the measured r table product moment critical value of 0.193 (2-tailed sig, df = N - 2), therefore the questions within the questionnaire were found to be valid and attaining construct validity (Hair, et al., 2020, p. 264). The intercorrelation among the indicator variables imply that all the questions posed are measuring different aspects of the same construct (Field, 2018).

Criterion-Related (Predictive) Validity:

Table 15 Pearson's Product Moment Correlation Table

Correlations

		Avg 1 Financial Considerations	Avg 2 Funding	Avg 3 Location Specific	Avg 4 Chain & Brand Affiliations	Avg 5 Market Specific	Avg 6 Owner & Developer Specific	Avg 7 Project & Construction Specific	Avg 8 Property Specific	Avg 9 Site Land Attributes	Avg 10 Suitability & Compatibility	Avg 11 Macro & Institutional Factors
Avg 1 Financial Considerations	Pearson Correlation	1	.669**	.468**	.427**	.476**	.343**	.461**	.461**	.456**	.360**	.478**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	104	104	104	104	104	104	104	104	104	104	104
Avg 2 Funding	Pearson Correlation	.669**	1	.380**	.657**	.492**	.603**	.600**	.524**	.390**	.573**	.584**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	104	104	104	104	104	104	104	104	104	104	104
Avg 3 Location Specific	Pearson Correlation	.468**	.380**	1	.496**	.676**	.361**	.503**	.672**	.516**	.471**	.515**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000
	N	104	104	104	104	104	104	104	104	104	104	104
Avg 4 Chain & Brand Affiliations	Pearson Correlation	.427**	.657**	.496**	1	.638**	.763**	.684**	.708**	.474**	.736**	.651**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000
	N	104	104	104	104	104	104	104	104	104	104	104
Avg 5 Market Specific	Pearson Correlation	.476**	.492**	.676**	.638**	1	.589**	.658**	.766**	.736**	.619**	.724**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000
	N	104	104	104	104	104	104	104	104	104	104	104
Avg 6 Owner & Developer Specific	Pearson Correlation	.343**	.603**	.361**	.763**	.589**	1	.696**	.707**	.518**	.741**	.662**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000
	N	104	104	104	104	104	104	104	104	104	104	104
Avg 7 Project & Construction Specific	Pearson Correlation	.461**	.600**	.503**	.684**	.658**	.696**	1	.800**	.735**	.686**	.667**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000
	N	104	104	104	104	104	104	104	104	104	104	104
Avg 8 Property Specific	Pearson Correlation	.461**	.524**	.672**	.708**	.766**	.707**	.800**	1	.652**	.706**	.707**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000
	N	104	104	104	104	104	104	104	104	104	104	104
Avg 9 Site Land Attributes	Pearson Correlation	.456**	.390**	.516**	.474**	.736**	.518**	.735**	.652**	1	.580**	.726**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000
	N	104	104	104	104	104	104	104	104	104	104	104
Avg 10 Suitability & Compatibility	Pearson Correlation	.360**	.573**	.471**	.736**	.619**	.741**	.686**	.706**	.580**	1	.747**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000
	N	104	104	104	104	104	104	104	104	104	104	104
Avg 11 Macro & Institutional Factors	Pearson Correlation	.478**	.584**	.515**	.651**	.724**	.662**	.667**	.707**	.726**	.747**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	
	N	104	104	104	104	104	104	104	104	104	104	104

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Developed by Researcher.

Similarly, the grouped indicator variables forming the 11 independent variables were tested with Pearson's product moment correlation. All the 2-tailed significance values obtained were categorically at 0.00, which falls below the 0.05 significance threshold, hence providing sufficient evidence to reject the null hypothesis $H2_0$ in favour of support to the alternative hypothesis $H2_a$ of there being significant intercorrelations among the independent variables.

As some of the rxy value of at least 0.3 indicates moderate correlation, and the bulk of the rxy values exceeding 0.5, indicating strong correlation, thus indicating the questionnaire's internal consistency to be sound and achieving simultaneous concurrent criterion-related validity (Hair, et al., 2020, pp. 264-265), which is equivalent to predictive validity, being the instrument's ability to produce accurate predictions (Saunders, et al., 2019, p. 517).

Indicator/Observed Variables' Reliability:

Table 16 Cronbach's Alpha Reliability Indicator Table for 75 Measured Items

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.978	.978	75

Source: Developed by Researcher.

As suggested by Nunnally & Bernstein (1994), in event of two or more subscales in a data collection instrument, such as the questionnaire utilised in this study, Cronbach's Alpha should be calculated for both the individual subscales and the entire scale.

Based on the reliability test by means of SPSS, Cronbach's Alpha or also known as the the coefficient alpha for this data set was measured at 0.978, which exceeded the threshold of 0.70, indicating a high-level of internal consistency and reliability for all the measured items posed within the questionnaire, as proposed by Hair et al (2020, p. 262).

Premised upon Cronbach's Alpha representing a measure of internal consistency, indicative of the extent whether each items in the questionnaire is measuring the same underlying construct, a higher value generally indicates superior internal consistency (Hair, et al., 2020, p. 261; Nawi, et al., 2020).

Table 17 Cronbach's Alpha 75 Variables Scale Variance Table

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Economic Feasibility	562.79	7349.508	.477	.929	.978
Hotel Purchase Price & Affordability	562.73	7322.956	.532	.922	.978
Profitability, Yield & Financial Returns	562.20	7392.706	.329	.898	.978
Property Value & Appraisals	563.00	7345.825	.454	.901	.978
Capital Availability	562.88	7283.249	.585	.942	.978
Favourable Lending Terms	563.24	7276.107	.647	.947	.977
Capital Sources & Financing Options	563.05	7275.522	.638	.913	.977
Attractiveness of Location or Area	562.38	7357.113	.495	.937	.978
Demand Generators Available	562.72	7344.786	.519	.951	.978
Geographical Region & Host Country	563.06	7280.327	.595	.904	.978
Brand Standards	563.76	7272.126	.558	.919	.978
Branding, Chain Affiliations & Loyalty	563.18	7284.966	.640	.943	.977
Business & Operating Strategy	563.00	7288.117	.676	.910	.977
Centralised or Shared Services & Procedures	564.15	7248.170	.589	.938	.978
Engagement Terms	563.13	7322.771	.527	.906	.978
Financial Contribution to Property	564.09	7202.954	.564	.930	.978
Flexibility	563.43	7268.306	.605	.891	.978
Group Size, Growth Rate & Financial Standing	563.61	7262.882	.624	.901	.977
Competitiveness	563.41	7316.090	.538	.913	.978
Knowledge, Expertise, Reputation & Experience	562.69	7312.603	.596	.929	.978
Marketing & Distribution Capabilities	562.82	7298.597	.604	.925	.978
Technology, Abilities & Services	563.25	7279.296	.646	.918	.977
Demand	562.59	7366.400	.478	.961	.978

Supply & Competition	562.91	7346.410	.546	.880	.978
Achievable Room Rates	562.47	7350.135	.608	.915	.978
Barriers to Entry	563.52	7276.252	.655	.919	.977
Competitive Position	562.88	7297.423	.664	.929	.977
Market Forces & Dynamics:	563.48	7274.815	.693	.929	.977
Economic Base & Patronage Demographics	563.61	7262.921	.676	.937	.977
Market Maturity, Endurance & Growth Potential	563.38	7270.081	.674	.923	.977
Market Size & Segment Diversity	563.40	7301.525	.612	.928	.978
Trends, Volatility & Seasonality	563.75	7263.956	.689	.938	.977
Owner/Developer Background	563.23	7335.907	.411	.860	.978
Fiscal Ability, Financial Resources & Size	562.75	7335.665	.491	.924	.978
Investment Objectives and Business Strategy	563.48	7239.339	.738	.937	.977
Investor Psychology & Culture	563.96	7227.202	.698	.931	.977
Ownership Structures & Forms	563.61	7279.523	.607	.900	.978
Idle Funds	564.16	7197.963	.648	.911	.977
Consultant Quality & Availability	563.44	7273.239	.568	.926	.978
Development Costs	562.67	7272.378	.687	.944	.977
Development Duration & Timing	562.84	7290.293	.630	.923	.977
Internal & Property Specific Risks	563.43	7212.597	.803	.956	.977
Quality of Design & Build or Refurbishments	562.75	7339.995	.589	.908	.978
Employees, Management & Leadership	562.72	7271.504	.685	.952	.977
Enhancement & Repositioning Potential	563.29	7294.615	.659	.875	.977
Existing Approvals, Permits or Special Licenses	563.13	7262.013	.683	.948	.977
Hotel Classification, Rating & Compliance	563.32	7298.413	.556	.916	.978

Hotel Facilities, Amenities & Services	562.89	7299.261	.621	.939	.977
Income Generation Capacity	562.25	7340.189	.549	.915	.978
Layout Efficiency & Flexibility	563.20	7284.939	.658	.953	.977
Operating Cost Structure	562.63	7288.195	.661	.943	.977
Product's Segmentation & Positioning	563.29	7273.994	.703	.901	.977
Property Condition, Wear & Age	563.04	7308.892	.581	.918	.978
Property Performance, Track Record & Past Results	563.10	7298.204	.570	.904	.978
Property Reputation, Image & Quality	562.78	7306.290	.588	.944	.978
Accessibility & Visibility	562.88	7322.511	.562	.943	.978
Infrastructure Availability, Quality & Pricing	563.26	7293.670	.635	.957	.977
Land Considerations	563.50	7292.078	.581	.929	.978
Property Ownership Tenure	563.27	7274.121	.592	.931	.978
Zoning, Regulations & Restrictions	563.17	7293.154	.573	.910	.978
Alignment between Developer & Hotel Company	563.08	7248.577	.652	.918	.977
Cohesion among Shareholders & Stakeholders	563.15	7283.976	.604	.944	.978
Compatibility - Brand, Operator & Product	563.14	7275.057	.658	.939	.977
Distance between Source & Host	564.79	7191.198	.604	.925	.978
Hotels in Owner's Portfolio	564.50	7175.981	.700	.921	.977
Product's Suitability in Location & Market	562.95	7319.172	.514	.873	.978
Choices of Property Available	563.42	7256.266	.703	.921	.977
Economic Climate	562.91	7265.128	.642	.960	.977
External Risk & Uncertainty	563.45	7253.765	.690	.937	.977
Government Initiatives & Incentives	564.20	7243.930	.570	.897	.978
Industry Cycles & Occurrences	564.17	7208.047	.680	.926	.977

Political Stability	563.12	7307.851	.520	.919	.978
Regulatory & Legislative Environment	563.37	7279.360	.647	.949	.977
Sociocultural	564.33	7213.678	.643	.930	.977
Taxation Policies	563.41	7243.954	.620	.883	.977

Source: Developed by Researcher.

As indicated in the preveding table, by the attempted deletion of each item, the Researcher examined the impact of said removal on the overarching reliability, providing insights on how each item individually contributes to the reliability when excluded from the calculations.

From the results via SPSS, the removal of any item did not adversely affect the reliability of the instrument, and still succeeded in achieving a Cronbach's Alpha value above the 0.7 threshold despite attempted deletion. Furthermore, the Cronbach Alpha value did not increase with each item's removal, while a reduction internal consistency of approximately 0.1% was observed, thus indicating:

i. None of the items (questions) are lowering internal consistency of the questionnaire.
ii. That each of the items (questions) are significant in its contribution to the overall internal consistency.
iii. There are no redundant items (questions) within the questionnaire.

Independent Variables Reliability

Based on the conceptual framework and Phase 1's qualitative findings, and supported by the reviewed literature, the 75 items measured within the questionnaire instrument were mapped into 11 composite independent variables, and subsequently subjected to an identical reliability test in SPSS.

Table 18 Cronbach's Alpha Reliability Indicator Table for 11 Independent Variables

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.940	.942	11

Source: Developed by Researcher.

As potrayed in the table above, the coefficient alpha achieve an indicator of 0.940, thus exceeding the requisite threshold of 0.70, hence indicating that the 11 composite independent variables exhibited a high-level of reliability and internal consistency post-amalgamation (Hair, et al., 2020, p. 262).

Table 19 Cronbach's Alpha 11 Independent Variables Scale Variance Table

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
IV 1 Financial Considerations	76.1604	137.376	.568	.562	.941
IV 2 Funding	76.5378	127.608	.683	.695	.938
IV 3 Location Specific	76.2012	135.082	.616	.578	.939
IV 4 Chain & Brand Affiliations	76.8567	129.575	.791	.726	.932
IV 5 Market Specific	76.6791	132.052	.801	.747	.933
IV 6 Owner & Developer Specific	77.0121	128.095	.757	.718	.934
IV 7 Project & Construction Specific	76.5070	128.339	.821	.791	.931
IV 8 Property Specific	76.4496	131.091	.848	.811	.931
IV 9 Site Land Attributes	76.6974	130.845	.718	.756	.935
IV 10 Suitability & Compatibility	77.0826	125.236	.788	.709	.933
IV 11 Macro & Institutional Factors	77.0784	125.552	.819	.739	.931

Source: Developed by Researcher.

Furthermore, the removal of any independent variables from the data set did not adversely affect the reliability of the data collection instrument, and still accomplished to achieve a Cronbach's Alpha value of above the 0.7 threshold as indicated in the preceding table.

It is further observed that the Cronbach Alpha value did not increase with each variable's removal, a reduction internal consistency of approximately 4.8% was observed, thus comprehensively confirming the data collection instrument's composite reliability in addition to its coefficient alpha reliability (Hair, et al., 2020, p. 261).

4.5.3 Descriptive Statistics

As explained in Chapter 3, descriptive statistics were employed for the primary purpose of understanding the data, as it would be difficult and meaningless to reproduce the entire data set for comprehension purposes (Fulk, 2023).

As a precursor to inferential statistical tests and in line with recommended research practices, descriptive statistical testing was performed as a critical part of initial data screening, systematically employed to reduce the likelihood of misleading results (Kaur, et al., 2018).

Distribution of Data Among Stakeholder Groups

A box plot has been selected over other graphical approaches to relay a visual representation of the data distribution, and more importantly the explicit notation of significant or extreme outliers among the surveyed stakeholder groups (Saunders, et al., 2019, p. 591; Sarstedt & Mooi, 2019, p. 97).

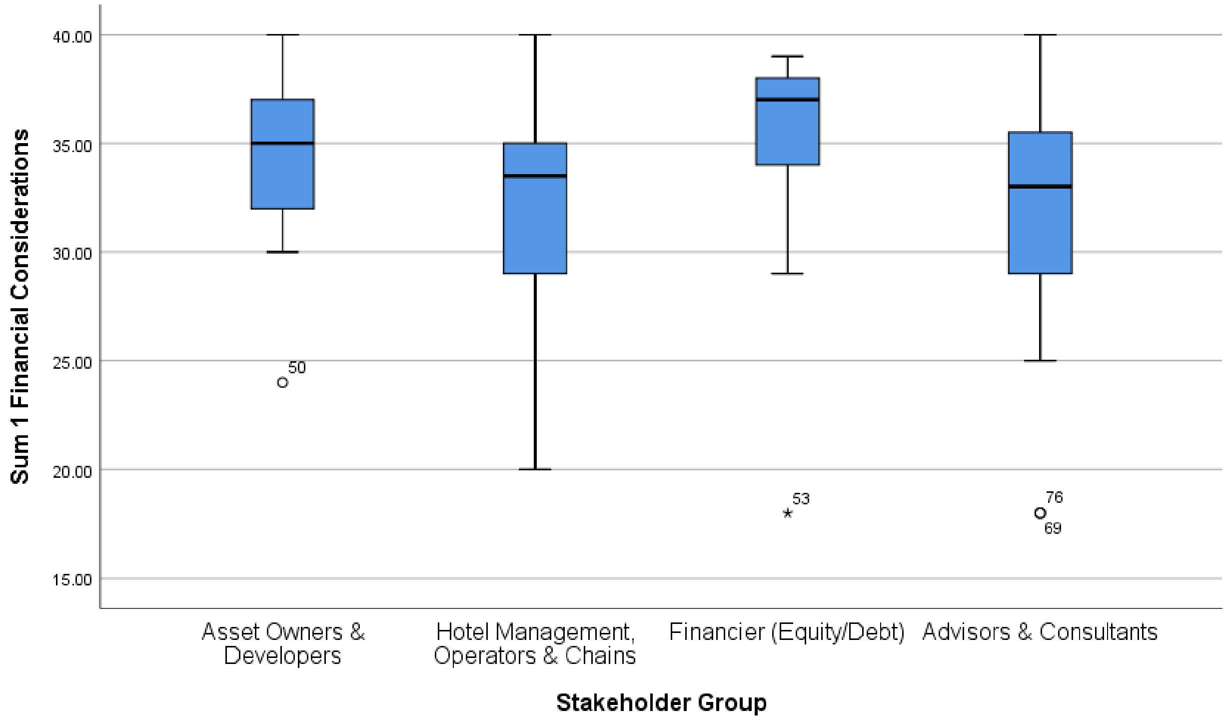

Figure 37 IV 1: Financial Considerations' Stakeholder Box-Plot

An extreme outlier, indicated by "⁎", was detected in IV1 Financial Considerations by stakeholder group Financier (Equity/Debt).

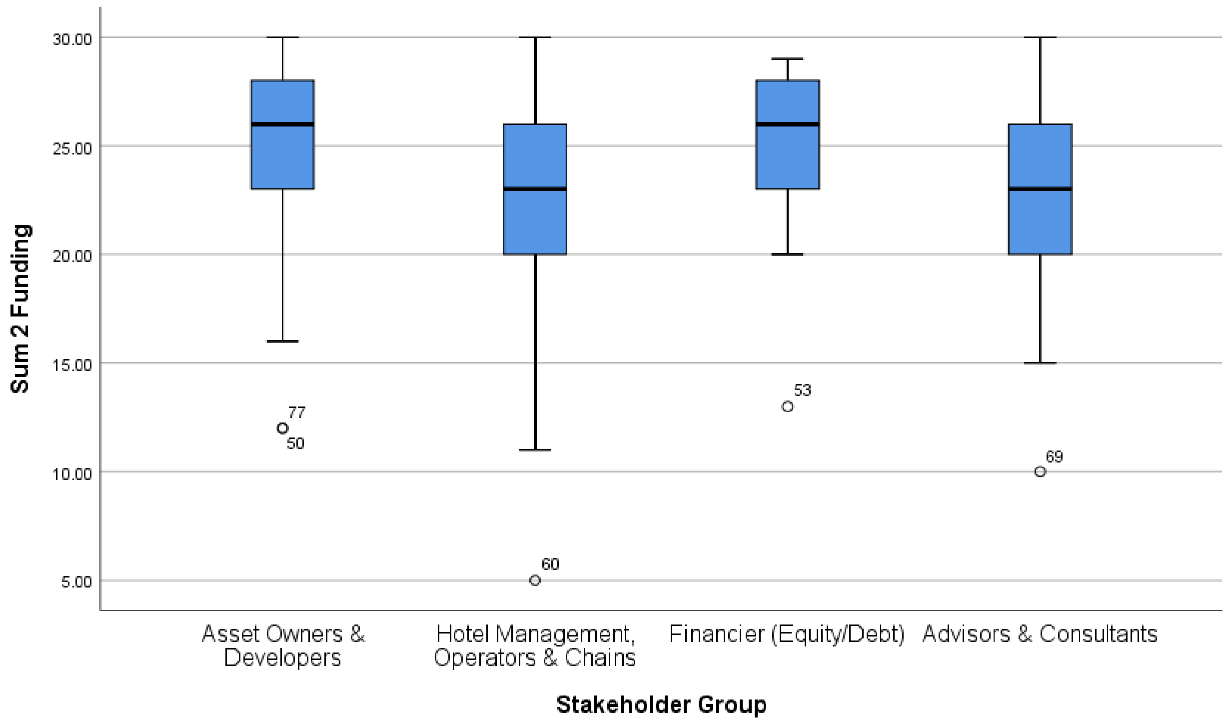

Figure 38 IV 2: Funding's Stakeholder Box-Plot

No extreme outliers were detected in IV2 Funding's values.

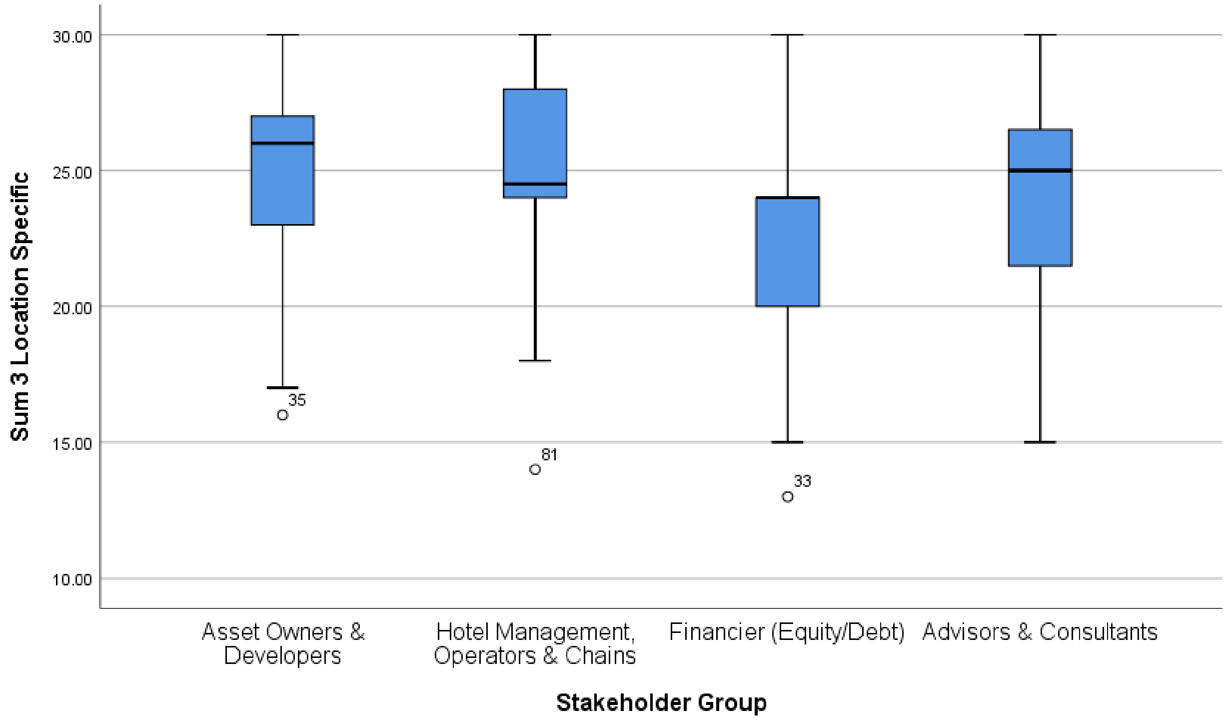

Figure 39 IV 3: Location Specific's Stakeholder Box-Plot

No extreme outliers were detected in IV3 Location Specific's values.

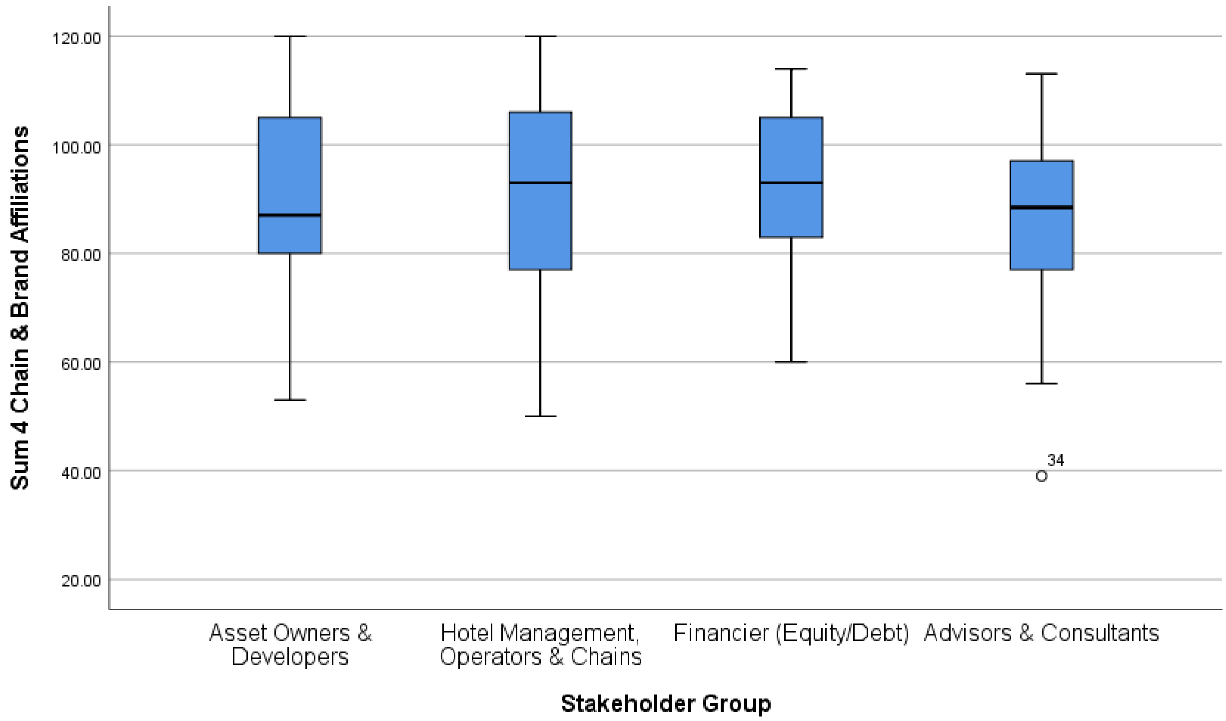

Figure 40 IV 4: Chain & Brand Affiliations' Stakeholder Box-Plot

No extreme outliers were detected in IV4 Chain & Brand Affiliation's values.

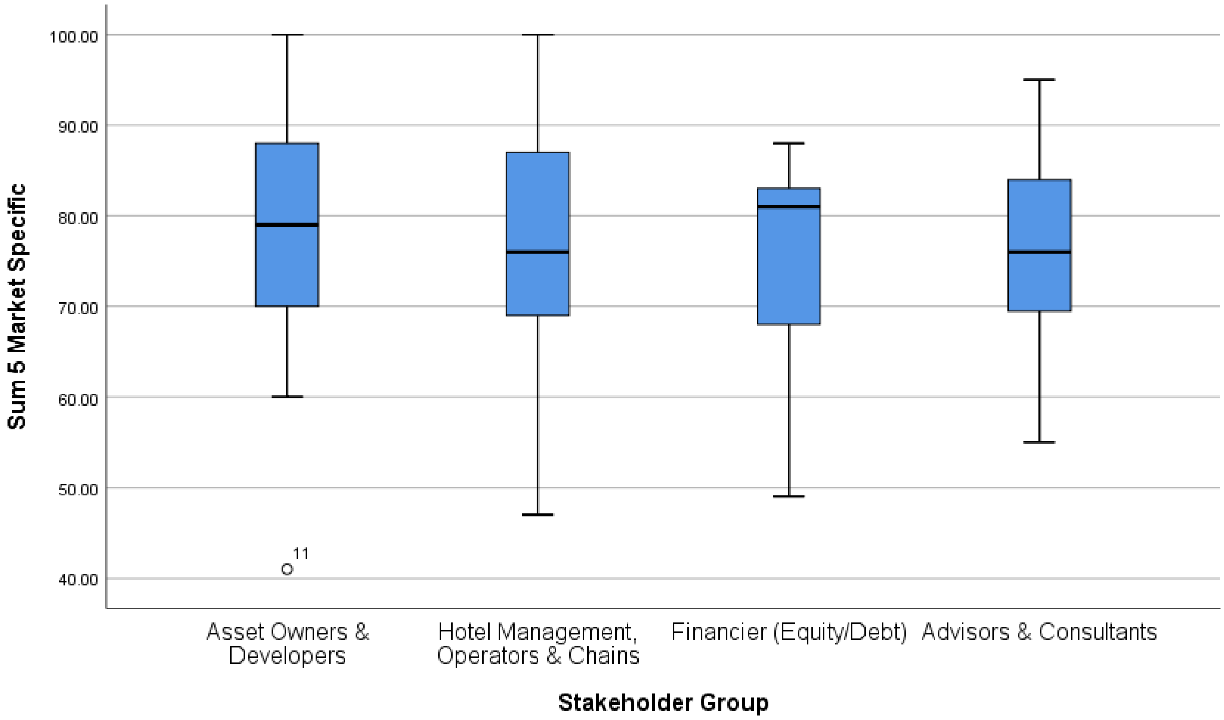

Figure 41 IV 5: Market Specific's Stakeholder Box Plot

No extreme outliers were detected in IV5 Market Specific's values.

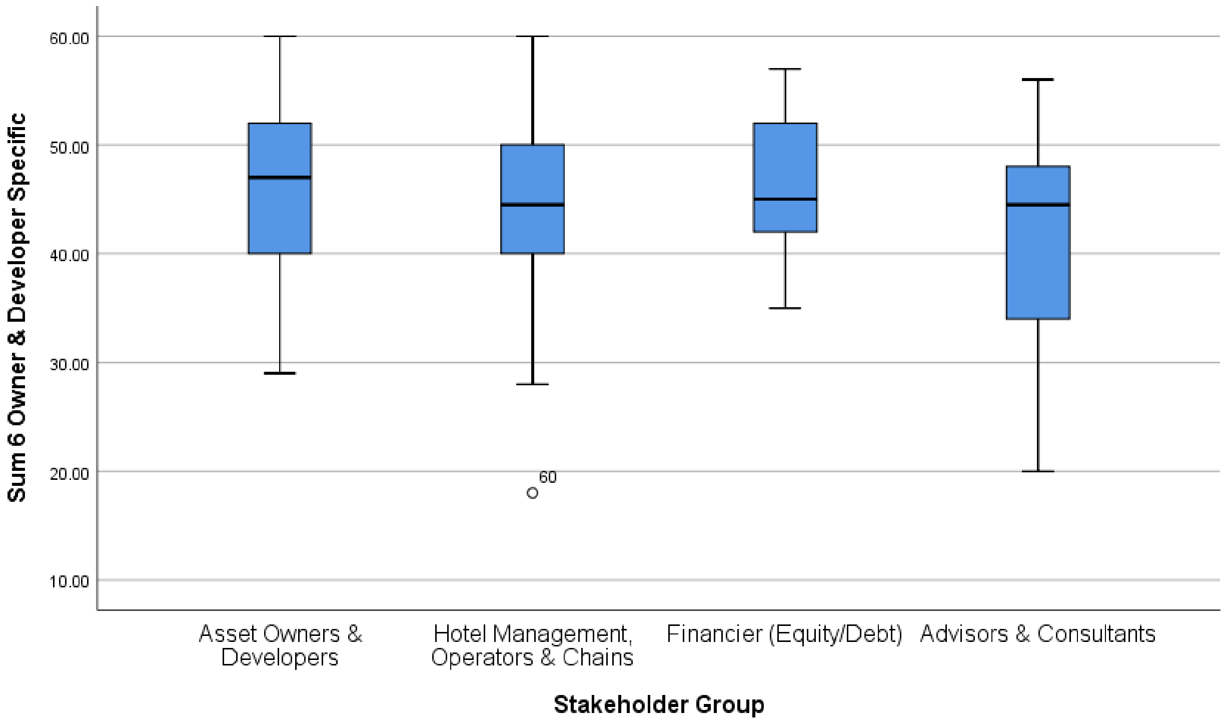

Figure 42 IV 6: Owner & Developer Specific's Stakeholder Box-Plot

No extreme outliers were detected in IV6 Owner & Developer Specific's values.

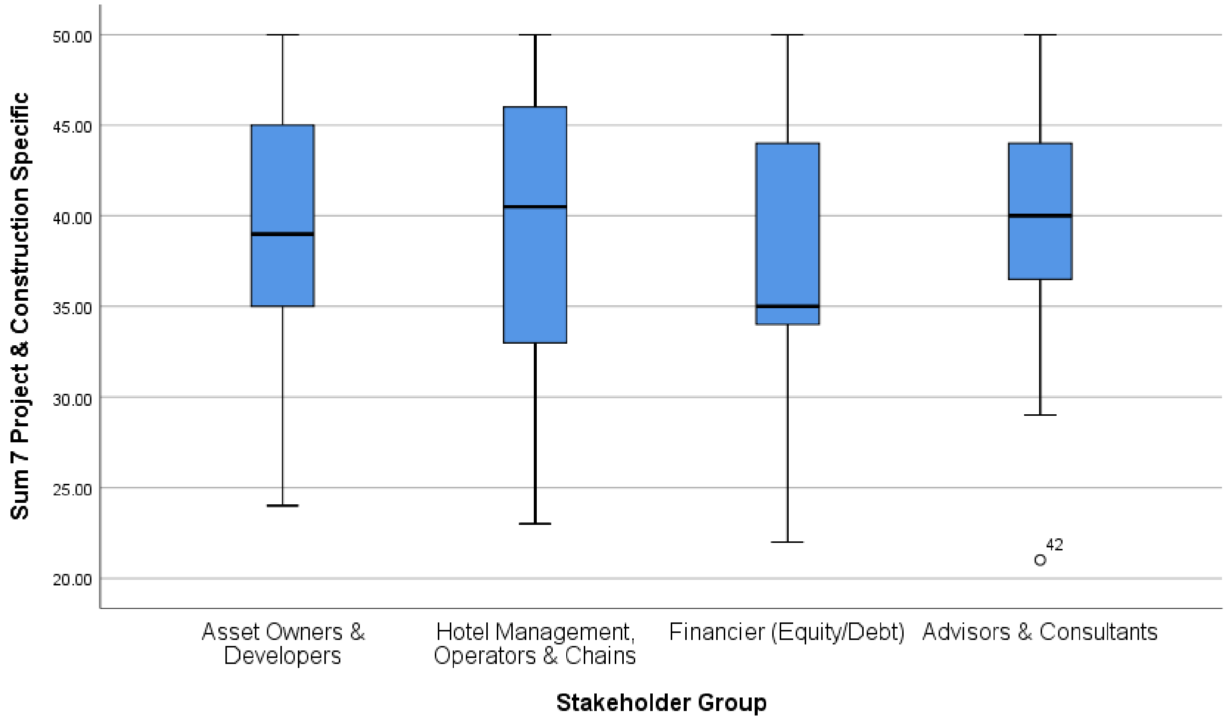

Figure 43 IV 7: Project & Construction Specific's Stakeholder Box-Plot

No extreme outliers were detected in IV7 Project & Construction Specific's values.

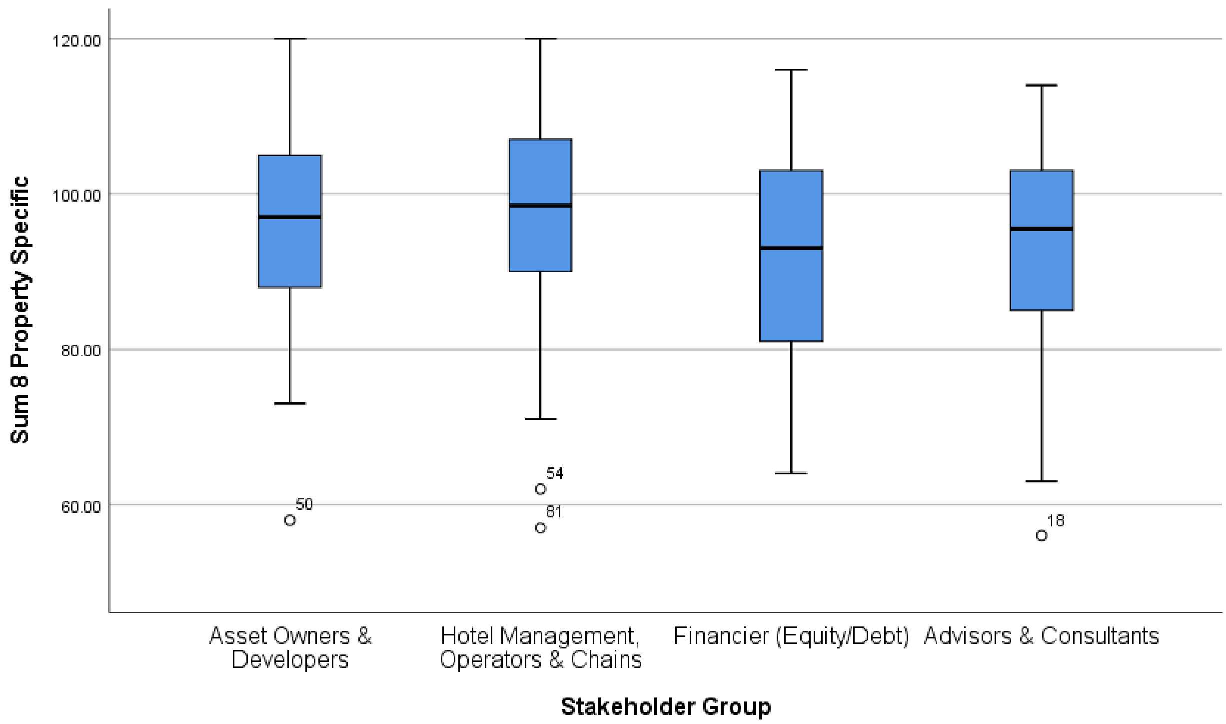

Figure 44 IV 8: Property Specific's Stakeholder Box-Plot

No extreme outliers were detected in IV8 Property Specific's values.

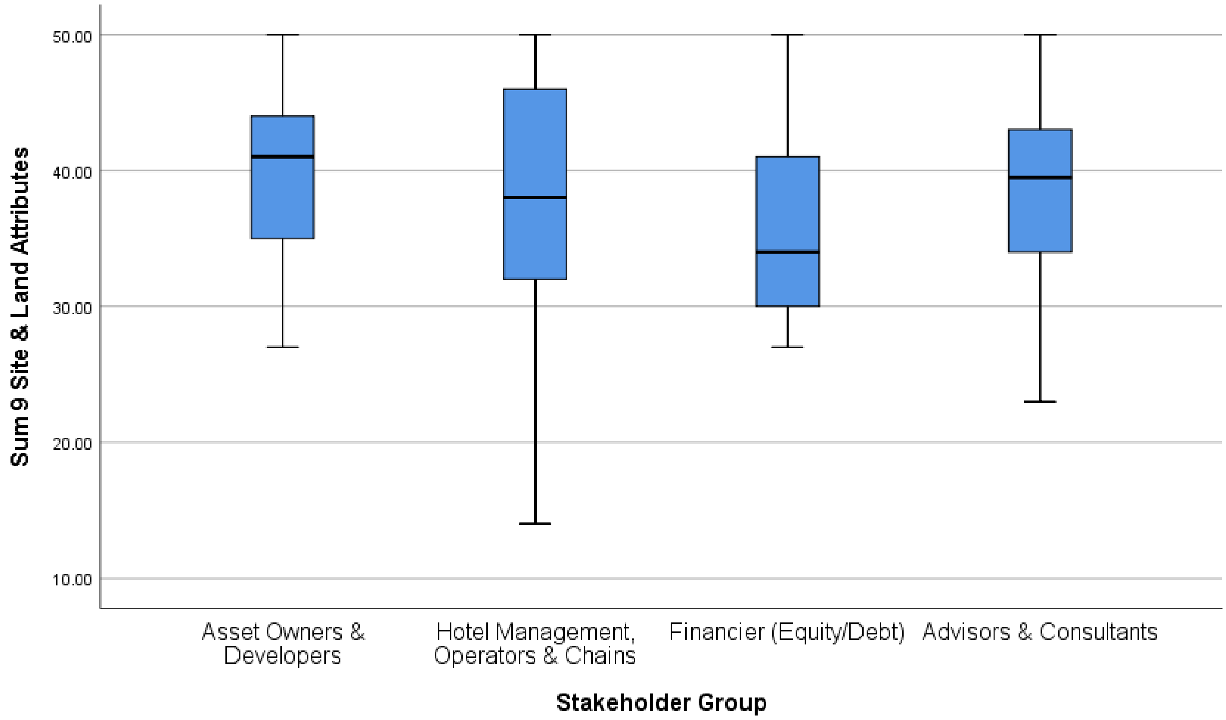

Figure 45 IV 9: Site & Land Attributes' Stakeholder Box-Plot

No extreme outliers were detected in IV9 Site & Land Attributes' values.

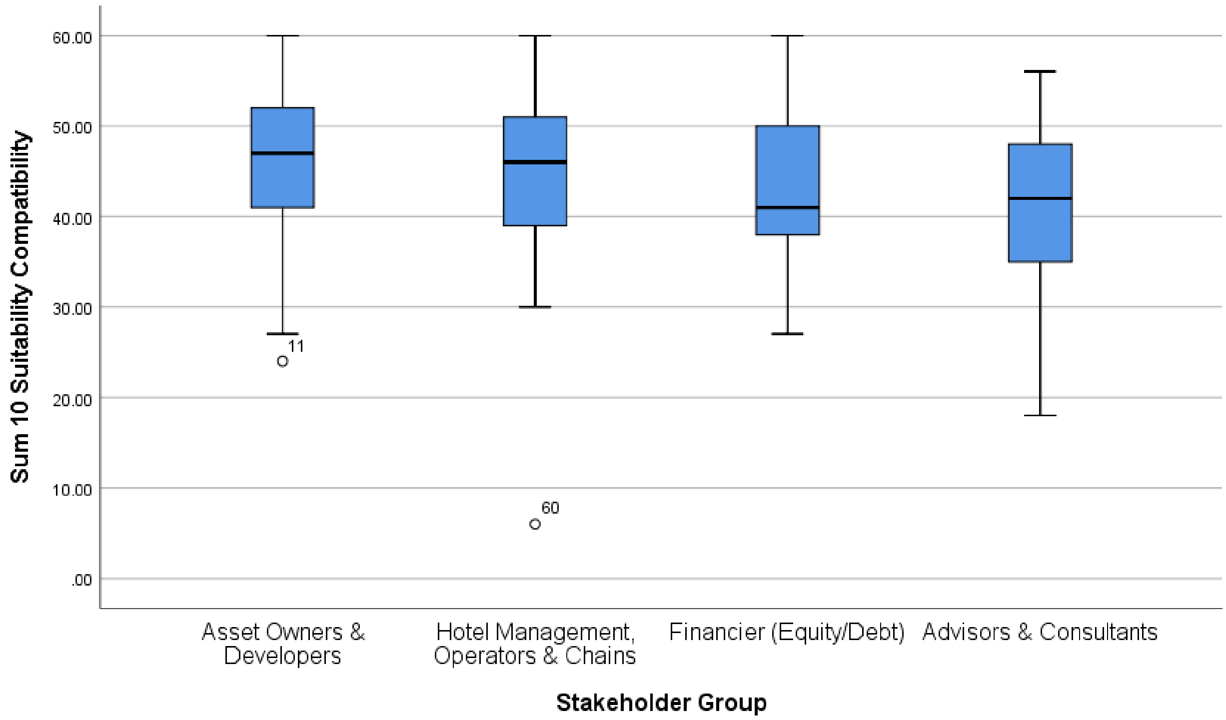

Figure 46 IV 10: Suitability & Compatibility's Stakeholder Box-Plot

No extreme outliers were detected in IV10 Suitability & Compatibility's values.

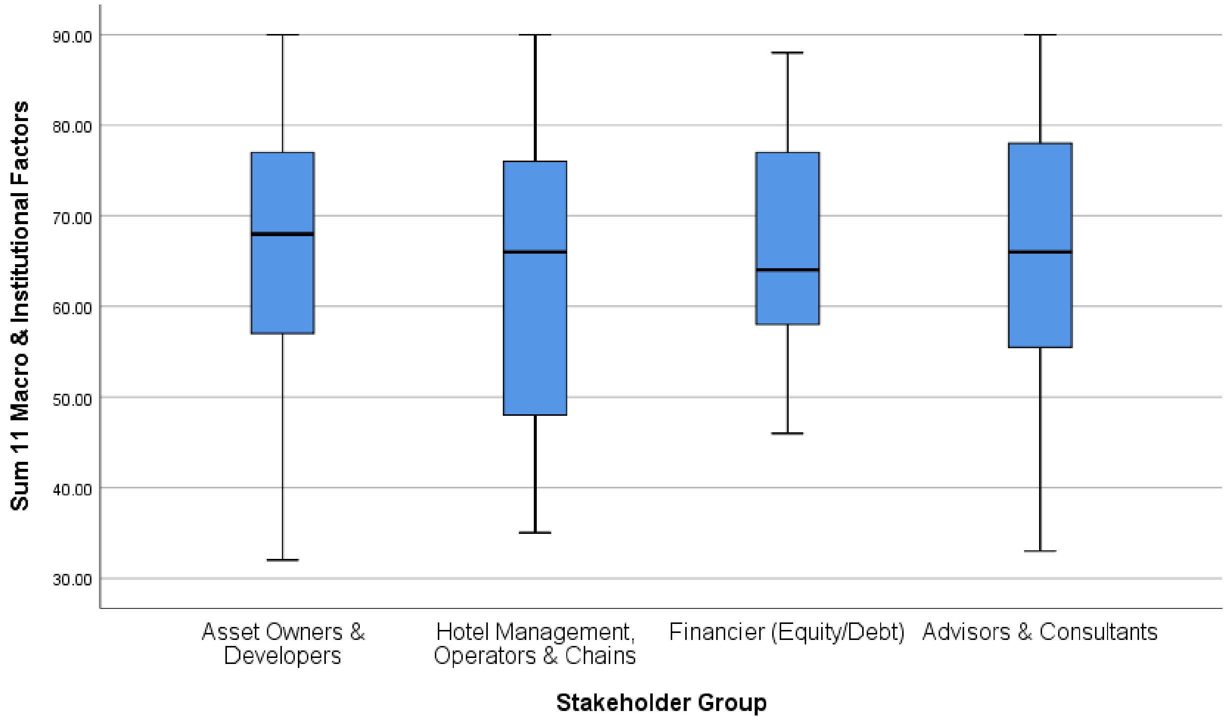

Figure 47 IV 11: Macro & Institutional Factors' Stakeholder Box-Plot

No extreme outliers were detected in IV11 Macro & Institutional Factors' values.

As indicated in the preceding diagrams, the centrality of response patterns amongst the stakeholder groups are depicted by the preceding boxplots figures. Outliers are indicated as "o" in the box-plot figures, while extreme outliers are indicated as "*",

From the boxplot observations, the only extreme outlier was detected in IV1 Financial Considerations by stakeholder group Financier (Equity/Debt). Considering this as a single occurrence, and predicated on an axiologically stoic posture, the data set has been retained as collected, considering removal could be deemed controversial, as even extreme outliers are considered "real" data (Garson, 2023, p. 25).

The responses amongst the stakeholders exhibited similarities in distribution patterns from one to another, and no significant differences were observed in the boxplots, thus indicating the response ranges were similar to one another.

Measures of Central Tendencies:

In this section, the distribution of the respondent's perception of importance towards the composite constructs, being the 11 independent variables, are analysed. To further comprehend the central values measured via the Likert scale, several measures of central tendencies were employed, being the mean, median, and mode.

Table 20 Measures of Central Tendencies

Statistics

	N Valid	Mean	Median	Mode
IV1 Financial Considerations	104	8.1659	8.5000	8.50
IV2 Funding	104	7.7885	8.0000	7.67
IV3 Location Specific	104	8.1250	8.3333	8.00
IV4 Chain & Brand Affiliations	104	7.4696	7.5833	8.75
IV5 Market Specific	104	7.6471	7.7000	6.80
IV6 Owner & Developer Specific	104	7.3141	7.5000	6.67
IV7 Project & Construction Specific	104	7.8192	8.0000	8.80[a]
IV8 Property Specific	104	7.8766	8.0000	8.58[a]
IV9 Site Land Attributes	104	7.6288	7.8000	8.40[a]
IV10 Suitability & Compatibility	104	7.2436	7.4167	8.50
IV11 Macro & Institutional Factors	104	7.2479	7.3333	8.67[a]

a. Multiple modes exist. The smallest value is shown

Source: Developed by Researcher.

The mean is extensively used as a measure of central tendency, calculated by tabulating the aggregated individual values pertinent to each IV, and dividing it by the total number of respondents and indicators, providing an average value which represents the central tendency of the data, which ranged from the highest being IV 1 Financial Considerations at 8.1659, to the lowest, being IV 6 Owner & Developer Specific at 7.3141. Statistically, the mean however, is susceptible to outliers of extreme values (Hair, et al., 2020, p. 344), of which only one was detected, as discussed earlier.

Contrastingly, the median, depicts the intermediate value of the respondents' opinion when arrayed in either ascending or descending order. As the median is not altered by outliers or extreme values, this makes it appropriate for adoption in tests involving ordinal or non-normally distributed data (Saunders, et al., 2019, p. 599), as discussed and utilised in the following analysis sections.

It is observed at this point, that IV1 Financial Considerations is succeeded by IV3 Location Specific as both the leading mean and median values scrutinised from the dataset, however the order of the subsequent variables diverges in terms of these two measures of central tendencies thereafter.

Complementing the above two measures of central tendencies, the mode represents the most frequently occurring value within the dataset (Hair, et al., 2020, p. 344). As the mode is most suitable for categorical or discrete data, it has limited application among the 11 independent variables, in consideration that they are essentially composite constructs.

As the selection of the most fitting measure of central tendency relies on the characteristics of the data distribution and this study's research objectives, the data means will be adopted for normally distributed data and direct ranking of determinants, while the medians will be utilised for non-normally distributed data.

Acknowledging that these measures of central tendencies provide convenient summarised descriptive statistics, the Researcher is cognisant of the fact that they do not capture the complete frame of data. Therefore a review of the measures of dispersion is required to comprehend the data's variability and spread.

<u>Measures of Dispersion:</u>

While the measures of central tendencies provided an idea of the data’s central values, measures of dispersion allowed the assessment of the extent to which individual responses deviate from these central values, essentially being observations on the spread and variability of the data. Several measures of dispersion were computed, including the range, standard deviation and variance, as indicated in the following table.

Table 21 Measures of Dispersion

Statistics

	N Valid	Std. Deviation	Variance	Range	Minimum	Maximum
IV1 Financial Considerations	104	1.30422	1.701	5.50	4.50	10.00
IV2 Funding	104	1.68633	2.844	8.33	1.67	10.00
IV3 Location Specific	104	1.36230	1.856	5.67	4.33	10.00
IV4 Chain & Brand Affiliations	104	1.38556	1.920	6.75	3.25	10.00
IV5 Market Specific	104	1.24245	1.544	5.90	4.10	10.00
IV6 Owner & Developer Specific	104	1.52086	2.313	7.00	3.00	10.00
IV7 Project & Construction Specific	104	1.40471	1.973	5.80	4.20	10.00
IV8 Property Specific	104	1.22826	1.509	5.33	4.67	10.00
IV9 Site Land Attributes	104	1.43342	2.055	7.20	2.80	10.00
IV10 Suitability & Compatibility	104	1.62171	2.630	9.00	1.00	10.00
IV11 Macro & Institutional Factors	104	1.55264	2.411	6.44	3.56	10.00

Source: Developed by Researcher.

The range, as a base measure of dispersion provides the differentials between the peak and lowest values, provides an approximate of the spread, but is heavily affected by extreme outliers, and at best merely an approximate measure of variability (Kothari, 2004, p. 134). In this analysis, the highest range observed among the 11 independent variables was 9.00 for IV10 Suitability & Compatibility, indicating there were respondents valuing this variable at practically opposite ends of the scale.

However, considering that the mean and standard deviation for the said IV10 is only 7.2436 and 1.62171 respectively, this is indicative of potential low outlier(s), as the standard deviation, being the standard error of the mean, is used to measure the average distance between perception values and the mean (Hair, et al., 2020, pp. 347-348).

Another point of note would be IV2 Funding observing the highest standard deviation. This could potentially be interpreted as this determinant being the most divisive or controversial among the respondents, while IV5 Market Specific Factors gaining the highest consensus among the respondents, by observing the lowest standard deviation.

The standard deviation compares the spread across the entire dataset, thus providing more meaningful measures of spread as compared to range, while a derivative of the standard deviation is the variance, which is calculated as the squared value of the standard deviation (Saunders, et al., 2019, pp. 601-602).

It has been observed that the standard variation of the dataset can be considered relatively low, as indicated by 68% of the values under the threshold of 2.0 on a 10-point scale, indicating that the data distribution is generally close to the mean, and subsequently interpreted as the respondents being very consistent in their collective opinions (Hair, et al., 2020, p. 347). Lacking implications on its own, these dispersion measures were utilised in the correlation coefficients statistical calculations performed in the subsequent analysis sections.

Measures of Asymmetry

The skewness and kurtosis of the 11 IVs' data distribution provides insights on the shape and symmetry of the data, along with initial prediction of potential departures from normality and acts visual screening prior to formal normality testing (Saunders, et al., 2019, pp. 591-592). Calculated utilising SPSS, the skewness and kurtosis statistics are as follows:

Table 22 Measures of Skewness and Kurtosis

Statistics	N Valid	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis
IV1 Financial Considerations	104	-1.057	.237	.904	.469
IV2 Funding	104	-1.075	.237	1.322	.469
IV3 Location Specific	104	-.811	.237	.326	.469
IV4 Chain & Brand Affiliations	104	-.464	.237	-.047	.469
IV5 Market Specific	104	-.373	.237	-.019	.469
IV6 Owner & Developer Specific	104	-.522	.237	-.050	.469
IV7 Project & Construction Specific	104	-.499	.237	-.427	.469
IV8 Property Specific	104	-.645	.237	.032	.469
IV9 Site Land Attributes	104	-.564	.237	.262	.469
IV10 Suitability & Compatibility	104	-.803	.237	1.224	.469
IV11 Macro & Institutional Factors	104	-.243	.237	-.532	.469

Source: Developed by Researcher.

Skewness, being an indicator of the asymmetry of the data distribution, indicate values derived from IV4 Chain & Brand Affiliations, IV5 Market Specific, IV7 Project & Construction specific and IV11 Macro & Institutional Factors falls within the -0.5 to 0.5 range, being values adopted by more conservative statisticians as those within the normal symmetrical distribution range (Meyers, et al., 2017, p. 95).

However all the other IVs are negatively skewed, indicating a longer tail towards lower values on the Likert-scale, suggesting that a relatively larger portion of respondents rated the determinants to be of higher importance, with IV1 Financial Considerations and IV2 Funding being the most extremely negatively skewed, as their values have exceeded -1.0 (Hair, et al., 2020, p. 348). This was not particularly unexpected, considering the determinants were already established as crucial by the literature reviewed.

The kurtosis values of this entire data set are all below 3.0, hence platykurtic, thus being suggestive of a flatter distribution (Kothari, 2004, p. 137). However, due to the negative skewness afflicting some of the IVs, this causes the kurtoses generally to be light tailed and not particularly meaningful for interpretation.

While the skewness and kurtosis values serve as an initial indicator that the distribution in this data set departs significantly from a symmetrical distribution, however it may be regarded as positive affirmation of the rated importance of the identified determinants.

Nonetheless, these observed statistical deviations from normality have been taken into consideration in subsequent analyses, and construed in conjunction with the normality testing results within the following sections, for application of the correlation and covariance tests among stakeholder groups participating in the survey.

4.5.4 Normality Assessment

As explained in Chapter 3, this study's choices of statistical tests relied heavily on an assortment of statistical assumptions about the data distribution and their characteristics. These assumptions have been specified explicitly for this research to ensure that the findings are predicated on reliable and valid data garnered from proper selection of tests performed.

One of the cornerstones of statistical assumptions is the assessment of normality. In efforts to ascertain the normality of data gathered, a visual examination of the Q-Q Plots have been performed for each of the composite variables scrutinised (Saunders, et al., 2019, p. 607).

<u>Observations of the Q-Q Plots</u>:

Often used in normality assessments, the "normal probability plot" (Garson, 2023, pp. 22-23), commonly referred to as the Q-Q Plot, of the 11 independent variables as follows, depicts the distribution pattern of respondents' opinions on the importance of the identified hotel investment determinants, while the straight diagonal ascending line indicates normal distribution expectations (Mooi, et al., 2018, p. 165).

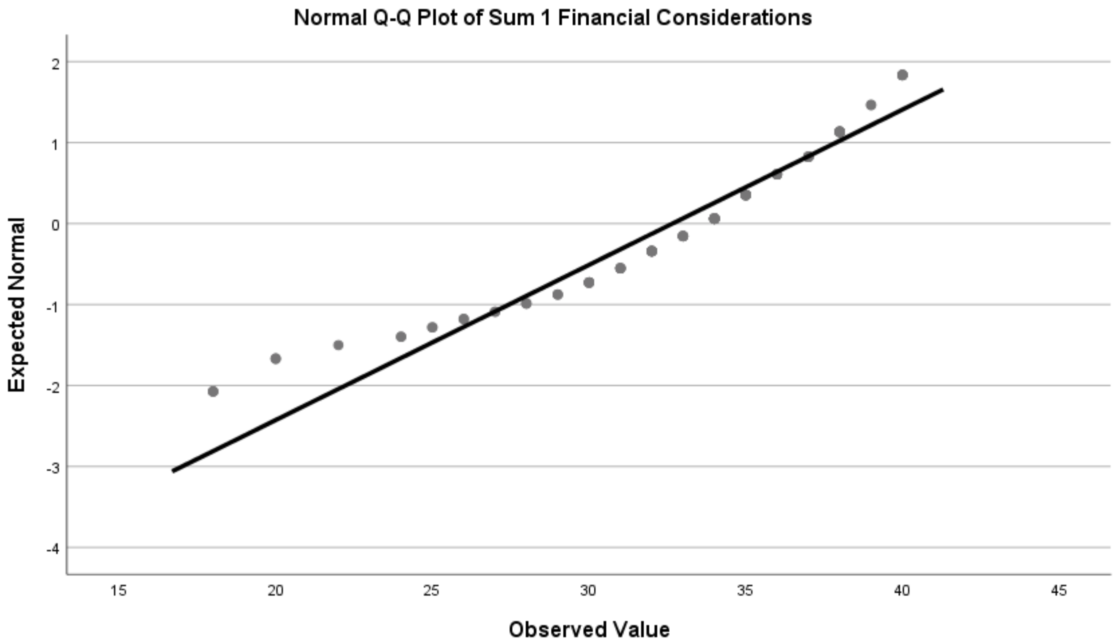

Figure 48 IV 1: Financial Considerations' Q-Q Plot

The distribution of the IV1 Financial Considerations' data points appears visually aligned to the diagonal ascending line.

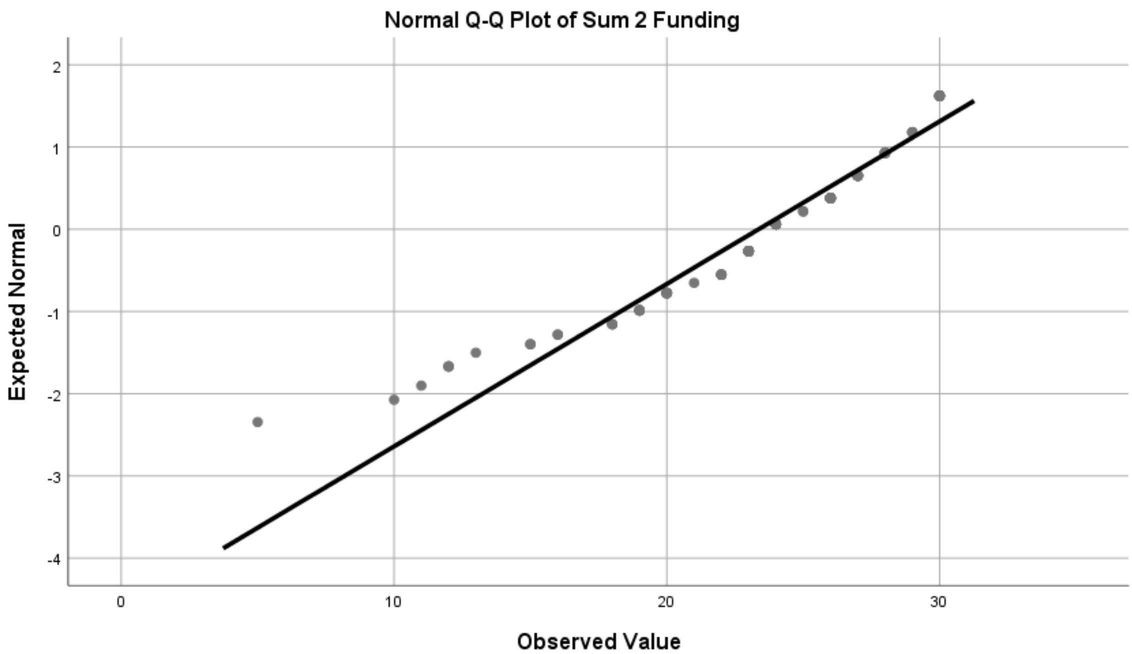

Figure 49 IV 2: Funding's Q-Q Plot

The distribution of the IV2 Funding's data points appears visually aligned to the diagonal ascending line.

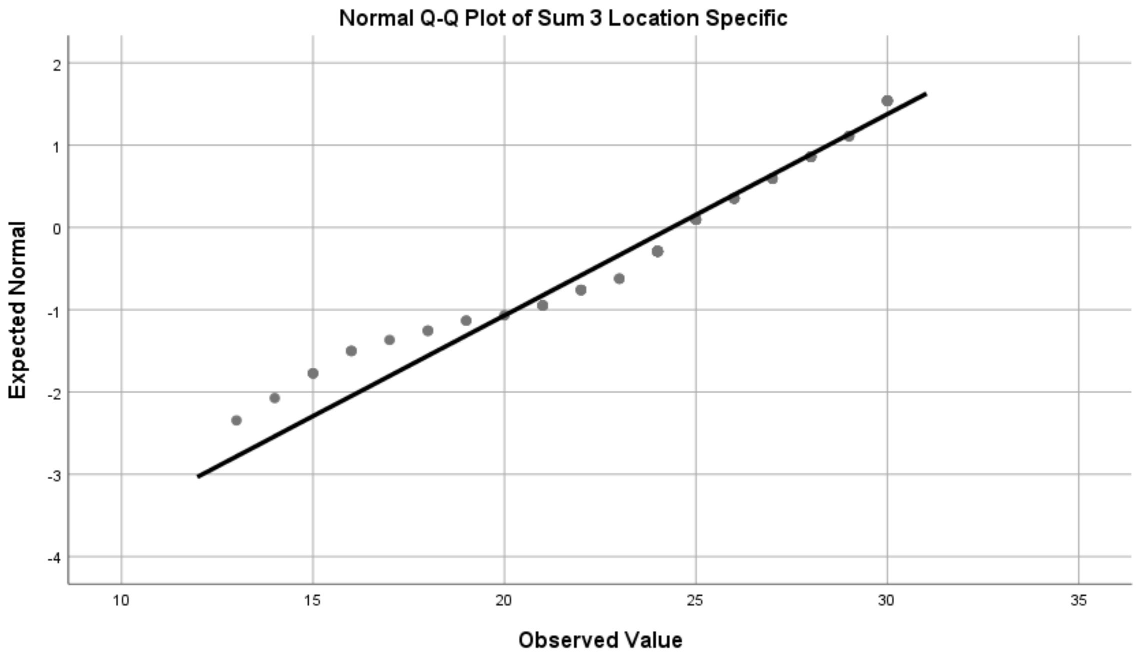

Figure 50 IV 3: Location Specific's Q-Q Plot

The distribution of the IV3 Location Specific’s data points appears visually aligned to the diagonal ascending line.

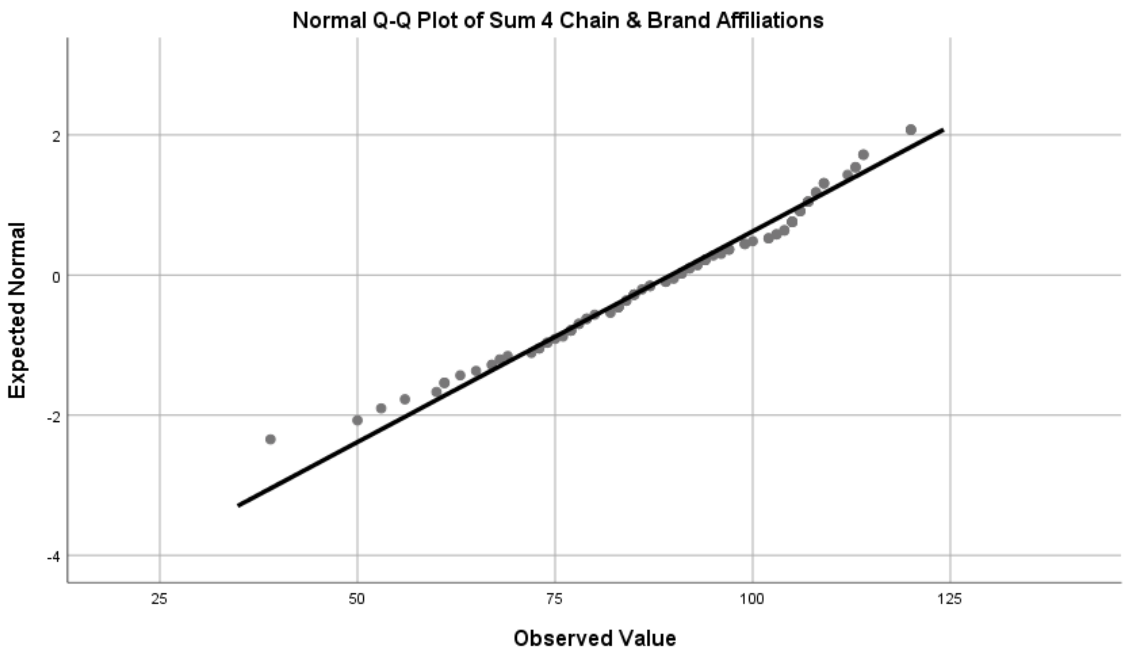

Figure 51 IV 4: Chain & Brand Affiliations' Q-Q Plot

The distribution of the IV4 Chain & Brand Affiliations’ data points appears visually aligned to the diagonal ascending line.

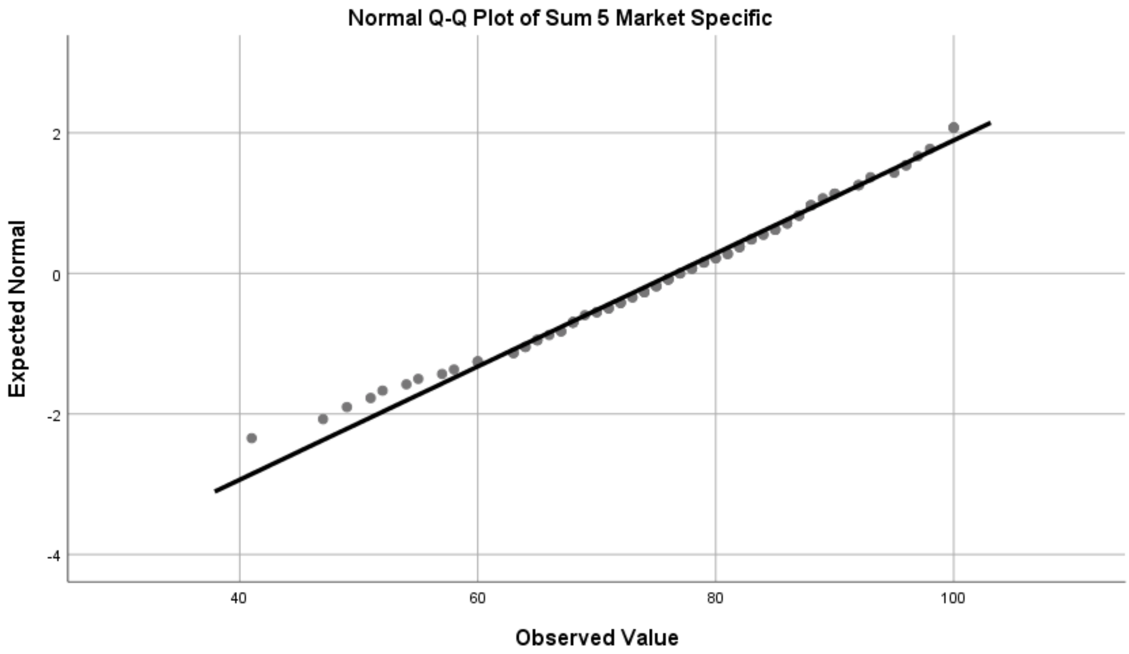

Figure 52 IV 5: Market Specific's Q-Q Plot

The distribution of the IV5 Market Specific's data points appears visually aligned to the diagonal ascending line.

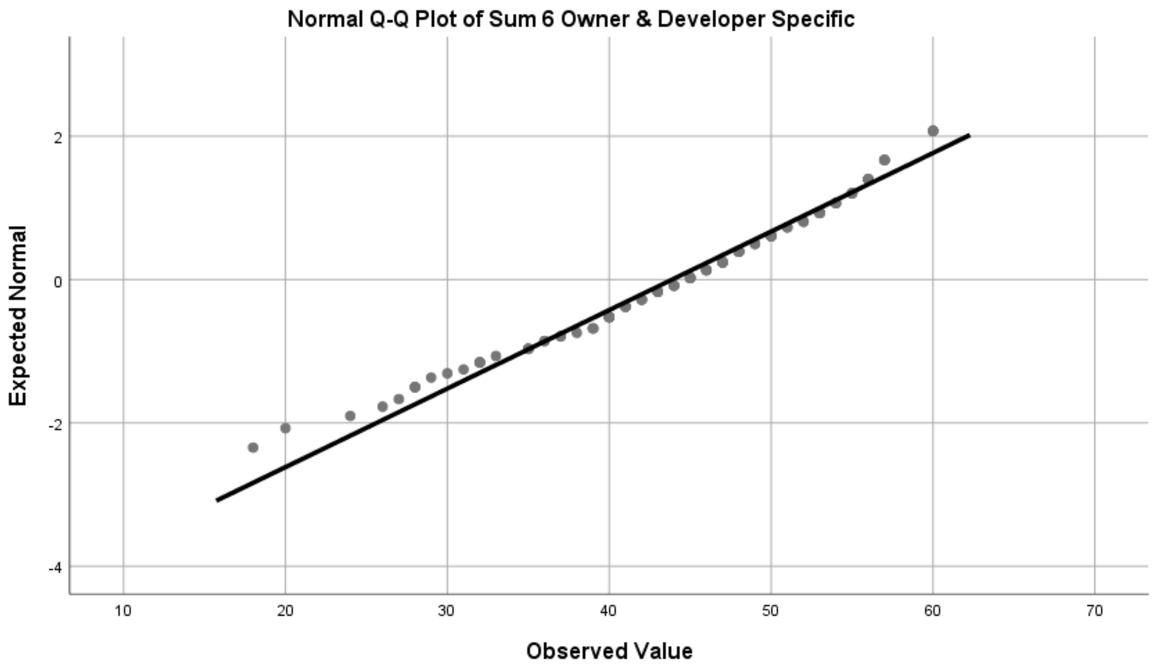

Figure 53 IV 6: Owner & Developer Specific's Q-Q Plot

The distribution of the IV6 Owner & Developer Specific's data points appears visually aligned to the diagonal ascending line.

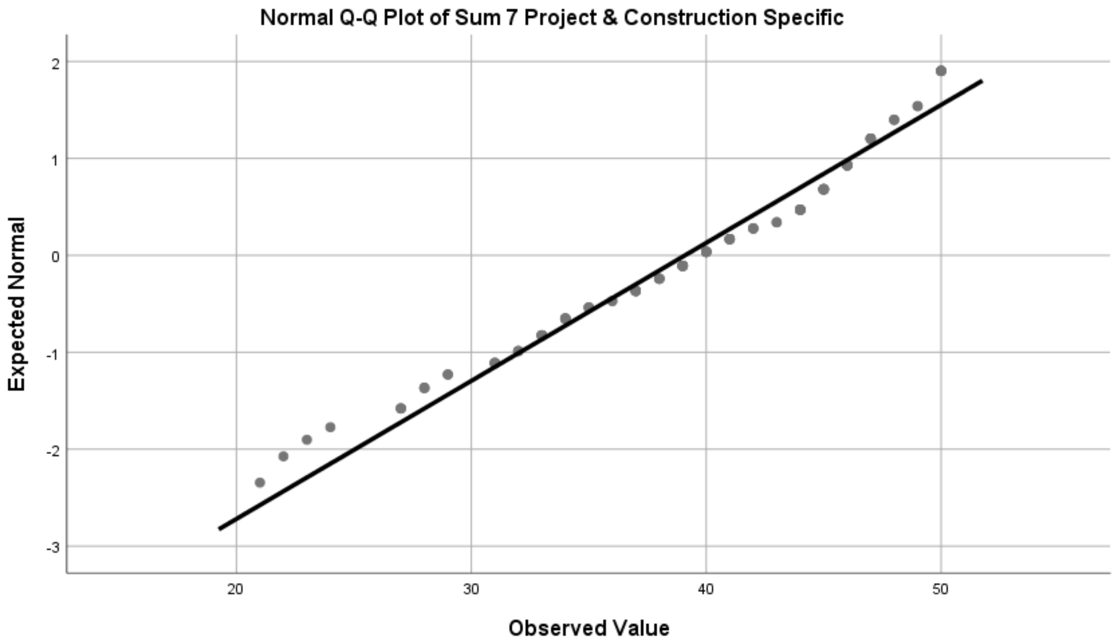

Figure 54 IV 7: Project & Construction Specific's Q-Q Plot

The distribution of the IV7 Project & Construction Specific's data points appears visually aligned to the diagonal ascending line.

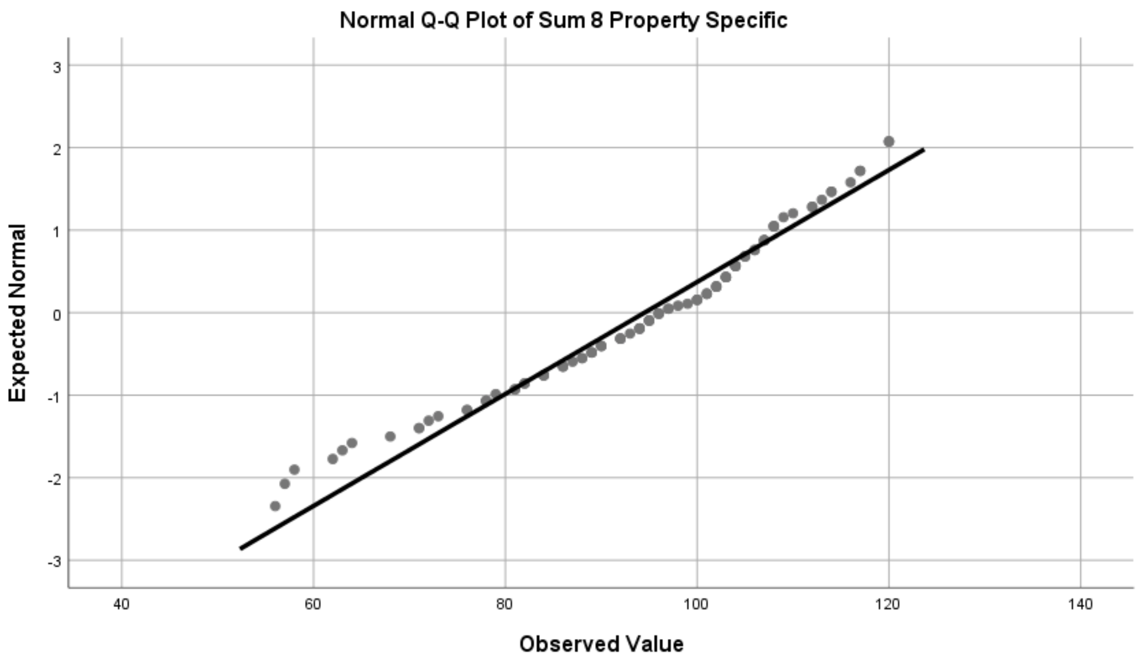

Figure 55 IV 8: Property Specific's Q-Q Plot

The distribution of the IV8 Property Specific's data points appears visually aligned to the diagonal ascending line.

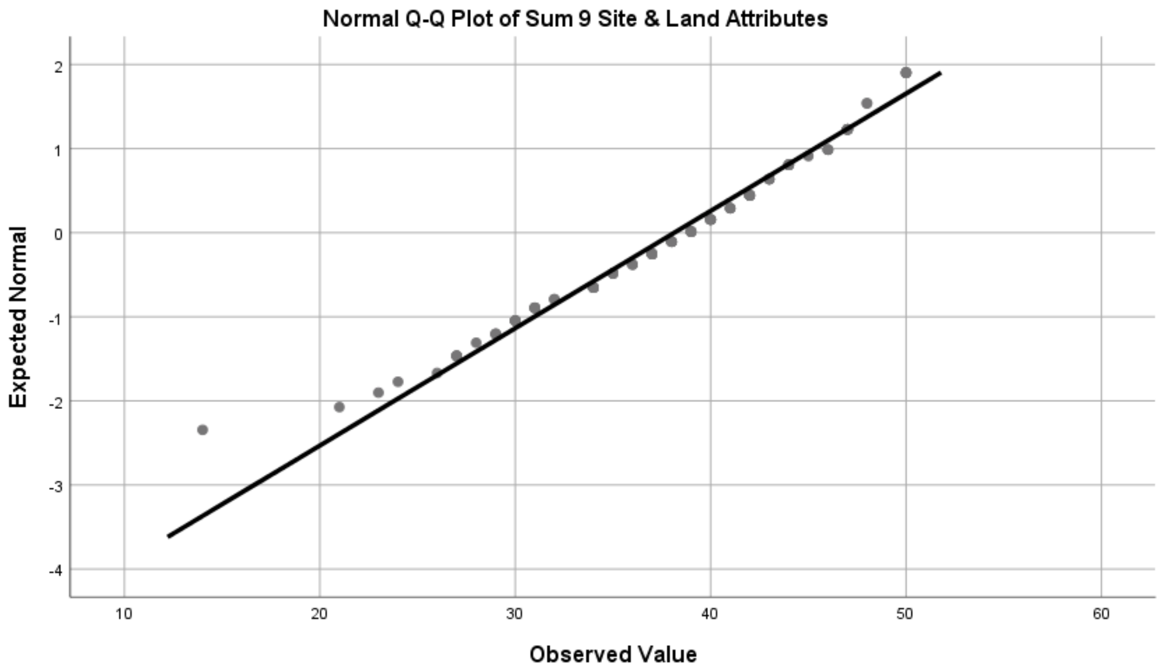

Figure 56 IV 9: Site & Land Attributes' Q-Q Plot

The distribution of the IV9 Site & Land Attributes' data points appears visually aligned to the diagonal ascending line.

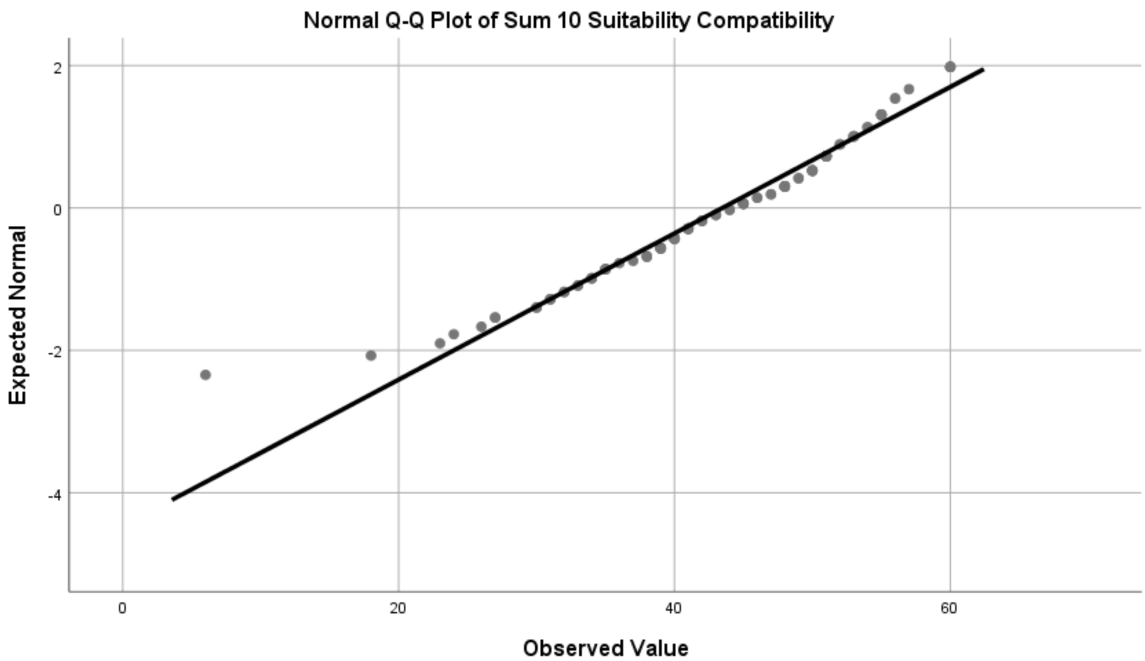

Figure 57 IV 10: Suitability & Compatibility's Q-Q Plot

The distribution of the IV10 Suitability & Compatibility's data points appears visually aligned to the diagonal ascending line.

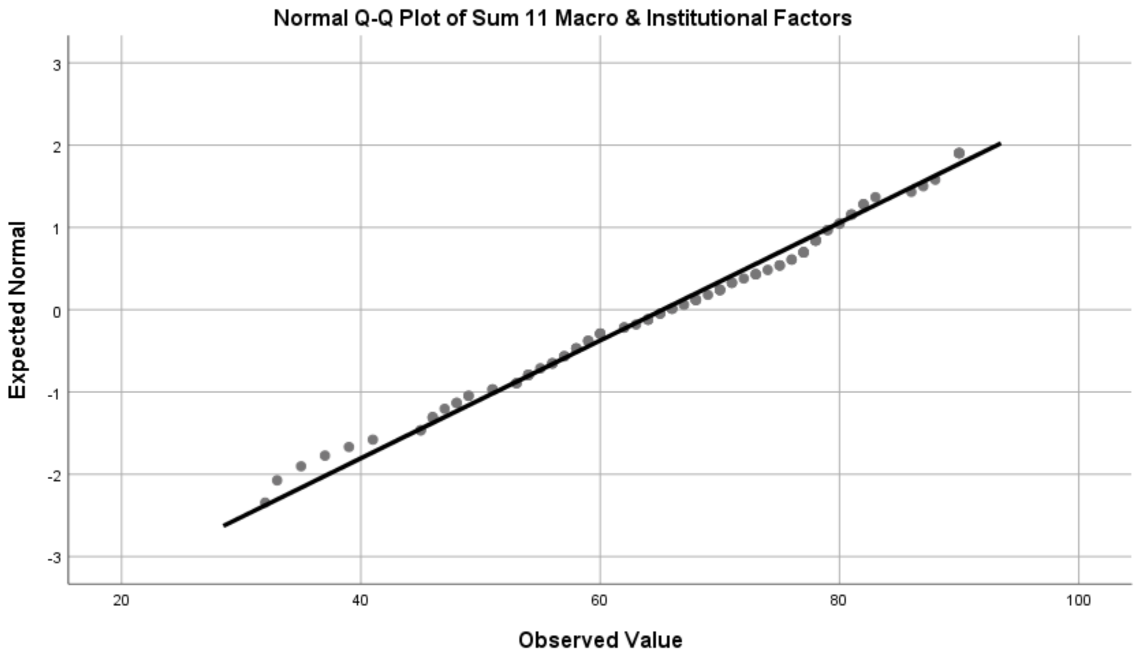

Figure 58 IV 11: Macro & Institutional Factors' Q-Q Plot

The distribution of the IV11 Macro & Institutional's data points appears visually aligned to the diagonal ascending line.

In summary, the reasonably close alignment of all the data points to the straight ascending line observed in the Q-Q plots suggests that the responses to the questions for all the composite variables exhibits either a normal or near-normal distribution pattern (Meyers, et al., 2017, p. 99; Gray, 2017, p. 823; Mooi, et al., 2018).

Despite appearing relatively evenly dispersed across the Likert-scale responses, the Researcher is observant of the contradicting results from skewness and kurtosis tests, indicating that the distribution does not conform to traditional benchmarks or patterns of normality.

While the desirability of normal or near-normal distribution in statistical analyses is preferred, as it permits for the application of parametric tests, along with the ease of interpretations of central tendencies and dispersion measures, further tests are required to establish normality despite the visual affirmation provided by the Q-Q Plots.

However, as an added element of confidence, the visual confirmation of the approximate normality of the data by the Q-Q Plots allows for further affirmation towards the reliability and validity of the survey responses, which was previously endorsed by Cronbach's Alpha and Pearson's Product Moment Correlation respectively.

Interpreted collectively, this indicates that the questionnaire has adequately captured the respondents' opinions on the importance of the identified investment determinants without any significant bias or distortion.

Cognisant of the limitations attributed to qualitative visual inspections and bearing in mind the Q-Q Plot’s suitability for larger sample sizes, the Researcher persevered with further statistical tests to quantitatively ascertain the normality of the data distribution.

<u>Formal Normality Testing:</u>

While it has been said that the combined examinations of skewness, kurtosis and normal probability plots are typically adequate in detecting departures from normality, however contemplating the contradictory results thus far, more sophisticated statistical approaches to assessing normality were required, such as the Kolmogorov–Smirnov and Shapiro–Wilk tests (Meyers, et al., 2017, p. 99; Mooi, et al., 2018, p. 164).

Therefore, the Researcher employed the Kolmogorov–Smirnov and Shapiro–Wilk tests to further ascertain the normality of distribution amongst the 11 independent varaibles influencing hotel investment decisions-making, results depicted in the following table.

Table 23 Kolmogorov-Smirnov and Shapiro-Wilk's Normality Tests

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Sum 1 Financial Considerations	.140	104	.000	.914	104	.000
Sum 2 Funding	.154	104	.000	.918	104	.000
Sum 3 Location Specific	.185	104	.000	.926	104	.000
Sum 4 Chain & Brand Affiliations	.079	104	.109	.977	104	.070
Sum 5 Market Specific	.047	104	.200*	.986	104	.333
Sum 6 Owner & Developer Specific	.076	104	.166	.974	104	.040
Sum 7 Project & Construction Specific	.113	104	.002	.962	104	.004
Sum 8 Property Specific	.097	104	.018	.961	104	.004
Sum 9 Site & Land Attributes	.073	104	.200*	.971	104	.022
Sum 10 Suitability Compatibility	.093	104	.027	.960	104	.003
Sum 11 Macro & Institutional Factors	.065	104	.200*	.980	104	.127

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Source: Developed by Researcher.

The table above summarises the test results for normality. Since the number of respondents were more than 50 (N = 104), Kolmogorov-Smirnov table was referred to as the lead predictor in establishing whether the data distribution of the factors were normal (Mishra, et al., 2019), but nonetheless the Shapiro-Wilk results table were consulted to further enhance the robustness of the normality analysis. Both tests provided a measure of significance (p-value) that indicates whether there is sufficient cause or evidence to reject the null hypothesis of normality.

The Kolmogorov-Smirnov test revealed that IV4 Chain & Brand Affiliations, IV5 Market Specific, IV9 Site & Land Attributes and IV 11Macro & Institutional Factors obtained values greater than the conventionally accepted significance level of 0.05. This suggests that there is no significant evidence to reject the null hypothesis of normality for these variables (Saunders, et al., 2019, p. 605).

However the p-values of IV1 Financial Considerations, IV2 Funding, IV3 Location Specific, IV7 Project & Construction Specific, IV8 Property Specific, and IV10 Suitability & Compatibility from both tests, indicated in red fonts, were less than the significance level of 0.05. This indicates that there is sufficient evidence to reject the null hypothesis of normality for these variables (Mooi, et al., 2018, p. 164).

Consequently, it can be inferred that the responses from questions related to composite variables IV1, IV2, IV3, IV5, IV8 and IV10 do not adhere to a normal distribution, which corresponds partially to results observed from the distribution's skewness.

Conversely, being more stringent than the Kolmogorov-Smirnov test, the Shapiro-Wilk test purports that only three variables, being IV4 Chain & Brand Affiliations, IV5 Market Specific and IV11 Macro & Institutional Factors conforms to normal distribution patterns, based on significance level of 0.05.

While the departure from normality in these variables may be attributed to and justified by different reasons, the Researcher had to reflect upon the implications of non-normal distribution of data's impact upon subsequent statistical analyses, and the requirement to select appropriate statistical tests which accounts for departures from normality, such as non-parametric tests.

Literature has advocated the use of transformation processes with the objective of reducing distortions in alpha levels to determine whether the departure from normality is genuine (Meyers, et al., 2017, p. 101; Mooi, et al., 2018, pp. 121-123).

With the purpose of ascertaining whether the data set had a goodness of fit to the statistical model (Khatun, 2021), thus normality testing on transformed data utilising logarithm, square-root, exponential and Box-Cox were collectively employed, as depicted in the following tables:

Table 24 Kolmogorov-Smirnov and Shapiro-Wilk's Normality Tests (Logarithm Transformed)

Tests of Normality – Log Transformed

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Log 1 Financial Considerations	.170	104	.000	.849	104	.000
Log 2 Funding	.205	104	.000	.786	104	.000
Log 3 Location Specific	.222	104	.000	.875	104	.000
Log 4 Chain & Brand Affiliations	.090	104	.036	.932	104	.000
Log 5 Market Specific	.082	104	.080	.953	104	.001
Log 6 Owner & Developer Specific	.126	104	.000	.918	104	.000
Log 7 Project & Construction Specific	.113	104	.002	.928	104	.000
Log 8 Property Specific	.115	104	.002	.920	104	.000
Log 9 Site & Land Attributes	.115	104	.002	.908	104	.000
Log 10 Suitability & Compatibility	.143	104	.000	.768	104	.000
Log 11 Macro & Institutional Factors	.084	104	.066	.950	104	.001

a. Lilliefors Significance Correction

Source: Developed by Researcher.

The log transformed data has indicated that all the independent variables exhibited departures from normal distribution.

Table 25 Kolmogorov-Smirnov and Shapiro-Wilk's Normality Tests (Square Root Transformed)

Tests of Normality – Square Root Transformed

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
SqRt 1 Financial Considerations	.151	104	.000	.884	104	.000
SqRt 2 Funding	.180	104	.000	.867	104	.000
SqRt 3 Location Specific	.204	104	.000	.903	104	.000
SqRt 4 Chain & Brand Affiliations	.078	104	.125	.960	104	.003
SqRt 5 Market Specific	.064	104	.200*	.973	104	.032
SqRt 6 Owner & Developer Specific	.100	104	.013	.952	104	.001
SqRt 7 Project & Construction Specific	.114	104	.002	.948	104	.000
SqRt 8 Property Specific	.105	104	.007	.943	104	.000
SqRt 9 Site & Land Attributes	.093	104	.027	.948	104	.000
SqRt 10 Suitability & Compatibility	.098	104	.015	.898	104	.000

SqRt 11 Macro & Institutional Factors	.071	104	.200*	.970	104	.019
a. Lilliefors Significance Correction						

Source: Developed by Researcher.

Similarly, the square root transformed data has indicated that all the independent variables exhibited departures from normal distribution.

Table 26 Kolmogorov-Smirnov and Shapiro-Wilk's Normality Tests (Exponentially Transformed)

Tests of Normality – Exponentially Transformed

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Exp 1 Financial Considerations	.187	104	.000	.849	104	.000
Exp 2 Funding	.244	104	.000	.774	104	.000
Exp 3 Location Specific	.235	104	.000	.785	104	.000
Exp 4 Chain & Brand Affiliations	.210	104	.000	.735	104	.000
Exp 5 Market Specific	.206	104	.000	.723	104	.000
Exp 6 Owner & Developer Specific	.234	104	.000	.717	104	.000
Exp 7 Project & Construction Specific	.204	104	.000	.803	104	.000
Exp 8 Property Specific	.171	104	.000	.797	104	.000
Exp 9 Site & Land Attributes	.215	104	.000	.745	104	.000
Exp 10 Suitability & Compatibility	.230	104	.000	.692	104	.000
Exp 11 Macro & Institutional Factors	.245	104	.000	.668	104	.000
a. Lilliefors Significance Correction						

Source: Developed by Researcher.

The exponentially transformed data has identically indicated that all the independent variables exhibited departures from normal distribution.

Table 27 Kolmogorov-Smirnov and Shapiro-Wilk's Normality Tests (Box-Cox Transformed)

Tests of Normality – Box-Cox Transformed

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
BoxCox 1 Financial Considerations	.140	104	.000	.914	104	.000
BoxCox 2 Funding	.150	104	.000	.925	104	.000
BoxCox 3 Location Specific	.185	104	.000	.926	104	.000
BoxCox 4 Chain & Brand Affiliations	.081	104	.092	.978	104	.079
BoxCox 5 Market Specific	.047	104	.200*	.986	104	.328
BoxCox 6 Owner & Developer Specific	.074	104	.189	.974	104	.039
BoxCox 7 Project & Construction Specific	.113	104	.002	.962	104	.004
BoxCox 8 Property Specific	.097	104	.018	.961	104	.004

BoxCox 9 Site Land Attributes	.073	104	.200*	.975	104	.045
BoxCox 10 Suitability & Compatibility	.096	104	.020	.974	104	.038
BoxCox 11 Macro & Institutional Factors	.065	104	.200*	.980	104	.127

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Source: Developed by Researcher.

The Box-Cox transformed data indicates that only IV4, IV5 and IV11 conforms to normal distribution, while the other independent variables exhibits departure from normal distribution.

In review, the further analyses utilising logarithm, square-root, exponential and Box-Cox transformed data substantiated that most the responses for the determinants posed in the questionnaire were not normally distributed, the departure values have been indicated in red within the tables for convenient review.

While the departure from normality in some of the variables indicates a deviation from the "assumption" of normality, it does not in any way invalidate the overall findings of the study or the validity of the responses collected from the questionnaire, but rather to serve as a reminder that additional consideration is required when employing suitable statistical methods and interpreting the results, particularly since normal distribution has not been observed.

In fact, is has effectively been argued that data for private real estate investments, such as hotels, are often stable but often irregularly distributed, as opposed to other applications, due to the industry's dynamic, high levels of uncertainty and non-linear nature (Brown, 2005, pp. 119-121).

While some researchers have advocated looking beyond the results of normality tests in favour of the central limit theorem and the law of large numbers, and suggests to treat the data as normally distributed, this has been deemed inadvisable as said assumptions could potentially lead to incorrect calculations (Khatun, 2021).

As the majority of p-values from both the base and transformed data failed to achieve the threshold of 0.05, the null hypothesis $H3_0$ is rejected, while the alternative hypothesis $H3_a$ of the data being non-normally distributed is supported.

In summary, while the observed quantile plots exhibit distribution patterns aligning with normality, however both the Kolmogorov-Smirnov and Shapiro-Wilk formal tests provided insights into the distributional characteristics of the data, in which several variables demonstrated a departure from normality.

It is thus the data set is considered non-normal in distribution, and will be subjected to non-parametric tests when applicable, being the selection of the Kruskal-Wallis test for the analysis of variance and Principal Axis Factoring as the extraction method for factor analysis.

4.5.5 Analysis of Variance among Stakeholder Groups

In consideration of the non-normal distribution of the data, researchers have been advised to adopt non-parametric statistical or distribution-free tests (Kothari, 2004, p. 283). Similar to its parametric equivalent ANOVA, the Kruskal-Wallis H Test is a non-parametric statistical test to measure correlations and covariances among the different stakeholder groups' attitude towards the 11 composite determinants from the questionnaire, with the distinction of application typically when normality assumptions are violated or if the data distribution is potentially out of normality's bounds (Kothari, 2004, p. 298).

The results for Kruskal-Wallis H Test, calculated by SPSS are as follows:

Table 28 Kruskal-Wallis H Test

Kruskal-Wallis H Test				
	Stakeholder Group	N	Mean Rank	Sig
IV1 Financial Considerations	Asset Owners & Developers	25	60.28	.049
	Hotel Management, Operators & Chains	30	46.77	
	Financier (Equity/Debt)	13	68.15	
	Advisors & Consultants	36	46.22	
	Total	104		
IV2 Funding	Asset Owners & Developers	25	61.88	.101
	Hotel Management, Operators & Chains	30	44.82	
	Financier (Equity/Debt)	13	62.08	
	Advisors & Consultants	36	48.93	
	Total	104		
IV3 Location Specific	Asset Owners & Developers	25	57.62	.126
	Hotel Management, Operators & Chains	30	59.12	
	Financier (Equity/Debt)	13	38.38	
	Advisors & Consultants	36	48.53	
	Total	104		
IV4 Chain & Brand Affiliations	Asset Owners & Developers	25	54.52	.530
	Hotel Management, Operators & Chains	30	55.52	
	Financier (Equity/Debt)	13	57.96	
	Advisors & Consultants	36	46.61	
	Total	104		
IV5 Market Specific	Asset Owners & Developers	25	57.04	.774
	Hotel Management, Operators & Chains	30	52.83	
	Financier (Equity/Debt)	13	46.77	
	Advisors & Consultants	36	51.14	
	Total	104		
IV6 Owner & Developer Specific	Asset Owners & Developers	25	58.60	.367
	Hotel Management, Operators & Chains	30	52.23	
	Financier (Equity/Debt)	13	58.81	
	Advisors & Consultants	36	46.21	
	Total	104		
IV7 Project & Construction Specific	Asset Owners & Developers	25	55.12	.778
	Hotel Management, Operators & Chains	30	53.28	
	Financier (Equity/Debt)	13	44.65	
	Advisors & Consultants	36	52.86	
	Total	104		
IV8 Property Specific	Asset Owners & Developers	25	55.76	.590
	Hotel Management, Operators & Chains	30	56.53	
	Financier (Equity/Debt)	13	45.42	

	Advisors & Consultants	36	49.43	
	Total	104		
IV9 Site & Land Attributes	Asset Owners & Developers	25	56.54	.628
	Hotel Management, Operators & Chains	30	51.18	
	Financier (Equity/Debt)	13	43.58	
	Advisors & Consultants	36	54.01	
	Total	104		
IV10 Suitability Compatibility	Asset Owners & Developers	25	60.82	.212
	Hotel Management, Operators & Chains	30	55.80	
	Financier (Equity/Debt)	13	48.69	
	Advisors & Consultants	36	45.35	
	Total	104		
IV11 Macro & Institutional Factors	Asset Owners & Developers	25	54.04	.874
	Hotel Management, Operators & Chains	30	48.83	
	Financier (Equity/Debt)	13	55.92	
	Advisors & Consultants	36	53.25	
	Total	104		

Source: Developed by Researcher.

The Kruskal-Wallis H Test's results indicated that the significance value obtained for IV1 Financial Considerations, was 0.049, is just marginally below the conventional significance level of 0.05. Albeit an extremely narrow margin, it does statistically justify and provide sufficient evidence to reject the null hypothesis of no significant differences between the stakeholder groups for IV1.

In interpreting the mean ranking for IV1 in the Kruskal-Wallis H Test, it appears that stakeholder groups "Financiers (Equity/Debt)" and "Asset Owners & Developers" placed a higher emphasis on Financial Considerations as a predictor determinant towards a hotel investment's success, as opposed to "Hotel Management, Operators & Chains" and "Advisor & Consultants" stakeholder groups.

As the p-value for IV1 failed to exceed 0.05, there is sufficient evidence to reject the null hypothesis $H4_0$ in favour of support to alternative hypothesis $H4_a$ being there are significant differences for any of the independent variables among the key stakeholder groups.

While merely marginal (0.049<0.050), based on this finding, it can be concluded that there are statistically significant differences in the perceived importance of “IV1 Financial Considerations” among the survey respondents, while all other IVs do not display any significant differences among the stakeholder groups.

4.5.6 Exploratory Factor Analysis

Discussed in the previous chapter, as a form of multivariate analysis, Exploratory Factor Analysis (EFA) was conducted for the explicit purpose as a step towards obtaining factor scores corresponding to the variables (Field, 2018, p. 999) measuring respondents' opinions on the importance of the 11 identified hotel investment determinants, as presented within the data collection instrument.

Despite being prominently known for dimensionality reduction (Garson, 2023, p. 3), EFA is commonly associated with exploratory or novel research, such as this study, as a precursor to the assignment of factor scores for purpose of weightage, particularly for application in subsequent latent variable modelling (DiStefano, et al., 2009).

While universally endorsed as appropriate for application in sample sizes exceeding 50, it has been suggested that sizes of 100 is more appropriate for factor analysis, provided the communalities are not considered low (Garson, 2023, p. 33).

Further justification for the sample size has been provided in the previous chapter's Section 3.8, and the sampled population of 104 in the context of this study has adequately met the threshold criteria.

Prior to factor extraction, additional screening tests were conducted to distinguish the adequacy of the sample and suitability of the data for factor analysis, being the Kaiser-Meyer-Olkin sampling adequacy test and Bartlett's test of Sphericity (Taherdoost, et al., 2022).

Table 29 KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		
Bartlett's Test of Sphericity		
	df	
	Sig.	

Source: Developed by Researcher.

As indicated in the table above, the results from the Meyer-Olkin sampling adequacy test yielded a KMO value of 0.886, and being above 0.6,it is inferred that the sample size was indeed adequate for factor analysis (Garson, 2023, p. 31).

In fact, Field (2018, p. 1014) labels KMO values of above 0.8 as meritorious and indicative patterns of correlation which are relatively compact, thus likely to yield reliable factors upon extraction. Therefore the entirety of the data gathered were retained for subsequent applications

Often suggested as a test for relatively small sample sizes (Garson, 2023, pp. 32, 102), the results from Bartlett's test of Sphericity was significant, with sources suggesting for the measured p-value to be below a threshold of either 0.05 or 0.001 (Field, 2018, p. 1028), in supporting the presence of significant inter-correlations among the variables.

The results of both the Kaiser-Meyer-Olkin test and Bartlett's test of Sphericity confirms that that data set's correlation matrix is not an identity matrix, and justifies proceeding to factor analysis employing this data set (Taherdoost, et al., 2022).

As evidence suggests that EFA results increase in accuracy when each common factor is represented by multiple variables, communality screening is required to distinguish whether distortion may be present in the results (Taherdoost, et al., 2022). As the communality of a variable represents the sum of extracted factor loadings on that variable, communalities are seen as a continuation of the factor loading themselves (Kootstra, 2004).

Table 30 Communalities

Communalities

	Initial	Extraction
IV1 Financial Considerations	.562	.328
IV2 Funding	.695	.481
IV3 Location Specific	.578	.415
IV4 Chain & Brand Affiliations	.726	.662
IV5 Market Specific	.747	.688
IV6 Owner & Developer Specific	.718	.616
IV7 Project & Construction Specific	.791	.725
IV8 Property Specific	.811	.779
IV9 Site Land Attributes	.756	.562
IV10 Suitability & Compatibility	.709	.666
IV11 Macro & Institutional Factors	.739	.714

Extraction Method: Principal Axis Factoring.

Source: Developed by Researcher.

Sources have indicated a recommended communality threshold of 0.4 (Osborne, et al., 2008) or 0.5 (Garson, 2023, p. 343). The table above indicates that communalities from all the 11 IVs exceeded both the thresholds, indicating that variance in each variable has been indeed accounted for by the extracted factors, and that the sample size was adequate and did not require any compensation (Kootstra, 2004).

The extracted communality values are all positive and below the threshold of 1.0, indicating each variable is unproblematic, well represented by and possesses strong associations with the underlying factor structure, and may be interpreted as the reliability of the determinant itself (Garson, 2023, p. 58).

For the purpose of determining whether the data fits the orthogonal model proposed, screening for divergent/discriminant validity is required to confirm that the factors are indeed independent of one another (Garson, 2023, p. 134).

While intercorrelation is desired, however high levels of intercorrelation may result in extreme multicollinearity or singularity, which causes difficulties in determining the actual contribution of each variable (Kootstra, 2004).

In event of multicollinearity or singularity detection, a decision is required of the researcher to either combine or eliminate the collinear items, or even forego factor analysis itself (Garson, 2023, p. 32). Therefore, a screening of the data's correlation matrix was undertaken.

Table 31 Correlation Matrix

		IV1 Financial Considerations	IV2 Funding	IV3 Location Specific	IV4 Chain & Brand Affiliations	IV 5 Market Specific
Correlation	IV1 Financial Considerations	1.000	.669	.468	.427	.476
	IV2 Funding	.669	1.000	.380	.657	.492
	IV3 Location Specific	.468	.380	1.000	.496	.676
	IV4 Chain & Brand Affiliations	.427	.657	.496	1.000	.638
	IV5 Market Specific	.476	.492	.676	.638	1.000
	IV6 Owner & Developer Specific	.343	.603	.361	.763	.589
	IV7 Project & Construction Specific	.461	.600	.503	.684	.658
	IV8 Property Specific	.461	.524	.672	.708	.766
	IV9 Site Land Attributes	.456	.390	.516	.474	.736
	IV10 Suitability & Compatibility	.360	.573	.471	.736	.619
	IV11 Macro & Institutional Factors	.478	.584	.515	.651	.724
Sig. (1-tailed)	IV1 Financial Considerations		.000	.000	.000	.000
	IV2 Funding	.000		.000	.000	.000
	IV3 Location Specific	.000	.000		.000	.000
	IV4 Chain & Brand Affiliations	.000	.000	.000		.000
	IV5 Market Specific	.000	.000	.000	.000	
	IV6 Owner & Developer Specific	.000	.000	.000	.000	.000
	IV7 Project & Construction Specific	.000	.000	.000	.000	.000
	IV8 Property Specific	.000	.000	.000	.000	.000
	IV9 Site Land Attributes	.000	.000	.000	.000	.000
	IV10 Suitability & Compatibility	.000	.000	.000	.000	.000
	IV11 Macro & Institutional Factors	.000	.000	.000	.000	.000
Determinant = 5.99E-005						

Note: Table truncated due to space constraints
Source: Developed by Researcher.

In interpreting the preceding table, as the correlation matrix is a statistical technique to determine relationships between variables, it has been suggested that the loading value threshold to be 0.3, as anything below would indicate that the variables share too much variance and becomes impractical to determine if the variables are correlated to one another or the DV (Taherdoost, et al., 2022).

However, if the intercorrelations are too high, the standard error of factor loadings increases, making factor loadings unsuitable for factor score purposes (Garson, 2023, p. 32), which is the primary intent for the EFA procedure in this study.

While there is no agreed threshold of what defines extreme multicollinearity, Field (2018, p. 1015) advises to screen for squared multiple correlation values approaching 1.0, which represents singularity, being the affected variables are perfectly correlated with one another. In terms of absolute figures, Saunders et al (2019, p. 621) recommends a cut-off at 0.9 to delineate high collinearity, while Garson (2023, p. 32) suggests a more generous threshold of above 0.8.

With all correlations observed being positive, the lowest correlation appears to be between IV1 Financial Considerations and IV6 Owner & Developer Specific at 0.343, while the highest correlation observed is between IV7 Project & Construction Specific and IV8 Property Specific at 0.8. This relationship is hypothesised in the following chapter.

As Gason (2023, p. 32) explicitly explains: "*a value of 0.80, for instance, does not flag multicollinearity*". Therefore it is deemed that no extreme multicollinearity or singularity was observed, thus none of the variables are to be treated as redundant, and all the variables are suitable to be retained for subsequent applications.

In the significance testing for multicollinearity, Kootsra (2004) has advocated the critical value of 0.00001. From the correlation matrix table, the determinant was measured at 5.99E-005 or 0.0000599 in decimal, therefore the null hypothesis $H5_0$ is rejected, while the alternative hypothesis $H5_a$ of not too much correlation among the independent variables is supported.

Considering that the correlation matrix has been identified as distinct from the identity matrix, discriminant validity has been established, and the data set is deemed suitable for factor extraction via EFA (Taherdoost, et al., 2022).

Table 32 Factor Loading Matrix

Factor Matrix[a]

	Factor 1
IV1 Financial Considerations	.573
IV2 Funding	.694
IV3 Location Specific	.644
IV4 Chain & Brand Affiliations	.813
IV5 Market Specific	.830
IV6 Owner & Developer Specific	.785
IV7 Project & Construction Specific	.851
IV8 Property Specific	.883
IV9 Site Land Attributes	.750
IV10 Suitability & Compatibility	.816
IV11 Macro & Institutional Factors	.845

Extraction Method: Principal Axis Factoring.

a. 1 factors extracted. 4 iterations required.

Source: Developed by Researcher.

Upon extraction, the factor loadings obtained from the EFA for all IVs are all positive definite, with all values exceeding the suggested factor saturation threshold of 0.4, rendering them reliable and statistically significant, thus interpreted as having a meaningful association with the corresponding factor (Field, 2018, p. 1013).

In fact, Guadagnoli & Velicer (1988) claims that if a factor has four or more loadings exceeding 0.6, then it is considered reliable regardless of the sample size. The findings from factor loadings serve to inform the magnitude and extent of which a variable contributes to the construct, which is useful for this study's proposed calculation of factor scores.

As variables with high factor loadings are considered strong contributors to the factor, and while the inverse holds true, all 11 IVs have exceeded the necessary threshold values. This combined with communalities exceeding 0.4 categorises the collected data as “strong” (Taherdoost, et al., 2022) and deemed suitable for deriving individual factor scores for the weightage purposes of this study.

4.5.7 Weightage and Ranking

There are multiple avenues of calculating and assigning scores to variables, generally divided between two approaches: non-refined methods with less sophisticated practices, and refined methods requiring technical analyses (DiStefano, et al., 2009).

Both classes carry inherent advantages and disadvantages, which will be deliberated in this section along with the corresponding analysis findings.

Method 1: Sum Scores by Factor

With the intent of retaining the scaled metrics from the questionnaire for ease of comprehension, one of the most accessible methods of estimating factor scores from the sampled population involves either summing or averaging the observed raw scores from the items loading upon a factor (Comrey & Lee, 1992), and is particularly suited when the collected data is untested and/or exploratory in nature, such as in this research (DiStefano, et al., 2009).

Also identified as “average summated score” (Hair, et al., 2020, p. 330) or “arithmetical means”, for this research, the Sum of Scores by Factor is calculated based on the 11 independent variable’s derived means, calculated as follows:

Table 33 Mean Distribution for IV1 to IV11

	N Valid	Mean
IV1 Financial Considerations	104	8.1659
IV2 Funding	104	7.7885
IV3 Location Specific	104	8.1250
IV4 Chain & Brand Affiliations	104	7.4696
IV5 Market Specific	104	7.6471
IV6 Owner & Developer Specific	104	7.3141
IV7 Project & Construction Specific	104	7.8192
IV8 Property Specific	104	7.8766
IV9 Site Land Attributes	104	7.6288
IV10 Suitability & Compatibility	104	7.2436
IV11 Macro & Institutional Factors	104	7.2479

Source: Developed by Researcher.

With respect to the means identified in the central tendencies of the 11 identified determinants, this has resulted the ranking based on Sum Scores by Factor as:

Table 34 Weight and Ranking for Method 1: Sum Scores by Factor

	Method 1: Sum Scores by Factor	
Ranking	Variable	Sum of Factors
1	IV 1 : Financial Considerations	8.165865385
2	IV 3 : Location Specific	8.125000000
3	IV 8 : Property Specific	7.876602564
4	IV 7 : Project & Construction Specific	7.819230769
5	IV 2 : Funding	7.788461538
6	IV 5: Market Specific	7.647115385
7	IV 9 : Site & Land Attributes	7.628846154
8	IV 4: Chain & Brand Affiliations	7.469551282
9	IV 6 : Owner & Developer Specific	7.314102564
10	IV 11 : Macro & Institutional Factors	7.247863248
11	IV 10 : Suitability and Compatibility	7.243589744

Source: Calculated by Researcher.

While this non-refined method allows for convenient comparisons across multiple factors, provided they are on the same metric scale, the drawback to this method however, is that all factors are given equal weight, without regard for the loading value, as averages of the composite scores and affected solely by the values of observed variables only.

Method 2: Sum Scores – Standardised Variables

While still a non-refined method, the Sum Scores using Standardised Variables represents a more sophisticated calculation approach, and useful for variables with an observed wide standard deviation. Prior to summing, the raw respondent scores are subjected to standardisation by the same mean and standard deviation of the corresponding variable.

Table 35 Standard Deviations for IV1 to IV11

	N		
	Valid	Std. Deviation	Mean
IV1 Financial Considerations	104	1.30422	8.1659
IV2 Funding	104	1.68633	7.7885
IV3 Location Specific	104	1.36230	8.1250
IV4 Chain & Brand Affiliations	104	1.38556	7.4696
IV 5 Market Specific	104	1.24245	7.6471
IV6 Owner & Developer Specific	104	1.52086	7.3141
IV7 Project & Construction Specific	104	1.40471	7.8192
IV8 Property Specific	104	1.22826	7.8766
IV9 Site Land Attributes	104	1.43342	7.6288
IV10 Suitability & Compatibility	104	1.62171	7.2436
IV11 Macro & Institutional Factors	104	1.55264	7.2479

Source: Developed by Researcher.

With respect to the standard deviation observed from the measures of dispersion of the 11 identified determinants, the ranking based on Sum Scores by Standardised Variables are:

Table 36 Weight and Ranking for Method 2: Sum Scores – Standardised Variables

	Method 2: Standardised Variables	
Ranking	Variable	Standardised Variables based on IV
1	IV 4: Chain & Brand Affiliations	1.09E-14
2	IV 10 : Suitability and Compatibility	6.81E-15
3	IV 5: Market Specific	5.50E-15
4	IV 8 : Property Specific	4.74E-15
5	IV 6 : Owner & Developer Specific	3.08E-15
6	IV 3 : Location Specific	8.14E-16
7	IV 11 : Macro & Institutional Factors	6.91E-16
8	IV 9 : Site & Land Attributes	5.77E-16
9	IV 2 : Funding	-9.44E-15
10	IV 1 : Financial Considerations	-1.17E-14
11	IV 7 : Project & Construction Specific	-1.50E-14

Source: Calculated by Researcher.

With due deliberation, this method may not be too beneficial, as the standard deviations of the data is relatively low. Furthermore, the resultant weightage is astonishingly minuscule numerically, to the extent that scientific notations are required in lieu of abnormally long decimal places, which reverses the intent of convenient deployment by practitioners. Similar with the Sum of Scores by Factor method, no weightage is attributed to items with higher loading values.

<u>Method 3: Weighted Sum Scores</u>

The previous two methods categorically does not involve loading values in the calculations, thus disregarding the loading strength of each component and variable. While still categorised a non-refined method, the Weighted Sum Scores takes into account of factor loading upon each measured item.

As factor loadings themselves are the correlation between the factor and the original (observed) variable, Field (2018, p. 999) advises using factor score coefficients as the weights, rather than the factor loading themselves, as resultant matrix represents a purer measure of the unique relationship between variables and factors.

Therefore the coefficient matrix generated from the sum of composited observed variables using EFA is as follows:

Factor Score Coefficient Matrix	
IV1 Financial Considerations	1.112
IV2 Funding	1.036
IV3 Location Specific	1.054
IV4 Chain & Brand Affiliations	1.309
IV5 Market Specific	1.237
IV6 Owner & Developer Specific	1.177
IV7 Project & Construction Specific	1.130
IV8 Property Specific	1.311
IV9 Site Land Attributes	1.105
IV10 Suitability & Compatibility	1.194
IV11 Macro & Institutional Factors	1.243

Extraction Method: Principal Axis Factoring.
Rotation Method: Varimax with Kaiser Normalization.

Source: Calculated by Researcher.

The factor scores for each of the observed variables were individually calculated utilising EFA adopting Principal Axis Factoring extraction methods in view of the non-normal distribution of the data, and mapped to the corresponding IV, as shown in the table above, before being multiplied by the scaled score for each item before summing (DiStefano, et al., 2009).

The resultant weightage and ranking based on the Weighted Sum Scores method have been calculated as:

Table 37 Weight and Ranking for Method 3: Weighted Sum Scores

	Method 3: Weighted Sum Scores (PAF-CoEf Matrix)	
Ranking	Variable	Loading Values based on IV
1	IV 3 : Location Specific	8.211140491
2	IV 1 : Financial Considerations	8.131156817
3	IV 8 : Property Specific	7.863076628
4	IV 7 : Project & Construction Specific	7.808615371
5	IV 2 : Funding	7.728516309
6	IV 5: Market Specific	7.567315928
7	IV 9 : Site & Land Attributes	7.522792731
8	IV 4: Chain & Brand Affiliations	7.501951536
9	IV 6 : Owner & Developer Specific	7.357936364
10	IV 10 : Suitability and Compatibility	7.352518643
11	IV 11 : Macro & Institutional Factors	7.269599981

Source: Calculated by Researcher.

Due to the different factor loading values applied to each measured item, the advantage inherent to the Weighted Sum Scores method would cause the items with higher loadings to have correspondingly higher effects on the factor score.

While it is a marked improvement over the prior two methods, however being a non-refined method, the factor loadings themselves are subject to variability, particularly in the form of a researcher's selection of extraction models and/or rotation methods employed (Kootstra, 2004).

While generally perceived as more stable as non-refined methods are non-reliant on a particular sample, the Weighted Sum Scores method is still inherently susceptible to variability in measurements scales and the collected data itself (DiStefano, et al., 2009), as the scores can correlate not only with factors other than the ones derived from, but potentially with other factor scores from another orthogonal factor as well (Field, 2018, p. 999).

Method 4: Bartlett Scores

Refined methods are suitable to be adopted when both principal factors and common factor extraction procedures are utilised with the exploratory factor analysis. The resultant factor scores would be considered as linear combinations of the variables shared between the factor and items themselves, variances for instance.

In adopting the Bartlett scores' approach, only the common or shared factors affect the factor scores. Errors are minimised across the variables in the data set by summing the squares of the factors, resulting in factor scores which are vastly correlated to the corresponding factor, instead of other factors (Field, 2018, p. 999).

Similar to other refined methods in its class, Bartlett Scores is anticipated to maximise validity by generating highly correlated factor scores and demonstrate an unbiased estimate of "true" factor scores. The factor coefficient values extracted from the sum of composited observed variables via EFA are as follows:

Factor Score Coefficient Matrix

	Factor
	1
IV1 Financial Considerations	1.343
IV2 Funding	1.147
IV3 Location Specific	1.305
IV4 Chain & Brand Affiliations	1.414
IV5 Market Specific	1.322
IV6 Owner & Developer Specific	1.346
IV7 Project & Construction Specific	1.281
IV8 Property Specific	1.426
IV9 Site Land Attributes	1.241
IV10 Suitability & Compatibility	1.359
IV11 Macro & Institutional Factors	1.368

Extraction Method: Principal Axis Factoring.
Rotation Method: Varimax with Kaiser Normalization.
Factor Scores Method: Bartlett.

Source: Calculated by Researcher.

The factor loading for each of the observed variables were individually calculated utilising EFA adopting Principal Axis Factoring extraction methods in view of the non-normal distribution of the data, on this occasion adopting Bartlett's variable extraction, in accordance to each of their associated composite variable, and subjected to subsequent calculations utilising the scaled scores (DiStefano, et al., 2009; Field, 2018, p. 999).

The resultant ranked Batlett's Scores representing the weighted composite scores from all the respondents on each independent variable are:

Table 38 Weight and Ranking for Method 4: Bartlett Scores

	Method 4: Bartlett Scores (PAF-CoEf Matrix)	
Ranking	Variable	Bartlett Scores
1	IV 3 : Location Specific	8.211317026
2	IV 1 : Financial Considerations	8.142515286
3	IV 8 : Property Specific	7.865088136
4	IV 7 : Project & Construction Specific	7.815557873
5	IV 2 : Funding	7.728410684
6	IV 9 : Site & Land Attributes	7.530842295
7	IV 4: Chain & Brand Affiliations	7.523963723
8	IV 5: Market Specific	7.520426468
9	IV 10 : Suitability and Compatibility	7.416469723
10	IV 6 : Owner & Developer Specific	7.307407526
11	IV 11 : Macro & Institutional Factors	7.286912676

Source: Calculated by Researcher.

The Bartlett Scores refined method relays an inherent advantage in terms of neutrality over the three discussed non-refined methods, as the computations applied dispenses unbiased estimates of the actual factor scores which only correlate with their own factor, due to the usage of maximum likelihood predictions, thus increasing confidence in predictor independence while addressing multicollinearity (DiStefano, et al., 2009; Field, 2018, p. 999).

In comparing the results of the various scoring and ranking methods, the top 5 determinants ranked Methods 1, 3 and 4 stand in unison, with the difference being methods incorporating consideration of factor loadings rank IV3 Location Specific slightly higher than IV1 Financial Consideration.

Rankings between Method 3 and 4 are almost identical, with minor variations in placing between the lower ranked determinants, which may have been due to Method 3's factor scores being correlated despite the orthogonal EFA solution applied (DiStefano, et al., 2009).

From the Researcher's axiological stance, the notion of impartiality, along with results representative of the "true" weightage, unvarnished and independent from bias, the Researcher presents the Bartlett Scores method as the decisive ranking method selected for the subsequent research modelling in Chapter 5.

Chapter 5: Discussion and Conclusion

5.1 Introduction

This final chapter seeks to present an exhaustive discussion and synthesis of the results derived from the analysis and interpretations conducted in Chapter 4. The primary objective of this chapter is to examine insights, connotations and implications arrived at, and cross-referenced against the research objectives and questions put forth at the outset of the study, as well as presenting overarching conclusions, implications, and recommendations that has emerged from this research.

To facilitate a systematic and coherent discussion, this chapter shall be organised as follows:

Firstly, the research objectives and questions shall be revisited in the order posed, referenced against the findings garnered from the literature review, followed by the themes and observations from the qualitative analysis and subsequent empirical insights brought about by the quantitative analysis.

Subsequently, an integrative synthesis of the qualitative and quantitative findings is administered, allowing for comparisons, convergences and divergences between the two sets of research ethea against the literature reviewed.

The resultant exploratory research model to evaluate hotel investments is then presented, followed by attempts to accentuate the original contribution to knowledge this study has divulged, in terms of both academic discourse and explore prospective practical applications in real-world business context.

Finally, recommendations for future research have been proposed while the limitations encountered along this study is discoursed. By consolidating these disparate but yet interwoven methods and results, the Researcher hopes to illustrate contribute original knowledge towards the advancement on the research topic of hotel investments, and pave the foundation for future research and practical implications.

5.2 Summary of Study

The premise of this study is predicated upon the absence of a systemic evaluation framework or model for hotel investments, with each stakeholder group appraising investment opportunities based on their own predefined criteria in silo, and allegedly frequently in contradiction with one another.

This study proposes to identify the key stakeholders and determinants in hotel investments, to weight and rank said determinants, in an endeavour to develop a Value Management based approach to systemically evaluating potential hotel investments.

To achieve this ultimate objective, a Sequential Exploratory Mixed-Methods research design was adopted, conducted, and results analysed.

5.3 Study Findings

5.3.1 How are investments into hotels currently evaluated, and what are the shortcomings?

Revisiting RO1: To understand how current evaluations of hotel investment opportunities are made, and whether they adopt a Value Management approach.

While the objective and justifications for investments of any form has seldom been in doubt, and often revolving around explicit emphasis on maximal returns from the assets (Beals &

Troy, 1982), the motives and procedures behind the investment decision are usually shrouded in secrecy, being ambiguous at best.

The literature evidences that strategic decision making in hotels have been principally driven by single-perspective approaches. These approaches range from the generic consideration of the host location merits (Assaf, et al., 2015), to the very esoteric "*buy the hotel which you can borrow more money with*" (Jang & Yu, 2002).

Many decision makers are simply swayed by the brand marquee carried by the hotel, with little regards to the actual performance of the property, or the vibrancy of the market segments which the hotel serves.

There are thought leaders asserting "*hundreds of details must be assessed*" in the context of hotel investment decision making (Butler, 2013, p. ix). Not only does this insinuate that all the details (determinants) are of equal import, significantly more alarming is how there is barely a murmur of which details to contemplate and of how crucial they are.

Decision making, either from a singular perspective or founded on a sole determinant, surmised as a "silo mentality", evidences the presence of bias in its most efficient form within the hotel investment decision making process.

Another fallacy which predicated investor decision making for hotels, are the overreliance on market studies and feasibility studies (Hodari & Samson, 2014), which introduces and is susceptible to multiple forms of bias, including:

i) Selection bias: the analyst places emphasis only on finite aspects of the study they possess familiarity with.
ii) Confirmation and reporting bias: the report and its contents are swayed by the influence of the client, which is often the developer of the financier
iii) Response bias: Reliance on secondary data, or inaccurate benchmarks provided by the competing hotels to inflate their performance.
iv) Anchoring bias: Outcome influenced by initial findings.

Furthermore, the investment considerations have always been localised. While studies have pitted the performance comparison of international hotel chains against one another, the geographical setting of the studies have always been clustered locally at best, and extremely restricted on a global scale (Assaf, et al., 2015).

The literature review in Chapter 2 revealed how evaluations of hotel investment opportunities made as surmised above, and underscores a lack of Value Management in the evaluation approaches.

From this research's primary data collection, only 28% of the sampled population espoused practicing a semblance of Value Management when making hotel investment decisions. However upon closer scrutiny, only an actual 17% were able to identify an informal or selective approach to VM application in their evaluations.

It was distinguished that the majority of self-proclaimed VM adopters however, discriminatorily exercised tools in VM's repertoire such as total quality management, systematic risk assessment & modelling, goal setting and time management, without enforcing the entirety of VM's core principles, most prominently violating VM's conciliatory stance on multiple perspectives.

5.3.2 Who are the key stakeholders in hotel investments?

Revisiting RO2: To identify the key stakeholders in a hotel investment.

Literature has been sparse on the topic of hotel investments, scant on the determinants leading to successful investments, and practically non-existent for key stakeholders in the hotel investment environment.

Mentions of hotel stakeholder groups were casually interwoven across multiple strands of literature, however never discussed in depth, ranked or weighed, while these most important stakeholder groups remained definitively unidentified.

From the stakeholder analysis detailed in Chapter 4, filtering the wide range of stakeholder groups through the Power-Interest Grid, the Bases of Power and Directions of Interests analyses, the four key stakeholder groups were acknowledged in this study as:

i. Asset Owners & Developers
ii. Hotel Management, Operators & Chains
iii. Financier (Equity/Debt)
iv. Advisors & Consultants

It is indisputable that the identified key stakeholder's revenue streams, reputation and essential reason for being relies primarily, not only on the development of the hotel, but the expectation of success from it.

Other stakeholder groups, such as the media, suppliers, guests, insurers, etc., utterly do not exert sufficient influence or wield effective dominion over the investment process itself, to be warranted as key stakeholders.

While governments, regulatory bodies and local authorities were powerful enough to influence the hotel's ecosystem, they were deemed largely uninterested in the initial investment process and of the subsequent hotel operations itself, relegating them to be excluded from the key stakeholder groups.

5.3.3 What are the prime consideration determinants for hotel investments?

Revisiting RO3: To discover which factors are important in hotel investments.

The purpose of adopting Theoretical Sampling on Archival and Documentary Search data collection methods, was essentially to generate theories. Data saturation was considered achieved when the point of diminishing returns occurred, being no new strands of original thought were uncovered. This was to ensure no determinants of import were neglected in the distillation process.

Canvassing through virtually half a century of literature required reflexive practice in filtering the determinants that were predicated on the logical fit of the data, being essentially a theme's virtue based on discussed prominence, and not merely mentioned in passing or as an afterthought.

Heuristic methods applied during the coding process with Nvivo, supplemented by fuzzy logic decisions, have yielded the following identified 75 sub-themes:

Table 39 Summary of Identified Themes and Sub-Themes

No.	Sub-Theme	Theme
1	Economic Feasibility	Financial Considerations
2	Hotel Purchase Price & Affordability	
3	Profitability, Yield & Financial Returns	
4	Property Value & Appraisals	
5	Capital Availability	Funding
6	Favourable Lending Terms	
7	Capital Sources & Financing Options	
8	Attractiveness of Location or Area	Location Specific
9	Demand Generators Available	
10	Geographical Region & Host Country	
11	Brand standards	Chain & Brand Affiliations
12	Branding, Chain Affiliations & Loyalty	
13	Business & Operating Strategy	
14	Centralised or Shared Services & Procedures	
15	Engagement Terms	
16	Financial Contribution to Property	
17	Flexibility	
18	Group Size, Growth Rate & Financial Standing	
19	Competitiveness	
20	Knowledge, Expertise, Reputation & Experience	
21	Marketing & Distribution Capabilities	
22	Technology, Abilities & Services	
23	Demand	Market Specific

24	Supply & Competition	
25	Achievable Room Rates	
26	Barriers to Entry	
27	Competitive Position	
28	Market Forces & Dynamics	
29	Economic Base & Patronage Demographics	
30	Market Maturity, Endurance & Growth Potential	
31	Market Size & Segment Diversity	
32	Trends, Volatility & Seasonality	
33	Owner/Developer Background	Owner & Developer Specific
34	Fiscal Ability, Financial Resources & Size	
35	Investment Objectives & Business Strategy	
36	Investor Psychology & Culture	
37	Ownership Structure & Forms	
38	Idle Funds	
39	Consultant Quality & Availability	Project & Construction Specific
40	Development Costs	
41	Development Duration & Timing	
42	Internal & Property Specific Risks	
43	Quality of Design & Build or Refurbishments	
44	Employees, Management & Leadership	Property Specific
45	Enhancement & Repositioning Potential	
46	Existing Approvals, Permits or Special Licenses	
47	Hotel Classification, Rating & Compliance	
48	Hotel Facilities, Amenities & Services	
49	Income Generation Capacity	
50	Layout Efficiency & Flexibility	
51	Operating Cost Structure	
52	Product's Segmentation & Positioning	
53	Property Condition, Wear & Age	
54	Property Performance, Track Record & Past Results	
55	Property Reputation, Image & Quality	

56	Accessibility & Visibility	Site & Land Attributes
57	Infrastructure Availability, Quality & Pricing	
58	Land Considerations	
59	Property Ownership Tenure	
60	Zoning, Regulations & Restrictions	
61	Alignment between Developer & Hotel Company	Suitability & Compatibility
62	Cohesion among Shareholders & Stakeholders	
63	Compatibility - Brand, Operator & Product	
64	Distance Between Source & Host	
65	Hotels in Owner's Portfolio	
66	Product's Suitability in Location & Market	
67	Choices of Property Available	Macro & Institutional Factors
68	Economic Climate	
69	External Risk & Uncertainty	
70	Government Initiatives & Incentives	
71	Industry Cycles & Occurrences	
72	Political Stability	
73	Regulatory & Legislative Environment	
74	Sociocultural	
75	Taxation Policies	

Source: Developed by Researcher.

The qualitative analysis on the selected cases yielded 75 themes, which were subsequently segregated rationally, intentionally and distinctly into 11 key-themes, with intent of attaining prescriptivism.

The Researcher grappled with the divergent literature's use of jargon, terminology, nomenclature and vocabulary. For instance, the term "supply" was commonly referred by the hotel chains to identify "competing hotels", while the word "competition" were more frequently favoured by the developers. Essentially referring to the same element, the hotel chains opined that the term "competition" was antagonistic, while the developers preferred a more candid nomenclature.

Table 40 Frequency and Ranking for Key-Themes

No.	Theme	Freq.	%	Ranking
1	Financial Considerations	162	5.90%	9
2	Funding	166	6.04%	7
3	Location Specific	117	4.26%	10
4	Chain & Brand Affiliations	463	16.85%	1
5	Market Specific	431	15.68%	3
6	Owner & Developer Specific	185	6.73%	6
7	Project & Construction Specific	191	6.95%	5
8	Property Specific	453	16.48%	2
9	Site & Land Attributes	119	4.33%	11
10	Suitability & Compatibility	163	5.93%	8
11	Macro & Institutional Factors	298	10.84%	4
	Total Count =	2,748	100%	

Source: Developed by Researcher.

"Chain & Brand Affiliations" attained the highest coverage from the qualitative analysis of the literature cases, followed by "Property Specific" and "Market Specific".

While the qualitative study indicated that the most prominent feature are themes related to "Chain & Brand Affiliations", this does not necessarily indicate it is the most contributing predictor towards a hotel investment's success, but rather that it merely received the highest volume of coverage within the sampled literature.

Another interpretation would be that the "Chain & Brand Affiliations" key theme, by attaining the highest volume of subject matter under its coverage of the material reviewed, thus correspondingly garnered more than its reasonable share of attention within the literature.

Another result of the analysis indicates low correlation between IV1 Financial Considerations and IV6 Owner & Developer Specific and relatively high correlation between IV7 Project & Construction Specific and IV8 Property Specific. A hypothetical interpretation of this may be the financial merits of a potential hotel development is fairly independent from the developer, while improvements in the construction stages potentially leads to a superior physical attributes of the completed hotel.

5.3.4 What is the ranked significance of these determinants?

Revisiting RO4: To determine the ranked importance of the identified factors to key stakeholders.

As explained in Chapter 4's "weightage and ranking" section, the Bartlett Score's refined method carried several advantages over non-refined methods, primarily being highly correlated and provision of unbiased estimates, which permits a higher fidelity in representation of the actual factor scores of the key determinants.

The results from this analysis, yielded the following weight and rank for the investment determinants:

Table 41 Adopted Weightage and Ranking for the 11 Variables

Ranking	Variable	Bartlett Scores
1	IV 3 : Location Specific	8.211317026
2	IV 1 : Financial Considerations	8.142515286
3	IV 8 : Property Specific	7.865088136
4	IV 7 : Project & Construction Specific	7.815557873
5	IV 2 : Funding	7.728410684
6	IV 9 : Site & Land Attributes	7.530842295
7	IV 4: Chain & Brand Affiliations	7.523963723
8	IV 5: Market Specific	7.520426468
9	IV 10 : Suitability and Compatibility	7.416469723
10	IV 6 : Owner & Developer Specific	7.307407526
11	IV 11 : Macro & Institutional Factors	7.286912676

Source: Developed by Researcher.

The Three Most Important Determinants

As verified by 3 out of the 4 scoring methods conducted, the results from this study evidences the importance of the location (IV3), financial considerations (IV1) and the operating asset itself (IV8), as the three most important factors.

Viewed systemically, the identification of these three determinants can be approximately interpreted as factors revolving around the specific hotel itself, the location which it operates in, and the financial exigencies involved in its development.

This contradicts Phase 1's qualitative findings of the coverage frequency ranking of IV4: Chain & Brand Affiliations > IV8: Property Specific > IV 5: Market Specific, which serves to indicate that popularity or coverage frequency in posterity does not necessarily parallel actual consequence.

Near Homogeneity among Stakeholder Groups

Another thought provoking finding is the proximate homogeneity among the four stakeholder groups across the 11 identified determinants. It would appear that all the key stakeholder groups, while exhibiting different characteristics from the outset, all share a commonality in terms of investment values.

Table 42 Stakeholder Differences in IV 1: Financial Considerations

Kruskal-Wallis H Test

	Stakeholder Group	N	Mean Rank	Sig
Sum 1 Financial Considerations	Asset Owners & Developers	25	60.28	.049
	Hotel Management, Operators & Chains	30	46.77	
	Financier (Equity/Debt)	13	68.15	
	Advisors & Consultants	36	46.22	
	Total	104		

Source: Developed by Researcher.

A minor point of variance in the observed homogeneity, as the Kruskal-Wallis test in section 4.5.5 demonstrated, regards to the two stakeholder groups "Financiers (Equity/Debt)" and "Asset Owners & Developers" placing a higher importance upon Financial Considerations as a predictor determinant towards a hotel investment's success, as opposed to "Hotel Management, Operators & Chains" and "Advisor & Consultants" stakeholder groups.

The near homogeneity among stakeholder groups in terms of observed investment values however, should not necessarily be construed as a consensus of the hotel's strategic, operational and financial objectives however. While the long-term success of the hotel is desired by all parties, self-serving short-term goals likely still differs among the stakeholder groups (Turner & Guilding, 2010; Hodari & Samson, 2014).

Not stakeholder group specific, the discovery of IV2 Funding commanding the highest standard deviation, portends this determinant being the most divisive or controversial among the respondents, while IV5 Market Specific Factors gained the highest concurrence among the key stakeholders, by virtue of observing the lowest standard deviation.

Seldom Discussed Determinants are of Import:

Certain determinants such as IV10 Suitability and Compatibility and IV6 Owner & Developer Specific, being the lesser tangible determinants, were barely discussed in the literature, and received fairly low coverage, as observed during the Archival and Documentary Search.

However, the primary data collection has proven these determinants are deemed relatively important. Granted, these determinants are not ranked exceptionally elevated in this research's rankings, but with weighted values only varying by 12% between the lowest and the highest weighted determinant, these determinants are certainly not as negligible as the literature has portrayed. This could ostensibly be due to their intangible nature and being "soft" factors, a tendency for neglect or omission should not be discounted.

Comparison against Past Studies:

These observations bears multiple parallels to prior research conducted on the subject of hotel investments.

In 1962, Ernest Henderson's research evidenced the two most important factors as "financing" at 70% importance and "site evaluation" at 20% importance, which corresponds to and corroborates this research's "IV1 Financial Considerations" and "IV3 Location Specific" rankings respectively.

While Henderson's findings on the two most important factors for hotel investments are rotated compared to this research's findings, it is indicative of the perpetuity of these two leading determinants.

Fred Lawson (1995, p. 1), in his 1995 publication, identified five key determinants for successful hotel developments, in unsorted importance as:

i) Market (corresponding to this study's IV5 Market Specific)

ii) Economics (corresponding partially to this study's IV11 Macro & Institutional Factors)

iii) Location (corresponding to this study's IV3 Location Specific)

iv) Enterprise (corresponding to this study's IV6 Owner & Developer Specific)

v) Planning & Design (corresponding to this study's IV7 Project & Construction Specific).

While Lawson's findings does corroborate this study's findings affirmatively, particularly on the importance of the location in which the hotel is situated in, however it is worthy to note that Lawson did not elucidate his methodology in deriving his five determinants.

Furthermore, it has been established that authors have the tendency to blur the distinctions between the tangible notion of location against the intangible concept of a hotel's market. Should Lawson's terminology follow such fallacy, it would not be inconceivable for Lawson's reference of the market to actually convey an element of the hotel's physical location, in further support of this study's findings.

John Tarras' study on a comparatively small sample size of 35 respondent hotels cited four key determinants (Tarras, 1990):

i. Occupancy rate
ii. Average daily rate
iii. Revenue per available room
iv. Property net income

Tarras' determinants corresponds to IV8 Property Specific, which ranked third in this research, denoting the value contributed by the operating asset itself, and all its contributing components, towards the success of a hotel's development.

Similarly, Chris Cloete's study identified two classes of CSFs without specifying methodology (Venter & Cloete, 2007).

a) Factors within investor's control:

i. Type and quality of property (this study's IV8 Property Specific)
ii. Factors regarding location (this study's IV3 Location Specific)
iii. Price, interest and costs, and (this study's IV1 Financial Considerations)
iv. Time and marketing (partially this study's IV8 Property Specific)

b) Factor's outside of investor's control:

i. International, national and local economic, political and social factors (this study's IV11 Macro & Institutional Factors)
ii. National and local government regulations (this study's IV9 Site & Land Attributes)
iii. Short- and long-term business confidence (partially this study's IV6 Owner & Developer Specific)

It is perhaps Cloete's affirmation of the most important factors within an investor's control which is most pertinent to the research undertaken, as it corroborates 100% of this study's 3 most paramount investment determinants.

Unpredictably, despite being defended by both Yadegaridehkordi et al (2018) and Rushmore (2002), albeit without weighing this determinant's importance, the hotel chain's use of brand recognition and distribution reach did not factor highly in this study, as IV4 Chain & Brand affiliations ranked merely below the median of the ranking scale.

Authored from a conventional commercial real estate perspective, Ginevičius & Zubrecovas 2009's study in success factors empirically identified and weighted "project environment" and "economic efficiency" as their two most crucial determinants in a real estate investment (Ginevičius & Zubrecovas, 2009). Their findings similarly corresponds and corroborates this study's adapted variables IV3 Location Specific and IV1 Financial Considerations' leading positions.

Conceivably, the most influential and perhaps analogous findings to mirror this research's is Graeme Newell and Ross Seabrook's 2006 study on factors influencing hotel investment decision making (Newell & Seabrook, 2006), in which their research portrayed the following weighted factors:

Table 43 Weightage and Ranking from Newell and Seabrook's 2006 Study

Rank	Factor	Factor Weight
1	Financial	37.0%
2	Location	29.9%
3	Economic	14.5%
4	Diversification	12.0%
5	Relationships	6.6%

Source: (Newell & Seabrook, 2006)

Granted, their study was localised to Australia and had a significantly reduced sample size, however their finding's two most important factors mirrored this study's precisely, albeit in inverse order.

Newell & Seabrook concluded their study, by hypothesising that hotel investments prioritised financial performance (Rank 1), which is influenced by local market conditions (Rank 2). However, Newell & Seabrook's study, similar to many others, did not delineate a distinction between the physical location and the market which the hotel serves, as the market itself may not necessarily be a physical construct.

This research proposes to address Newell & Seabrook's theory slightly in the context of hotel investments, being the location of the hotel (Rank 1) dictates the financial performance of the asset (Rank 2). However it is prudent to note that both this study and Newell & Seabrook's indicated relatively marginal variances in weight for the top two most important determinants.

Newell & Seabrook's study additionally portrayed the "Asset Owners & Developers" stakeholder group prioritising Financial Considerations over the "Hotel Management, Operators & Chains stakeholder" group, which is unerringly synonymous to the findings of this study as well, elucidated in section 4.5.5.

5.3.5 How should the ultimate desirability and feasibility of hotel investment opportunities be evaluated?

Revisiting RO5: To develop a systemic strategic model for evaluating hotel investment opportunities.

From the findings reviewed, it is apparent that any systemic evaluation of a contemplated hotel investment should integrate:

i. Deliberation towards all the identified determinants.
ii. A conciliation or compromise of values between the key stakeholder groups.
iii. The assorted weighted values of the said determinants.

A strategic evaluation model for hotel investments, incorporating a Value Management approach with consideration towards key stakeholders is proposed in the following section.

5.4 Proposed Research Model

Results from this sequential exploratory mixed-methods research were fundamental in preparing and expressing the proposed model mathematically as follows:

Independent Variable	Score (s)	Weight (w)
IV 1 : Financial Considerations	s_1	8.142515286
IV 2 : Funding	s_2	7.728410684
IV 3 : Location Specific	s_3	8.211317026
IV 4: Chain & Brand Affiliations	s_4	7.523963723
IV 5: Market Specific	s_5	7.520426468
IV 6 : Owner & Developer Specific	s_6	7.307407526
IV 7 : Project & Construction Specific	s_7	7.815557873
IV 8 : Property Specific	s_8	7.865088136
IV 9 : Site & Land Attributes	s_9	7.530842295
IV 10 : Suitability and Compatibility	s_{10}	7.416469723
IV 11 : Macro & Institutional Factors	s_{11}	7.286912676

Source: Developed by Researcher.

Thus an index value to forecast the success of the hotel, being the dependent variable (DV), may be calculated utilising the multi-criteria decision analysis (MCDM) weighted-sum method (WSM) by multiplying the respective scores of a potential hotel investment with their corresponding weighted coefficients, as follows:

$$\text{DV} = (s_1 * 8.142515286) + (s_2 * 7.728410684) + (s_3 * 8.211317026) + (s_4 * 7.523963723) + (s_5 * 7.520426468) + (s_6 * 7.307407526) + (s_7 * 7.815557873) + (s_8 * 7.865088136) + (s_9 * 7.530842295) + (s_{10} * 7.416469723) + (s_{11} * 7.286912676)$$

5.5 Original Contribution to Knowledge

5.5.1 Theoretical Implications

The literature review has brought to attention several research gaps, from an absence of identifying and defining critical success factors in hotel investments, to the deficiencies in prevailing evaluative frameworks.

Past research into the determinants for a successful hotel development has been predominantly limited to financial and locational aspects (Popovic, et al., 2019), which ironically proved to be the leading two determinants identified from the results in this study.

However, the lesser ranked determinants are not significantly less crucial, and necessitates being taken into deliberation. This research's weighted values findings only ascertained a disparity of only 12% between the most and the least important determinants, as valued by the respondents.

This study has positively proposed which determinants poses significant effects upon the hotel investment, and will help pave the way forward for the academic community to achieve consensus in distinguishing the critical determinants of a hotel's performance, which has eluded concurrence thus far (Nalley et al, 2019).

These findings additionally addresses previous research's lack of inclusion on management, social, human, customer satisfaction and quality internal variables, as well as frequently neglected external variables such as macroeconomic conditions, political risks, financial and monetary policies (Dimitrić, et al., 2019).

From an ontological perspective, there is a requisite to acknowledge the existence of multiple realities in the jurisdiction of hotel investments, candidly due to different stakeholder perspectives. This study has discovered and presented the identity of the key stakeholder groups, while simultaneously endorsing a reconciliation of those multiple realities as a mandatory manoeuvre in the investment decision making process.

While not part of the initial intent, the literature review indicates that investment studies have been heavily localised. This study emphasises on the essentiality of incorporating an inclusive international perspective. Investments are a global phenomenon, and studies should not be physically limited to local contexts.

Furthermore, this study has resolved a point of persistent confusion, particularly among academics which are not practitioners within the hotel industry. The stakeholder analysis has etymologically defined the variances in aspects of functions and roles between stakeholder groups "owners/developers" and "operators & chains".

With respect and as a response to the identified failings of existing hotel evaluation frameworks, summarised in the background of the study, the findings from this research aspires to:

i. Widen the scope of consideration in terms of investment factors when evaluating potential hotel development opportunities.
ii. Excise the cacophony of marketing jargon accentuated by certain blocs.
iii. Emphasise upon the consideration of risk within existing hotel evaluation frameworks.
iv. Provide unambiguous and sufficiently prescriptive guidance through the evaluation process.
v. Serve as a reminder to adopt logical operating and financial assumptions when performing scoring exercises.
vi. Introduce a weighted value system moulded towards the key stakeholders.
vii. Diminish the reliance on intuition, which is susceptible to cognitive bias, among other forms of undue influence.

In consideration of the novelty of this research, through this study's qualitative in-depth assembly of all relevant determinants and identification of key stakeholders, combined with the quantitative assessment of weighted coefficients, this study endeavours to contribute meaningful knowledge towards the field of hotel investments and decision making.

5.5.2 Managerial and Practical Implications

The existing market studies, valuation reports and feasibility studies traditionally used to evaluate hotel investment opportunities are limited in scope, parameters and determinants taken into consideration. Furthermore, the aforementioned reports' formats were originally developed for other real estate classes, and not specifically for hotels (Beals & Troy, 1982).

This study proposes a robust systemic evaluation model to reduce reliance on those legacy reports standards and formats, as a decision making instrument in assisting the stakeholders in selecting an informed, empirically sourced and rationale-driven decision.

The proposed research model omits the speculative and arbitrary weightage, prioritisation of singular perspective or limiting deliberations to a handful of determinants. The model promotes the eradication of irrational or passion based investment decisions and impulsivity, essentially acting as a "debiasing" agent in the decision making process, in serving as a reminder to be lavish in thought, but circumspect in action.

To the hotel management, operators and chains, the width and depth of the determinants identified should assist them in seeing beyond the proclivities of the brand recognition they have evolved their business model around, and to regard the opinions of other key stakeholders.

This research's findings proposes to assist owners, developers and financiers to acknowledge the evaluation of a hotel investment should not be constrained to the boundaries of financial figures, but to take into equation of other factors which buttress and supports the underlying assumptions behind the financial numbers.

While the resultant model provides investors with the right instrument to meaningfully regulate their investments, even without employing the proposed model, the findings of this research should educate potential investors and financiers to verily emphasise on the physical location of the potential hotel development itself, rather than being swayed by the marketing and branding aspects championed by the hotel chains.

In acknowledgement over the hotel's hybrid asset class of being characterised equivalently as business as much as a physical asset (Newell & Seabrook, 2006), it would serve the promoters well to realise the fundamentals of the business takes precedence over the aesthetical features of the hotel.

Alternatively, this research's findings, in its provision of current and empirical data, would serve as a risk mitigation tool in enhancing information and knowledge, which subsequently reduces the perception of hotel investments being a high-risk asset class.

To the advisors and consultants, particularly those charged with preparing evaluation-type reports for potential hotel developments, the Researcher hopes that the analysts would agreeably expand their scope beyond the tangible determinants, and consider intangible factors such as suitability & compatibility, and the developer specific attributes when assigning or scoring values to the asset.

In relation to the non-evaluative non-investment procedural hotel development frameworks, the current processes proposed are ambiguous, ill-defined and left exposed towards varied interpretations. This research findings, particularly the identification of the 75 indicators, would support the planner in reframing, refining and concentrating on certain stages, such as the "location selection", "devising pro-forma studies", "management company selection", "negotiations", "asset management", and "project team assembly" among others.

This research furthermore endeavours to present itself as a practicable application of Value Management principles and methodologies in real-world settings, specifically within the subject of investments, which is contrary to VM's frequent preconceived associations with construction and project delivery sectors.

The Researcher further wishes that the findings and model from this research would indirectly facilitate the hotel industry's preparation for the next crisis. The Covid-19 pandemic systematically wiped out employment, shuttered hotels and brought one of the uppermost performing industries to be horribly shunned by investors and lenders alike.

As resilient businesses are built from tested business models, predicated on the right business decisions, the Researcher has faith that a hotel developed with the right mind-frame and authentic feasibility would be better positioned to weather the next adversity encountered, as well as thwart the overbuilding of excessive non-performing hotel assets.

5.6 Recommendations for Future Research

5.6.1 Explanatory Studies on the Importance of Identified Determinants

Primary data collection from this study has evidenced the importance of the location (IV3), financial considerations (IV1) and the operating asset itself (IV8), as the three most crucial determinants within a hotel investment. Literature has suggested the following popular reasons contributing to the importance of these top three determinants:

IV3: Location Specific

- The physical location of the hotel, which is perennial to and immutable from the property.
- The advantages of the host locality and region trickles down to the hotel.

- Affects the market the hotel is able to attract.
- The hotel acts as a supporting component to the location as a destination.
- Reciprocal demand generators in the vicinity supports the hotel's existence.

IV1: Financial Considerations

- Indicates whether the development is financially viable, and if it meets financier's expectations.
- Essential for cash flow planning.
- Affects purchase price considerations.
- Profitability as a benchmark and stress test.
- Relates to affordability and ultimately value.

IV8: Property Specific

- Unique particulars to the hotel acts as a differentiator amongst the competition.
- Services, facilities, quality, reputation, history and pedigree are points of distinction.
- The hotel's potential for enhancement and repositioning is a competitive advantage.
- Classification and ratings is essential towards market positioning.
- Income generation and cost mitigation ability contributes to profitability.

While the literature has hypothesised as to why these determinants are important to the key stakeholder groups, however a more in-depth study gathering empirical data as to why they are of consequence and ranked higher than other determinants, instead of making conjectures based on available literature.

Furthermore, in hindsight, the Researcher acknowledges that some of the indicators and determinants extracted from the textual thematic analysis may have been interpreted indiscriminately. For example, the “distance between source & host” could be perceived both positively or adversely.

One respondent may view a shorter distance between the source and host negatively, while another could presume a positive correlation with a longer distance. As exemplified in Santos et al's (2016) study, cultural distance discourages investment relations, while Falk's (2016) study indicates a lack of any correlation.

In a similar vein of thought, it would be worthy to examine whether some of the indicators contributing to the independent variables discovered, could in actuality be mitigating or moderating variables.

For instance, instead of being treated as a contributing determinant, could the possibility of having an abundance of idle funds, which generates little to no returns, motivate owners & developers to accept additional investment risks associated with a particular hotel development which under normal circumstances, they would not contemplate?

The Researcher is proposing supplementary in-depth explanatory study, but of an interpretevist persuasion, into these three determinants, and the components that comprises them, to procure an augmented insight on what makes these determinants more compelling than the others identified.

As the intent is eliciting insights from the target population, being industry experts, a narrative enquiry or similar mono-method qualitative data collection method would be appropriate, in comprehending why these determinants are important in the context of their domain, and to directionally discriminate whether certain determinants are contributors or detractors towards successful hotel investments.

A cross-sectional time horizon would be suited for this inductive approach, with a sample size of between 20 to 30 individual respondents to develop a well-saturated theory, as suggested by Creswell & Poth (2018, p. 226).

5.6.2 Evaluative Studies on Proposed Research Model's Effectiveness

The proposed research model developed from this study has presented a systemic evaluation approach towards hotel investments, which conciliates the beliefs of the 4 key stakeholder groups in scoring values of the 75 identified determinants.

As a conceptual model, research and testing should be carried out to validate the accuracy of the proposed model, for further refinement and improvements. This proposed future research should not be constrained to examining the correlations between the variables, but conjointly with aspects of causality, in discerning how one determinant could be used as predictor of another.

For example, how certain aspects of the hotel's location drives the ADR and forms the fundamental value, as suggested by Harper (2017). Alternatively, does the hotel's performance actually improve inversely in relation to the cultural distance between the host and source country, as hypothesised by Johnson & Vanetti (2005)?

Furthermore, the findings of this study indicates low correlation between IV1 Financial Considerations and IV6 Owner & Developer Specific and relatively high correlation between IV7 Project & Construction Specific and IV8 Property Specific. A causality study may test the interpretation of the financial merits of a potential hotel development being fairly independent of the developer, and whether improvements in the construction stages of the hotel actually leads to a superior physical attributes the completed hotel.

As cross-sectional time horizons are too fleeting for causality studies, causal research requires protracted periods of time to test whether changes in one variable affects another, and a relatively controlled environment, to regulate potential nonspurious associations (Hair, et al., 2020, pp. 170-171), thus relegating any causality studies beyond the ken of the current research and into potential forthcoming research.

As the scale of this proposed research is extensive, requiring active participation on the Researcher's part, undoubtedly a longitudinal time horizon has be adopted, as the period of time required between evaluating and conceptualising a hotel to its operational stabilisation may require between 3 to 5 years.

The Researcher is therefore proposing this future research to test the proposed evaluation model developed in a form of a positivist approach, potentially by way of experiment or action research. As the target population, being the number of hotels in the world, is estimated to be under 1,000,000 (Smith Travel Research, 2023), a sampling frame of potentially 384 subject cases will be required to impart a 95% confidence level (Saunders, et al., 2019, p. 302).

The measures of success will require definition and modelled as the dependent variable for relationship modelling to be performed, prior to eventually subjecting the results to regression tests and structural equation modelling, allowing for statistical exercises such as Confirmatory Factor Analysis to be conducted.

Ultimately, the index scores from the evaluated investment prior to development should be compared against the measured score of success. It is anticipated that the results from the proposed study would be able to confer an empiric form of predictive validity upon the variables/determinants as a predictor towards the success of the hotel (Hair, et al., 2020, p. 266). It is with hopes that future researchers will further test the findings of this research, and help build upon the theories generated.

5.6.3 Potentially Unexplored Determinants in Hotel Investments

While this thesis has successfully accomplished its intended scope of research, it is notable to state several intriguing ancillary findings were unearthed during the research passage that extended beyond the defined boundaries of this study, intimating potentially lesser discussed or unexplored determinants within hotel investments, such as emerging technologies and trends upon the hospitality industry.

Sustainability

The concept of "sustainability" has matured into a prerequisite for corporate reporting and green initiatives, bridging financing and sustainability accounting (Mio, 2016). However, in the context of current hotel literature, it appears that sustainability has been merely relegated to the annexes of marketing materials belonging to larger hotel chains, spurred primarily by public pressure (Calisto, et al., 2021).

While conducting the textual thematic analysis, the Researcher was astonished when none of the literature examined as of 2022, attributed the concept of sustainability as a determinant towards successful hotel investments, nary to the extent is was scarcely mentioned even in passing.

Furthermore, an academic survey conducted in 2018 indicated that sustainability had no correlation with hotel selection criteria among 311 guests in Korea, subsequently inferring that the concept of sustainability as an investment determinant did not contribute to the hotel's financial success (Kim, et al., 2019).

While environmental sustainability has gained traction in the hotel industry within the past decade, only upon the aftermath of the Covid-19 pandemic has other aspects of sustainability garnered recognition from the hotel industry in forms of financial (Metaxas & Romanopoulos, 2023) and social sustainability (Deraman, et al., 2021), suggesting a revaluation sustainability's contribution towards a hotel's success is due.

Business Model Innovation

The rise of alternative accommodations, has notably affected the profitability of certain segments within the hotel markets (Harper, 2017). Capturing market share as much as 10%

away from the hotels’ market share currently (Zervas, et al., 2017), alternative accommodations are expected to more than double in the next decade at a compounded annual growth rate of 14%, which is well above the projections for the traditional hotel industry (Polaris Market Research, 2023).

While internal competition between hotels have been identified in part within the "Business & Operating Strategy" and "Competitiveness" themes of IV4's Chain & Brand Affiliations, alternative accommodations may be considered by some as an innovation of the hotel industry’s existing business model.

Conceptualised and launched in 2008, alternative accommodations were initially targeted at budget-conscious younger travellers and has traditionally only captured market share from lower and mid-range hotels, and were largely dismissed as a threat by the hotel chains (Zervas, et al., 2017). In recent times however, higher-end alternative accommodations have increased in both presence and prominence with hotel chains joining the fray (Polaris Market Research, 2023) and potentially cannibalising business from their existing properties.

Considering that alternative accommodations are not subject to the same barriers of entry nor compliance to regulations in most jurisdictions, they could potentially be a looming threat to the hotel industry's share of accommodations market.

Artificial Intelligence

Contemporarily, we witness the pervasive emergence of Artificial Intelligence’s global foray into diverse spheres of almost all industries (Limna, 2023), including medicine, entertainment, retail, manufacturing, finance and security among others, with the practical exception of the centuries old hotels and the hospitality industry.

While yet to be systemically implemented, AI has been theorised to support the hotel industry along the following non-guest facing service components (Limna, 2023; Vinnakota, et al., 2023):

i. Property management.
ii. Revenue management and yield adjustments.
iii. Guest relations administration.
iv. Predictive analytics of key performance indicators.
v. Delivery of personalised service.
vi. Employee productivity and reduction of human errors.
vii. Resource and utilities management
viii. Improved chat-bots.
ix. Personalised and improved marketing efforts.
x. Preventive maintenance.
xi. Inventory management.

The Researcher opines that it would be intriguing to study AI's upcoming involvement in the hotel industry thus far, and its potential contribution to the success of hotel investments. In context of this study, it may be beneficial to have an unbiased neutral artificial intelligence evaluate various hotel investment opportunities, select and eventually justify the optimum option.

As these potential determinants have been identified, a deductive approach to theory development would be required. If a mono quantitative methodological choice is selected, a survey strategy could be employed towards collecting expert opinions would be appropriate in gauging both the importance and reasons these new determinants may present towards the success of hotel investments.

Similar to this current study, a cross-sectional time horizon is suggested, while a non-probability purposive sampling method would suffice, as the objective is to establish the relevance of these new determinants in the context of hotel investments, and not the production of statistical generalisations.

5.7 Limitations of Study

5.7.1 Limitations on Exploratory Research

While the Sequential Exploratory Mixed Methods research design employs the qualitative stage to "generate theory", and the subsequent quantitative phase to "verify" said theory, the limitations involving exploratory research nevertheless applies.

As Phase 1's exploratory research embodies the preliminary stage of gathering information and gaining in-depth understanding of the topic in order to generate a conceptual model, certain limitations have been potentially observed.

As discussed, while there is no lack of literature discussing management and operating aspects of a hotel's existence, there are significantly less publications pertaining to the investment aspects of the hospitality industry.

Furthermore, even less is written from a systemic approach towards evaluating hotel investments, rendering literature pocked with perspective bias. However there were sufficient literature from contradicting perspectives to allow for a critical review.

Access to the operating track records of hotels were problematic, as it is not a stipulated requirement to include the operating P&L statements under the USALI format to the audited financial reports of hotel owners, merely the profit from operations requires recording.

Despite theoretical saturation being achieved, as Phase 1's qualitative approach to data collection was performed on a relatively limited sample size of 32 subject cases, there is a possibility that the determinants gathered may not be representative of the entire population.

However, it is tempered by the premise of Phase 1's purpose of not attempting to produce generalisations, but rather to generate theory. Phase 2's subsequent quantitative approach in verifying Phase 1's findings allows for non-statistical generalisations, despite utilising a non-probability sampling method, about the target population, merely not necessarily on statistical grounds (Saunders, et al., 2016, p. 276).

As Phase 1's subject cases were literature, being authored by individuals with their own philosophical stances, their writings as susceptible to influence shaded by their practical or professional experiences, preconceived notions, or even prejudice and bias.

This was partially compensated for by the theoretical sampling method and selection of literature from different time periods. Nonetheless, the Researcher acknowledges the possibility of zeitgeist and systemic bias on the literary authors' part, and subjective interpretation on this Researcher's part.

One may question the selection of indicator variables, scoring methods, analysis approaches and implicit weighting, but exploratory studies are seldom definitive, and instead aspire in contributing to debates on improving methods and investigation approaches.

5.7.2 Limitations on Time Horizon

Time was identified as a resource constraint in this study, as it usually is in most academic courses (Saunders, et al., 2019, p. 212). During the explorative stage, the abundance of literature encountered were both numerous and vast.

While the sheer volume of the subject books, and the interspersed studies referenced in the journals provided a richer depiction as opposed to a reasonably timed interview, it correspondingly instigated the coding process to be more lengthy and arduous.

The increased amounts of time required to achieve theoretical saturation meant reduced time for the subsequent quantitative data collection and validation, constrained by this study's cross-sectional time horizon.

At one point, the Researcher contemplated an abductive research design, where a 3rd stage of qualitative data collection and analysis would be performed to explain why the respondents placed higher importance on several determinants over others, by way of interviews and subsequent narrative enquiry.

However, time constraints and the plight of the Covid-19 pandemic placed the notion of a face-to-face 3rd stage of further data collection in jeopardy, thus relegating the proposal to future research recommendations.

With cross-sectional time horizon temporal's impact upon exploratory research, it is extremely plausible that the passage of time would inevitably reveal additional determinants in the future. While new determinants such as the aforementioned evolving artificial intelligence and business model innovations have yet to make its mark on literature, considering the dynamicity of the hotel industry, emerging technologies and novel trends would inextricably contribute or detract from successful hotel investments in the future.

5.7.3 Limitations on the Data Collection Instrument

Phase 2's data collection instrument, being a self-administered internet based questionnaire offered several advantages including reach, scalability, convenience in timing, and cost effectivity. However, certain limitations are pertinent, particular in forms of bias.

The sampling exercise for Phase 2 may encounter sample or selection bias, as some of the respondents invited from the identified stakeholder groups are known to the Researcher. Furthermore, as the population is not definable, that may limit the representativeness of the stakeholders' consensus on valuing the factors in a successful hotel investment (Malhotra, et al., 2017, p. 313). However, as stated in Chapter 3's Research Methodology, the intent of this study was categorically not to make statistical generalisations.

In adopting internet self-completed questionnaires, there will be inevitably be individuals more likely to respond than others. The Researcher believes in increased tendencies of these respondents towards the participation invitations to online surveys, while others may ignore them, could potentially lead to systematic bias (Sekaran & Bougie, 2016, p. 256).

However, as every participant has equal probability of being selected, and with hopes that the characteristics of the respondent are spread randomly, this would somewhat neutralise the self-selection bias (Stehlik-Barry & Babinec, 2017).

There is no foreseeable method of defining the population given that hotel investments are not localised phenomena, and the population pool is constantly evolving, but it can be argued that the investment factors should remain relatively homogenous across various scenarios. This error has likely been further mitigated by the Researcher's increased sample size (Sreejesh, et al., 2014).

Access has proven problematic as well. Hotel chains stakeholder groups, in general, are communicative, eager to share and welcome overtures, particularly the brand owners and consultants. Certain stakeholder groups in contrast, namely the financiers and the asset owners, maintain a notoriously low profile, and tend to shy away from industry congregations, rendering access to them a challenge.

Being the primary capital providers however, makes their perspective on successful investment factors indispensable and low participation of these stakeholder groups in data collection may cause the findings to be skewered. Extra effort however was placed in engaging with asset owners and financiers, in ensuring sufficient representation.

The SurveyMonkey survey platform's package did not allow for randomisation of the order of questions or the Likert-scales themselves, thus potentially inducing order bias (Brace, 2008, p. 118), and the intimidating length of the questionnaire itself potentially initiating fatigue effects from respondents having to review and answer a battery of questions (Mourougan & Sethuraman, 2017).

Furthermore, the estimated time to answer 81 questions exceeded 15 minutes, particularly considering that each of the 75 determinants are distinctly explained in every question, requiring patience in appraisal and comprehension of the questions put forth.

Bearing in mind that the respondents are decision makers or key influencers, the sincerity of respondent's answers are of a concern, and may have been tinged with survey fatigue, potentially induced by respondents having been subjected to numerous invitations for multiple questionnaires, both academic and non-academic, during the lockdown periods during the pandemic.

The self-selection sampling method was selected to ensure participants' willingness in answering the survey, the questionnaire itself has been edited to be concise and meaningful, in aspiration to elicit well-considered answers.

The Total Response Rate of 3.9% and the Active Response Rate of 2.4% was moderately disappointing, considering that the response rate benchmark for business surveys in 2016 averaged at 9% (Saunders, et al., 2016, p. 284).

Considering that studies show online dropout rate increases after 5 minutes spent on the questionnaire (Regmi, et al., 2016; Ambele & Todd, 2018, pp. 59-60), fatigue may have beset the respondent's attention span, and thus inadvertently affecting the measurement of their opinion.

The Researcher sought to frame every question as concisely as possible, while simultaneously providing an uncompromising explanation for every determinant, along with not inducing any rewards for the completion of the questionnaire, the possibility of some respondents impetuously rushing through the questions and providing less deliberated responses should not be discounted, thus potentially introducing errors in measurement.

An additional measure to ensure respondents' credibility was the implementation of background checks, ensuring that they belonged to reputable factions of the identified stakeholder groups. A significant number of the respondents were prolific thought leaders, having been invited to speak or participate in hotel investment conferences.

The Researcher's physical absence as the questionnaire administrator compounded this challenge. However it was partially mitigated by the lack of inducement or coercion in gaining respondent's participation, denoted by the questionnaire's voluntary nature.

5.7.4 Limitations in Terminology

The Researcher acknowledges that there may be variances in the interpretation of terminologies employed within Phase 2's questionnaire. Certain terms and phrases utilised by the partially mutually exclusive domains of finance, hospitality and real estate may be construed or understood asymmetrically by different respondents.

For instance, the term "yield" conveys the same meaning of "net profit before tax" to the real estate and finance community, however the respondents under the employ of hotel chains may define it as "gross operating profits", as they are inclined to be agnostic of the corporate overheads involved in hotel ownership.

While the terminology differences from divergent sources of literature were identified, acknowledging that dissimilar terms were utilised to label essentially the same determinant, primarily due to the different perspectives the various literature were authored from.

Another notable divergence in terminology would be "brand owner" from a legal perspective and "franchisor" from a contractual standpoint, to which both essentially indicates the same stakeholder group. This has been addressed by references to varied terminologies in the data collection instrument to prevent cognitive dissonance from the respondent.

Similarly detractors and critics may find fault in the way the determinants were constructed. For example, the hotel chains and the asset owners may dispute on why "supply" and "competition" were combined into a single determinant. While the terms are rhetorically interchangeable, the chains tend to be less antagonistic in defining their competition, while owners and developers observe more candid predispositions.

The lack of standardisation among several terms themselves may lend confusion to the comprehension, although to a reduced extent. To this day, the term “hotel developers” have been used interchangeably with “operators” or “franchisors” by some quarters, while interpreted as “owners” by others (Dogru, 2017).

This absence of standardisation is prevalent across literature, and from what the Researcher has discovered, this phenomenon is not attributed to cultural or lingual differences, but rather professional capacity. Similarly, this challenge was partially mitigated by the absence of technical jargon usage, and the provision of ample clarification in the survey questions.

In hindsight, the Researcher is cognisant that an improved stakeholder-role definition could have been employed in the survey instrument, as there is a possibility that organisation type and the role of the respondent may not be analogous functionally.

How would a respondent, who performs as a legal advisor under the direct employ of a hotel investment firm, identify oneself? Or a finance analyst (consultant) under the employ of a bank (financier)? Or one of the limited few hotel operators which legally owns the assets they self-operate?

Therefore, the deliberation lingers, in what capacity did the respondents identify themselves as? Was their identity predicated upon the type of organisation they were attached to, or their role within said organisation?

5.7.5 Disclaimer on Limitations

While the Researcher acknowledges inherent limitations exist, however these limitations should not in any manner diminish, disqualify, detract or nullify the value and significance of the findings and research model. Limitations are a natural contrivance of research, and serves as a reminder in mindfulness when contextually interpreting and applying the findings.

5.8 Concluding Remarks

Appreciation for the Research Dichotomy

Coming full circle, the Researcher appreciates how conducting the research employing the sequential exploratory mixed methods design has allowed the Researcher to value the explicit differences, the nuanced subtleties and the ability to coexist between the relativist and positivist stances.

The Researcher has gained enhanced appreciation for the uninhibited exuberance allowed by the inductive discipline in ferreting haphazard strains of thought by various authors, and piecing them together, akin to a jigsaw puzzle, in synthesising emerging themes.

Similarly, the Researcher is in awe of the procedural robustness imparted by the deductive discipline, in applying data sciences to generate statistical findings from what appeared initially as a menagerie of unsystematic and indiscriminate numbers.

By adopting this research design, the Researcher is able to amalgamate how multiple realities are mutually conceivable, while applying scientific methods in making sense out of the observed patterns.

The Researcher parallels McKenzie & Knipe's (2006) opinion of labelling research approaches without adopting both inductive and deductive methods as "unduly impoverished", to a circumscribed extent.

The Volume of Themes and Sub-Themes.

When commencing the Archival and Documentary Search, up to the point of achieving theoretical saturation, the Researcher did not forecast the discovery of 75 determinants potentially contributing to a successful hotel investment.

The sheer number of determinants itself was intensely overwhelming, and induced challenges and consumption of time as a resource into the analyses and subsequent modelling. The volume of determinants itself affected not only the amount of elaboration required, but severely extended the length of the survey instrument, and the additional parameters to statistical tests required.

However, it is imperative to acknowledge that data in whatever form and quantities discovered, from the Researcher's axiological stance, demands the resolute commitment to independence and non-interference, which necessitated the reporting of the findings in an unadulterated manner, even when the amount of determinants itself proves complex or unwieldy.

The Width and Depth of the Themes:

Several of the identified determinants carried significant facets and complications. Comparatively, the aspect of Financial Considerations were objectivist and limited in count, while Macro and Institutional Factors was already expected to be numerous as they are generic and practically universal across almost every type of investment and constituted of a copious amount of components.

However the variety of themes associated to the property itself, market and hotel chains were unforeseen by the Researcher. This is assumedly attributed to the hotel's dual natured asset class, encompassing both property and business operating concerns and risks simultaneously.

In a layperson's comparison, while there may be only a handful of metrics to measure financial returns from an investment, the number of clogs in the machinery of an operating hotel can barely be kept tracked of.

Objectivity in Scoring:

Bearing in mind the potential for any instrument to be subject to exploitation, and any knowledge to be at the mercy of multiple interpretations, the scoring element in the proposed research model has to be applied both conservatively and objectively, as independent from bias as possible, in accordance with the axiological non-interference posture the model was developed upon.

Realising that bias is often an immutable component of human nature, in the absence or unattainability of objectivity, a multi-perspective scoring mechanism should be practiced when applying the research model to compensate for any potentially induced bias.

A Practice in Mindfulness:

As a practitioner in this industry, formerly in an asset owner & developer corporation and currently as a consultant to one, the Researcher witnesses that the question of evaluating hotel acquisitions or developments are more frequently than not replied with requests to “just get a valuation report done”.

This research has presented a systemic evaluation model, taking into consideration of the relevant determinants in a concessionary approach between all the key stakeholder views. The Researcher does not desire for this research’s findings to be relegated as merely academic text to be dismissed in practice, neither should this research be viewed as a milestone without being positioned into real world applications.

The Researcher hopes that the findings of this research can serve as a conversation starter and a reminder of the need for mindfulness, as an antidote to the fallacy of myopic thought. A feasibility study or a valuation report conducted by a third party agency should not be regarded as the be-all and end-all for evaluating a hotel investment opportunity.

It is about seeking that optimum balance. Balance between being time consuming and expedient, balance between the stakeholders, balance of resource allocation, and the right proportion of balance among the determinants. And that is what this research paper seeks to accomplish. To remind all parties to consider the relevant parameters, and seek the optimum balance between them. After all, what is an investment decision, if not an exercise of mindfulness?

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Appendices

Appendix A: Internet Self-Administered Questionnaire Form

The remainder of this page has been intentionally left blank; kindly refer to the following page.

Key Determinants in Hotel Investments

Welcome!

<u>Introduction:</u>
My name is (Timmy) Ho Chin Wei, and I'm conducting a research undertaking for my doctoral thesis titled "*A Strategic Evaluation Model for Hotel Investments: A Value Management Approach for Key Stakeholders*" towards a Doctorate of Business Administration from the University of Wales Trinity Saint David.

<u>Purpose:</u>
This questionnaire is purposed to measure your opinions as a key stakeholder on the importance of the following identified determinants in a hotel investment.

<u>Procedure:</u>
I would be appreciative if you could kindly answer all questions. It should take between 15 to 20 minutes of your time to answer the questions.

<u>Participant:</u>
By participating in this questionnaire, you are required to be involved in or related to the hotel industry.

<u>Risks:</u>
There are no risks identified to the participants, I will not be recording your name or contact details, or ask for any sensitive or personal data. All your answers/details will be strictly used for data collection for this research only and will be kept highly confidential.

<u>Contact:</u>
If you have any questions about this research, kindly contact me at timmy.ho.chin.wei@gmail.com or +60124251065. Your opinion matters, and your participation is appreciated.

Key Determinants in Hotel Investments

<u>Consent</u>

* 1. I confirm that I have read and understand the information sheet for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.

☐ Yes

* 2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.

☐ Yes

* 3. I agree to take part in the above study.

- [ ] Yes

Key Determinants in Hotel Investments

Demographic

Respondent's Category Questions

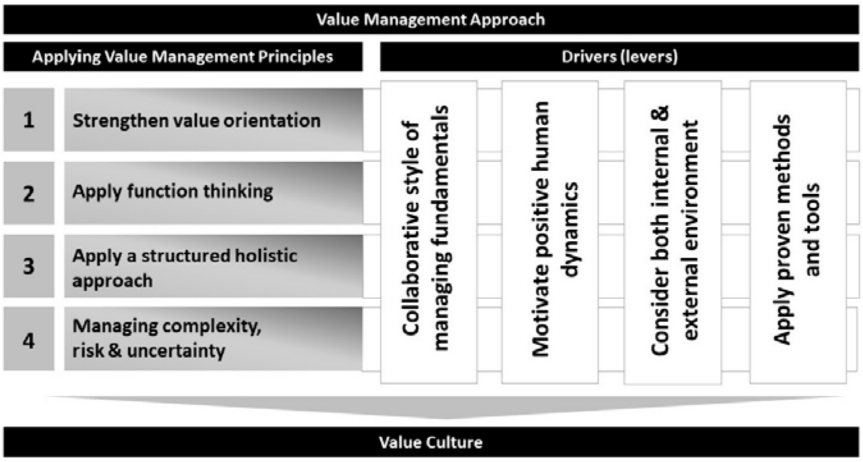
* 4. Which description most suits your organisation?

- ◯ Asset Owners & Developers
- ◯ Hotel Management, Operators & Chains
- ◯ Financier (Equity/Debt)
- ◯ Advisors & Consultants

* 5. How would you best describe your position within your organisation?

- ◯ Leadership
- ◯ Management
- ◯ Operational / Professional

* 6.



Value Management (VM) is an underlying concept applied within existing management systems and approaches concerned with the creation of sustainable value, either at the project, product, process, organisational or social level. Unlike Value-Based Management, VM reconciles differing priorities of multiple stakeholders and the resources required to satisfy them to deliver optimum value.

Underpinned by four principles, and enabled by four drivers, Value Management approaches can be deployed in decision making processes, and is typically in the form of:
a) Informal/Intuitive: Relies on an organisation's existing value culture to guide decisions in applying VM.
b) Formal: Visible and trackable deployment of VM across all aspects of the organisation.
c) Study-Based: Selective, discretionary or independent deployment of VM methods on specific subjects or projects.

Do you/your firm currently adopt any Value Management approaches in making/advising **hotel investment decisions**?

- ◯ Yes
- ◯ No
- ◯ Uncertain

If "**Yes**", please describe briefly on the form of Value Management approach adopted:

Key Determinants in Hotel Investments

Determinant 1: "Financial Considerations"

How important are these determinants towards a hotel's success?

* 7. **Economic Feasibility**:
Pertains to the economic feasibility of undertaking the investment, on whether the project's economic value is greater than costs incurred during development. Also considered as "financial appraisals" or "economic market study".

Least important ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ Most important

* 8. **Hotel Purchase Price & Affordability**:
Concerns the proposed or transacted price of the property, how closely the value matches or exceeds the price, payment modes, and implications on affordability on the developer's part.

Least important ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ Most important

* 9. **Profitability, Yield & Financial Returns**:
Includes pre & post debt risk-adjusted returns on equity such as IRR or NPV, earning multiples, capitalisation rates, and comparison against historical data and market benchmarks'.

Least important ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ Most important

* 10. **Property Value & Appraisals**:
Relates to the underlying economic value of the asset, and appraisal related considerations such as method and usage. While a hotel may be economically feasible and profitable, its market value may still be affected.

Least important ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ Most important

Key Determinants in Hotel Investments

Determinant 2: "Funding"

How important are these determinants towards a hotel's success?

* 11. **Capital Availability**:
Concerned with capital and market liquidity, includes borrowing approval rates in the prevailing investment climate.

Least important ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ Most important

* 12. **Favourable Lending Terms**:
Includes LTVs/MOFs, capital costs, the required hurdle/threshold rate of return for equity holders, the interest/coupon for debt providers, interest cover and safety levels of financial leverage.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

* 13. **Capital Sources & Financing Options**:
Incorporates available debt & equity instruments, financing structures and flexibility.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

Key Determinants in Hotel Investments

Determinant 3: "Location Specific"

How important are these determinants towards a hotel's success?

* 14. **Attractiveness of Location or Area**:
Whether travellers find a particular location desirable, and includes general characteristics which make a particular location desirable, such as convenience, reputation, centrality, etc.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

* 15. **Demand Generators Available**:
The supportive nature of surrounding land-use being the immediate neighbourhood and market areas, as well as other non-hotel components in a mixed real estate development. Includes tourist attractions and activity inducers located within the vicinity.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

* 16. **Geographical Region & Host Country**:
Includes competitive advantages inherent to a particular region or country, and may include unique characteristics such as climate, nature, culture, socioeconomic environment, etc.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

Key Determinants in Hotel Investments

Determinant 4: "Chain & Brand Affiliations"

How important are these determinants towards a hotel's success?

* 17. **Brand Standards**:
This aspect is concerned with the requirements, regulation, adherence and relevance of standards from the franchisor or brand owner.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

* 18. **Branding, Chain Affiliations & Loyalty**:
This factor is concerned with the image portrayed by the brand, perceived recognition, along with the value and benefits of chain association.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

* 19. **Business & Operating Strategy**:
The effectiveness of a management company's expansion, resource deployment, brand growth, portfolio management and operating philosophies, be it centralised or decentralised, and includes management terms like area of protection or exclusivity afforded to a property.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

* 20. **Centralised or Shared Services & Procedures**:
Relates to the availability and perceived benefits of shared services, which includes but not limited to purchasing, reservation, cross referrals with sister properties, marketing, human capital management, and revenue management, along with advantages gained from economies of scale.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

* 21. **Engagement Terms**:
Refers to the appointment mode/participation models (franchise/management agreements/leases), length, quantum & transparency of fee structure, effectiveness of incentive fees, equitability of pass-through payments, and affiliated billings with a particular management company and/or franchisor.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

* 22. **Financial Contribution to Property**:
Introduces meaningful forms of capital contributions such as key money, equity participation, loans and associated debt arrangements, which may be provided for or arranged by the franchisor/management company to the developer/owner, along with their willingness and capability to do so.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 23. **Flexibility**:
The extent of the franchisor or management company's general flexibility in engaging with the developer, and may encompass negotiated terms, assistance on owner obligations, buy-out or early termination provisions, support in obtaining financing, and transfer restrictions among others.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 24. **Group Size, Growth Rate & Financial Standing**:
Pertains to the franchisor or management company's organisation size, presence in different regions, financial health, along with portfolio/assets under management, and critical mass considerations.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 25. **Competitiveness:**
Covers both inter-competition among hotel chains, and intra-brand portfolio competition within the same market segment, together with their direct and indirect effects on a hotel investment.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 26. **Knowledge, Expertise, Reputation & Experience:**
The collective knowledge, expertise, reputation & experience of a hotel management company along with their leadership profile, past measures of success and track records, which indirectly reflects their corporate image and stability.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 27. **Marketing & Distribution Capabilities**:
Comprises of collective elements from the management company or franchisor's marketing orientation, skills, strategy, scale, scope, initiative cohesiveness and channel distribution capabilities to secure hotel patronage.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 28. **Technology, Abilities & Services**:
This determinant focuses on the hotel chain's ability to differentiate themselves from their peers and gain competitive advantages. Some of these advantages may include adoption of technology, yield management, experience in unique markets, and handling distressed/turnaround or unionised properties.

Least important									Most important
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

Key Determinants in Hotel Investments

Determinant 5: "Market Specific"

How important are these determinants towards a hotel's success?

* 29. **Demand**:
Various forms of demand including current, forecasted, latent and unaccommodated demand, as well as factors dictating demand in the market. Additional considerations are the need to quantify the demand, reasons behind the demand, variances of demand across different market segments, correlations between leisure & commercial demand and demand indicators.

Least important									Most important
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

* 30. **Supply & Competition**:
Includes considerations towards the existing supply, prediction of future supply, gaps in market segments, inducement of new supply, analysis of the competitor set, as well as implications of overbuilding in a specific market.

Least important									Most important
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

* 31. **Achievable Room Rates**:
The potentially achievable average daily rates for a hotel in a specific market segment.

Least important									Most important
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

* 32. **Barriers to Entry**:
Contemplates wide ranges of both naturally occurring and induced barriers to entry for a specific hotel market.

Least important									Most important
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

* 33. **Competitive Position**:
Pertains to a hotel's competitive positioning among its competitors in the same market. Includes considerations of market penetration indexes and competitive advantages.

Least important ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ Most important

* 34. **Market Forces & Dynamics:**
Driving forces which may affect levels of supply and demand in a particular market, and its effect on the subject hotel. Examples include rate wars, changing buying behaviour, and the evolving nature of the market.

Least important ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ Most important

* 35. **Economic Base & Patronage Demographics**:
Covers the nature of the guests & patrons including arrival statistics, employment growth, spending patterns, and price sensitivity.

Least important ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ Most important

* 36. **Market Maturity, Endurance & Growth Potential**:
Concerned with how established the subject market is, and the implications of various segments the market is dependent upon, as well as its future growth potential.

Least important ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ Most important

* 37. **Market Size & Segment Diversity**:
Concerns the size of the subject market, and the quantity of segments catered within that market.

Least important ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ Most important

* 38. **Trends, Volatility & Seasonality**:
This factor considers the short to long term trends (eg technology, aging population, travel routes, etc), native/localised volatility and implications of seasonality upon a specific market

Least important ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ ◯ Most important

Key Determinants in Hotel Investments

Determinant 6: "Owner & Developer Specific"

How important are these determinants towards a hotel's success?

* 39. **Owner/Developer Background**:
This aspect is specifically concerned with the developer's/owner's past track records, portfolio performance, and credibility, experience, skills, non-financial resources, along with corporate governance mechanisms adopted in the firm.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 40. **Fiscal Ability, Financial Resources & Size:**
Includes financial health, access to capital, reserves, credit worthiness and ability to service borrowing repayments, as well as relative organisation & portfolio size in comparison with their peers.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 41. **Investment Objectives and Business Strategy** :
Covers ownership and investment rationale & strategy, being the circumstances of the firm's short, medium and long term objectives in developing hotels, and includes the level of understanding on hotels among the investors, as well as the organisation's mission statement.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 42. **Investor Psychology & Culture**:
This factor is focused on the manifestations and attributes of the investment entity's psychology, their risks appetites, decision making, potential biases as well as the underlying culture of the organisation.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 43. **Ownership Structures & Forms**:
Certain ownership & investment corporate structures carries desirable advantages under certain circumstances. Also refers to the capital structure of the organisation, and expansion modes such as strategic alliances or mergers.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 44. **Idle Funds**:
Considers the urgency which a firm has to invest should they have unallocated funds sitting idle and not generating returns.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

Key Determinants in Hotel Investments

Determinant 7: "Project & Construction Specific"

How important are these determinants towards a hotel's success?

* 45. **Consultant Quality & Availability**:
This factor is concerned with the importance of consultants in the various stages of developing a hotel, the availability and quality of their expertise, and coordination ability amongst themselves.

Least important ... Most important

* 46. **Development Costs**:
Considerations towards the total cost of developing the hotel, from pre-acquisition to post-opening, and includes land, site preparation, building, furnishing and fees incurred, among others.

Least important ... Most important

* 47. **Development Duration & Timing**:
This factor is attentive towards the hotel development duration, and its associated implications on cost, expectations and timing of entry into the market.

Least important ... Most important

* 48. **Internal & Property Specific Risks**:
Internal and property specific risks are somewhat directly manageable risks, including financing, deal structure, market related, operating, legal, and construction among others. Additional considerations are the allocation of risks among parties involved, as well as the balance between risk & reward.

Least important ... Most important

* 49. **Quality of Design & Build or Refurbishments**:
This factor encompasses quality aspects of the architecture, design, aesthetics and visual appeal of the property, for both new developments and refurbishment projects.

Least important ... Most important

Key Determinants in Hotel Investments

Determinant 8: "Property Specific"

How important are these determinants towards a hotel's success?

* 50. **Employees, Management & Leadership**:
This factor involves human capital involvement at the hotel's operational level, and generally covers leadership, management and employee considerations. Includes management efficiency, perceived quality, management structure, and optimal levels of staffing.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 51. **Enhancement & Repositioning Potential**:
This aspect covers the current and future physical enhancements and market repositioning potential of the subject property, as well as its prospective expansion capabilities.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 52. **Existing Approvals, Permits or Special Licenses**:
Covers aspects of licensing, permits and approvals held by or granted to the property or its associated legal entity, which in addition to being legally compliant, may grant the asset additional perks or benefits.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 53. **Hotel Classification, Rating & Compliance**:
This factor considers the implications of formal classifications granted by awarding bodies, and informal ratings by third-parties or guests, as well as compliance to local guidelines.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 54. **Hotel Facilities, Amenities & Services**:
This factor covers aspects of availability, selection and quality of facilities, amenities and services provided by the hotel, as well as their implications of a hotel's profitability & image.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 55. **Income Generation Capacity**:
Includes achievable room rates, occupancies, duration required to achieve highest earning potential, sureties and various income streams available to a particular hotel.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 56. **Layout Efficiency & Flexibility**:
This factor denotes the effectiveness of a particular hotel's layout in optimising operational requirements, use of spaces and how flexible the hotel is in reconfiguring its layout and facilities for different purposes.

Least important ... Most important

* 57. **Operating Cost Structure**:
Studies the hotel operating cost structure, including both fixed and variable costs, optional services and mandated fees, against the competitor set and market norms. Additionally incorporates the levels of profitability of the available income streams enjoyed by the hotel.

Least important ... Most important

* 58. **Product's Segmentation & Positioning**:
Includes various revenue streams available to the property, and cross-segment properties such as "apart-hotels", or "glamping"

Least important ... Most important

* 59. **Property Condition, Wear & Age**:
This factor concerns itself with the general condition of the property, which is affected by both age and usage, and includes considerations for capital replacement (FF&E) reserves, past refurbishments, hygiene and cleanliness.

Least important ... Most important

* 60. **Property Performance, Track Record & Past Results**:
Incorporates existing track records, past results and trading history of the property, as well as speed to achieve stabilised occupancy.

Least important ... Most important

* 61. **Property Reputation, Image & Quality**:
Includes facets of value, rarity and imitability, along with the reputation accrued by the property, including perceived quality of the employees, service standards, cleanliness, customer reviews as well as awards garnered.

Least important ... Most important

Key Determinants in Hotel Investments

Determinant 9: "Site & Land Attributes"

How important are these determinants towards a hotel's success?

* 62. **Accessibility & Visibility**:
This factor involves methods of access to the site, transportation infrastructure available, vicinity to said transportation hubs, views and visibility from main routes.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 63. **Infrastructure Availability, Quality & Pricing**:
Includes locally provided utilities to support the hotel & essential services within its vicinity.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 64. **Land Considerations**:
Concerned with all matters pertaining to the physical aspects of the land, including suitability & sufficiency of the land in catering to the hotel use, excess land for potential expansion, potential other uses for the land, and natural or man-made resources found on & under the land.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 65. **Property Ownership Tenure**:
Includes tenure of the title ownership rights, remaining length of term, other covenants on the lease if applicable, potential encumbrances, quality marketability and transferability of rights.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 66. **Zoning, Regulations & Restrictions**:
This factor concerns itself with the zoning compliance, boundary challenges, parking & facilities requirements, permissible build heights and other restrictive covenants imposed by local government legislation.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

Key Determinants in Hotel Investments

Determinant 10: "Suitability & Compatibility"

How important are these determinants towards a hotel's success?

* 67. **Alignment between Developer & Hotel Company**:
This factor involves the intangible elements between the owner/developer and the hotel chain, conversely the nature of the relationship, work culture compatibility, tone of communication, congruent interests, synergies, levels of trust, and potential principal-agent problems which may arise.

Least important									Most important
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

* 68. **Cohesion among Shareholders & Stakeholders**:
This aspect deals with the cultural fit, common objectives, similar philosophies, attitude and style alignment along with potential informational asymmetries among the equity partners in a hotel development undertaking.

Least important									Most important
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

* 69. **Compatibility - Brand, Operator & Product**:
This factor concerns the affinity among the trinity of the physical hotel, the brand it operates under, and the day-to-day supervisory administration of the property.

Least important									Most important
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

* 70. **Distance between Source & Host**:
Includes familiarity & predispositions/preferences, as well as geographical, historical & cultural distances between the location/region of the subject hotel and the base of the developer/owner.

Least important									Most important
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

* 71. **Hotels in Owner's Portfolio**:
Studies the implications of the subject hotel development's inclusion into the developer/owner's existing investment portfolio composition, along aspects of heterogeneity, diversification strategies, portfolio management discipline, and risk adjusted returns.

Least important									Most important
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

* 72. **Product's Suitability in Location & Market**:
Studies multiple facets of the (envisioned) hotel product's appropriateness in the selected location, includes dimensions of design, size, hotel type, facilities, pricing, cultural fits and level of service against the target segments available in that location.

Least important									Most important
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

Key Determinants in Hotel Investments

Determinant 11: "Macro & Institutional Factors"

How important are these determinants towards a hotel's success?

* 73. **Choices of Property Available**:
This factor deals with the consideration of the supply sentiments relating to availability of hotels for sale or spaces available for new developments in a target location. Involves hotel transactional market conditions such as pressure to sell, amount of supply, screening processes, principles of substitution and planning opportunities in the real estate market.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

* 74. **Economic Climate**:
The general economic conditions which may encompass both the hotel's host region and developer's source country, and includes aspects of industry health, growth rates, market liquidity, income levels, spending habits, inflation, capital market performance and currency exchange among others.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

* 75. **External Risk & Uncertainty**:
This involves external and to a certain extent, not directly manageable risks attached to the trading environment, inefficient markets and the world at large along with the element of uncertainty. Draws comparison against other real estate classes and other investment options.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

* 76. **Government Initiatives & Incentives**:
This aspect deals with the hotel host country's initiatives, sometimes in the form of reduced capital outlay or operating costs to securing investments, in order to incentivise hotel development & operations, and can often be localised to certain locations. Draws comparison between attracting foreign direct investments or encouraging local participation.

Least important									Most important
○	○	○	○	○	○	○	○	○	○

* 77. **Industry Cycles & Occurrences**:
This factor is concerned with industry cycles, which be either be domestic or global, and it's effects on the lodging industry, as well as impactful occurrences such as large scale protests, outbreak of diseases, terrorism, wars, and disasters, both natural or otherwise.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 78. **Political Stability**:
This factor denotes the impact of political stability or lack thereof in a hotel's host country upon the hotel investment. Also considers the effects of political unrest and regime changes in the trading environment.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 79. **Regulatory & Legislative Environment**:
Broadly covers areas of protectionism, national barriers to investments, government policies, legal systems and bureaucracy. Concerns perceived fairness and the enforcement of "rule of law", FDI regimes, capital repatriation, employment policies, import restrictions and ease of doing business.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 80. **Sociocultural**:
Includes all things related to social and cultural aspects of the hotel's host country, such as labour markets, population growth & size, employment trends, acceptance of hotel themes, potential of language or religious barriers, impact of development on the society, prevalence of diseases and the corresponding healthcare standards.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important

* 81. **Taxation Policies**:
This factor concerns the tax policies of the country the hotel resides in. Aspects include duties & tax rates, rules, laws, capital gains, benefits, impact and consequences on different types of ownership structures and individuals involved in the hotel.

Least important ○ ○ ○ ○ ○ ○ ○ ○ ○ ○ Most important