CORPORATE STRATEGIES IN THE ZIMBABWE TOURISM INDUSTRY

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BY

EDGAR TAMUKA MAKONI

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DECLARATION

"I declare that (*title of the paper*)

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ABSTRACT

Despite having one of the ***Seven Wonders of the World***, tourism receipts have been on a steady decline for the past six years in Zimbabwe, Zimbabwe has lost considerable market share to countries in the region and world. Establishing whether tourist entities can counter the adverse macro-economic conditions the Zimbabwe tourism environment presents and identifying effective counter strategies are key objectives of this study. Through qualitative research techniques, the study identified negative publicity, reduced capital base and loss of skilled staff as some of the challenges faced by the Zimbabwe tourism industry. The researcher failed to reject the null hypothesis that organizational success is determined by macro-economic factors. Although macro economic factors have a strong influence on organizational success, opportunities exist for tourist entities to reduce the effects of the adverse operating environment. With the aid of information technology, tourist entities need to pursue international business partnerships and marketing strategies

ACKNOWLEDGEMENTS

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Formulation and completion of this paper would not have been possible without the guiding references provided by the research manager and their team. I would like to convey a special thanks to my research supervisor Andre Vermaak who patiently and tirelessly pushed my abilities in the right direction.

I salute my family and my dear wife Kundai for forgoing precious family time and resources while I took time to complete this research paper. I dedicate this paper to my son Tapiwanashe Jerome Makoni.

TABLE OF CONTENTS

Content	Page
CHAPTER 1	
1.1. RESEARCH OBJECTIVES	4
1.2. RESEARCH PROBLEM AND SUB PROBLEMS	4
1.3. STUDY LIMITATIONS AND DELIMITATIONS	7
1.4. IMPORTANCE OF STUDY	8
1.5.0. TOURISM ENVIRONMENT	10
1.5.1 Macro Economic Analysis	11
1.5.2. Zimbabwe's Tourism Landscape	17
1.6. RESEARCH REPORT OUTLINE	23
CHAPTER 2	
2.0. LITERATURE REVIEW	24
2.1 STRATEGY OVERVIEW	24
2.2 LEADERSHIP ROLES	25
2.3.0. COMPETITIVE STRATEGIES	27
2.3.1. Internal Competitiveness	34
2.4 ROLE OF INFORMATION TECHNOLOGY	42
2.5 FRANCHISING STRATEGIES	44
2.6 FINANCIAL STRATEGIES	45
2.7 LITERATURE SUMMARY	46
CHAPTER 3	
3.0. REGIONAL AND NATIONAL INITIATIVES	48
3.1. INTRODUCTION	48
3.2. REGIONAL TOURISM INITIATIVES	49
3.3. LOCAL INSTITUTIONAL INITIATIVES	53
3.4. NATIONAL ECONOMIC REVIVAL INITIATIVES	53
3.4.1. Look East Policy	53
3.4.2. Zimbabwe Tourism Recovery Plan	54
3.4.3. Impact of local Initiatives	55
CHAPTER 4	
4.0. METHODOLOGY	56
4.1.0. RESEARCH BACKGROUND & DESIGN	56
4.1.1. Research Approach	58
4.1.2. Research Sample	58
4.1.3. Data Collection	60
4.1.4. Data Measurement	61
4.1.5. Reliability and Validity	64
4.1.6. Data Coding	65
4.1.7. Data Analysis	66

CHAPTER 5
5.0. RESULTS 68
5.1. RESEARCH RESPONSE 68
5.2. DEMOGRAPHIC ANALYSIS 69
5.3. QUALITATIVE ANALYSIS 72
5.4. QUANTITATIVE ANALYSIS 74
5.5 HYPOTHESIS TESTING 80
5.6. ASSOCIATION FACTORS 81
5.7. RESULTS SUMMARY 82

CHAPTER 6
6.0. DISCUSSION OF THE RESULTS 84
6.1. TOURISM RECEIPTS 84
6.2. MACRO – ECONOMIC IMPACT 85
6.3. CAPITAL BASE 86
6.4. LEADERSHIP DIMENSION 87
6.5 HUMAN RESOURCES & CLIENT SERVICE DIMENSION 89
6.6. INFORMATION TECHNOLOGY DIMENSION 92
6.7. INTERNATIONAL ORIENTATION DIMENSION 92
6.8. DISCUSSION AND RECOMMENDATIONS SUMMARY 93

CHAPTER 7
7.0. CONCLUSION 98

APPENDICES
1. ZIMBABWE EMPLOYMENT BY SECTOR 101
2. FDI INVESTMENT CRITERIA & FDI NATIONS RANKINGS 102
3. TOURIST ARRIVALS BY COUNTRY OF RESIDENCE 104
4. COMPANY BACKGROUND INFORMATION 106
5. LOCAL INSTITUTIONAL INITIATIVES 108
6. LOCAL ECONOMIC REVIVAL PROGRAMMES 110
7. RESEARCH QUESTIONNAIRE 113

REFERENCES **119**

LIST OF TABLES
1. ZIMBABWE BALANCE OF PAYMENTS 12
2. TOURISM REVENUE IN ZIMBABWE 18
3. VISITOR ARRIVALS BY MODE & BUSIEST PORT OF ENTRY 19
4. DEMOGRAPHIC SUMMARY 72
5. QUALITATIVE SUMMARY 74
6. RESEARCH DATA 79
7. SAMPLE DATA SUMMARY 80
8. PEARSON CORRELATION MATRIX 82

LIST OF FIGURES

1.	FDI INFLOWS	14
2.	GDP CONTRIBUTION BY SECTOR	16
3.	ROOM & BED OCCUPANCIES	21
4.	BED NIGHTS VS VISITOR ARRIVALS	21
5.	SOURES OF FUNDING	46
6.	TOURISM ARRIVALS & RECEIPTS BY SUB REGION	52
7.	RESEARCH RESPONSE BY TOURISM SECTOR	69
8.	NULL HYPOTHESIS REJECTION REGION	80

CHAPTER 1

1.1. RESEARCH OBJECTIVES

Following a steady decline in the Zimbabwe tourism industry, this study intends to achieve the following objectives:

- to develop research material for future research in the Zimbabwe tourism industry;
- through research, to explore the challenges facing the Zimbabwe tourism industry;
- through research, to establish organizational strategies to counter the adverse macro-economic conditions;
- to establish the extent management within tourist concerns employ known management best practice in the industry; and
- to establish whether management within corporates in the tourism industry can overcome the challenges facing the tourism industry.

1.2. RESEARCH PROBLEM AND SUB PROBLEMS

A steady decline in tourist receipts in $ US terms coupled with a harsh macro-economic environment in Zimbabwe over the past six years have translated into decline for tourist entities. Due to lower tourist receipts and harsh macro-economic environment tourist entities in Zimbabwe face the following challenges:

1. rewarding and retaining staff
2. training staff
3. meeting capital requirements (required for capital equipment and customer facilities)
4. use of up to date technology (payment, booking and check-in facilities)

Inflation adjusted accounts for the tourism corporates reflect declining profitability (Confederation of Zimbabwe Industries, 2006). Firms operating in a high inflationary environment face the challenge of maintaining and increasing profit levels. Profitability can be defined as the extent to which a company earns the highest return possible for

resources used or capital employed, consistent with the desire and ability to assume risk (Garrison & Noreen, 2003). Lower tourist arrivals have adversely affected service delivery of tourist organisations in Zimbabwe.

Employee motivation, knowledge and skills play a crucial role in effective service delivery to customers. Employee incomes have not kept up with inflation increasing at over 40% per month, reduced profits have limited employers' ability to pay competitive remuneration and rewards (Gono, 2006). Employers in the tourism industry have battled to retain key staff and hence benefit from employee training. Zimbabwe has been losing key skills to neighbouring countries that include South Africa, Botswana and Zambia offering higher salaries and higher standards of living (Gono, 2006).

Tourism facilities such as comfortable rooms and entertainment play an important role in guest satisfaction. Tourist entities, due to lower retained earnings, have been unable to regularly upgrade facilities such as checking – in and payment, information technology, bedding, carpeting, touring vehicles and entertainment facilities such as modern TVs. The inability of organizations to meet their capital requirements has adversely affected service delivery. The Rainbow Tourism Group (RTG) in 2006 due to inadequate capital reserves embarked on a rights issue to raise capital to refurbish its properties, upgrade information technology and buy essential equipment that included kitchen equipment (RTG, 2006). RTG corporate information is attached at **Appendix 4**.

This study sought to ascertain how and if organizations in the tourism sector can achieve organizational success in the present harsh economic environment. The null hypothesis is organisational success is determined by macro-economic and industry factors. The alternate hypothesis is organizational strategy is a tool to counter harsh macro-economic conditions. The research questionnaire at **Appendix 7** was broken into three sections, namely section A, B and C. Section A captures demographic information used to ascertain minimum sample criteria. Responses were sought from executive and senior managers from all tourism sectors whom had served a minimum of two years in the industry. Section B, contains explorative, qualitative questions that sought to gain

insights into the challenges facing the tourism industry and how these challenges can be overcome. Section C sought to measure the extent to which executive and senior managers within the tourism industry implement management best practice as outlined in the literature review.

Questions 1 - 5 measured the extent to which management provides direction and leadership through a clear vision and mission statement. These set of questions measured the extent to which management was proactive through market and competitor awareness. To achieve organisational success, management needs to be aware of its strengths and weakness and devise means to eliminate threats through adequate resource provision to such threats; this is the essence of strategy. Questions 6 - 13 measured the extent to which management within the tourism sector prioritised client service and built organisational capability to provide excellent service through its human resources. In addition to identifying market needs and wants, management should provide adequate client facilities to enable an excellent tourism experience. To deliver high quality service, organisations in the tourism service should be equipped with knowledgeable and motivated staff. Questions 6 - 13 also measured the extent to which management hired appropriate staff; and utilised training and incentives as tools to deliver excellent service. Questions 14 and 15 measured the extent to which management implored information technology (I.T.) as a tool to gain competitive advantage. In the global village numerous tourism business facets are generated from remote destinations over the internet.

Travel agencies in most countries determine tourist arrivals and route airlines to destinations favoured by tourists. Alliances with such organisations can be a useful means to secure clients and boost revenue. International brands and association with international brands builds tourist confidence in tourists of the destination they intend to travel to. Questions 16 and 18 measured the extent to which management prioritises international alliances a means of boosting revenue. Debt is a highly risky financial instrument in Zimbabwe given the high inflation and high interest rates currently being

experienced in the financial market. Question 17 sought to measure the extent which management uses equity as a low risk option to raise capital.

Tourism umbrella bodies such as the Zimbabwe Tourism Council (ZCT) and the Hospitality Association of Zimbabwe (HAZ) provide a platform for organisations to collectively address problems of common concern and lobby for more favourable policy frameworks. These include national budget allocation and national entry conditions for foreign tourists. Question 18 in addition to measuring international orientation measured the extent to which management within tourism association spheres vividly lobby for policy favourable to an increase in tourism receipts.

1.3. STUDY LIMITATIONS AND DELIMITATIONS

The tourism sector in Zimbabwe is diverse, tourist organisations that form the tourism industry include travel agents, restaurants, food outlets, airlines, boat hire, hospitality concerns (hotels, motels, lodges, guest houses and hostels), site tour operators, art galleries, sculpture, photography and vehicle hire. A limitation of this study is the fact that due to the wide diversity of the tourism sector, a detailed study for each of the tourism sub sectors is required to obtain greater insights into appropriate strategies to combat the current adverse economic challenges Zimbabwe presents. Not all operating tourist concerns are registered, some tour operators, guest houses and gallery and informal concerns are not registered and hence are not included in the study. Input from small unregistered operators and informal traders could provide valuable perspectives and contributions applicable to situations prevalent in the Zimbabwe tourist sector. To reduce costs, data was gathered from senior managers via electronic mail. With a limited budget, face to face interviews were limited as participants at times were sparsely located, at times the distance between participants was as much as 900kilometres. The only cost effective means of communication with participants in remote tourist destinations is via telephone or e-mail. To increase the response rate, 10% of the qualitative portion of the research constituting Section A was conducted via telephone. Further study delimitations are discussed extensively in Chapter 4.

1.4. IMPORTANCE OF STUDY

Despite short comings highlighted above, this research is key to building corporate management strategies for the Zimbabwe tourism sector, little research in this area has been conducted in Zimbabwe. While statistics on tourism arrivals, receipts and investment are readily available, very little research on competitive strategies is evidenced. This study derives conclusions encompassing all organisations registered with the Zimbabwe Council of Tourism, the umbrella body of all tourism concerns in Zimbabwe. Literature and facts used in this study have been obtained from the Zimbabwe Tourism Authority, a government umbrella body that regulates the tourism industry. Participants of this study are tourism decision makers working at senior and executive management level. Local tourism performance has been cross examined with regional and global performance and trends.

Strategic management theory assumes organisations operate within normal macro-economic environments however, this is not the case in Zimbabwe. The Zimbabwe annual inflation rate in August 2006 surpasses the 1200% mark, hence operational costs and the replacement costs of local capital equipment has increased beyond the reach of most organisations (Gono, 2006). All Zimbabwean organisations produce goods and provide services that have import content; in perspective the demand of foreign currency far exceeds supply (Gono, 2006). A considerable amount of equipment and utilities used in the tourism industry are imported, such items include information systems software and hardware, security surveillance systems, parking lot equipment, kitchen equipment, elevators, vehicle and touring equipment (binoculars, tents, boats e.t.c.). The manufacturing sector has declined by 40% since 2001 (Robertson, 2005). The reduction in local manufacturing capacity has put additional pressure on dwindling foreign currency reserves. Supplies ranging from soft drinks, alcoholic beverages, dairy and fruit produce have been erratic thereby reducing service delivery capacity.

Western countries through sanctions imposed as a result of Zimbabwe's perceived adverse human rights record have limited Zimbabwe's ability to source funds for critical energy requirements and balance of payments support (Gono, 2006). Local tourists eager to save fuel have generally limited visits to tourist destinations. Frequent power cuts as a result of electricity deficits have altered the client's experience in all tourist destinations. Most organizations have managed to source heavy duty electricity generators, however, their capacity does not equal normal supplies, these generators powered by diesel or petrol fuel are noisy and disturb a requisite tranquil environment.

Zimbabwe's GDP has declined by over 30% since 2000 from the point when the government embarked on what has been widely viewed by the West as a controversial land reform programme. Concerns about economic and political governance have discouraged productive investment and resulted in capital flight. International relations have also further deteriorated, the international community has expressed concern over lack of basic human rights and rule of law, the US and European Union have targeted sanctions against Zimbabwe (International Monetary Fund, 2004:6). More specifically for the tourism industry, tourist arrivals and tourist earnings have declined extensively over the past six years. Statistics show that tourism revenue in Zimbabwe has declined by 100% between 1999 and 2005 (Zimbabwe Tourism Authority, 2005). Zimbabwe experienced a 16% tourist arrival decline between 2004 and 2005 (Zimbabwe Tourism Authority, 2005). Air travel is a key factor in boosting tourist travel, since 2000 numerous airlines have pulled out of Zimbabwe due to perceived "adverse" conditions. Australia's Qantas, Germany's Lufthansa, Egypt Air, KLM, Air France, Air Tanzania and Austrian Airlines discontinued operations in Zimbabwe in the past five years, these moves are an indication of declining tourist arrivals in the country (Mafunda, 2006).

The tourism sector, like all industries in Zimbabwe have witnessed the flight of much sought after skills to neighbouring and oversees countries offering better remuneration and standards of living. It is estimated that there are four million Zimbabweans living in neighbouring and overseas countries. Government authorities acknowledge this situation, under the auspices of the National Economic Development programme

(NEDPP) discussed in length in Chapter 3, have launched a human resources survey to ascertain the extent of skills shortage in Zimbabwe and map out alleviation strategies. Alleviation strategies include recalling retirees and offering lucrative short term contracts to Zimbabweans working abroad (Government embarks on human resource survey, 2006:4). From a socio-economic front, the AIDS, epidemic has wrecked havoc in Zimbabwe and Southern Africa through lost trained skills, lower productivity and higher recruitment costs. Poverty levels continue to rise and the HIV/AIDS pandemic remains a humanitarian crisis (International Monetary Fund, 2004:6).

Although organisations in the tourism industry cannot directly control external socio-economic variables such as the political environment, fiscal policy and exchange rate; tourist organisations can directly influence internal variables such service levels, training of staff, organisational culture and strategic business alliances. This study presents tools that organisations in Zimbabwe can use to retain and attract much sought after tourists. Corporate vision and mission statements locate organisational destiny and the requisite ploys to reach the intended destination (vision). The human element in service is paramount to organisational success; staff training and motivation are key factors in retaining both staff and clients in the tourism sector already internationally renowned for a high staff turnover. Technology facilitates easier client and business transactions and allows organisations to tap into foreign markets from distant locations. International brands and synergies are key factors in attracting foreign tourists and in building client confidence.

1.5.0. TOURISM ENVIRONMENT

As indicated earlier, macro-economic factors such as hyper-inflation and declined investment due to sanctions have contributed to the decline of the tourism sector, this section explores the macro-economic environment in relation to the tourism industry and tourism landscape in Zimbabwe.

1.5.1. Macro Economic Analysis

Zimbabwe over the last 5 years received adverse international media reports, including alienation by countries in the west, primarily due to the controversial land reform programme. Gono (2005) emphasizes that **"bad publicity has dealt Zimbabwe's tourism sector a painful blow".** Sanctions are defined by Gono (2005:2) as measures applied in response to perceived wrong doing by a state, such as an act of aggression against another state or human rights violation from the perspectives of international conventions.

An example of targeted sanctions includes the Zimbabwe Democracy and Economic Recovery (ZDER) Act of 2001 and EU sanctions under article 96. ZDER targets the assets and economic means of human rights perpetrators. Section 4 (c) also allows US executive directors to each financial institution (e.g. IMF & World Bank) to oppose the vote against any extension by the respective institution of any loan, credit, or guarantee to the Government of Zimbabwe; or any cancellation or reduction of indebtedness owed by the Government of Zimbabwe to the US or any international financial institution" (Zimbabwe Democracy and Economic Recovery Act, 2001).

Bradley (2005) highlights EU sanctions conveyed on Zimbabwe as follows:

- suspension of all national and programme budgetary support;
- suspension of all financial support for all projects, except those in support of the general populace;
- an embargo on the sale, supply of arms and technical assistance, including all military training to suppress internal repression of ordinary Zimbabweans;
- travel bans on persons who engage in human rights violation; and
- declaration of Zimbabwe as an unsafe destination.

Whereas countries in Southern Africa such as Tanzania, Uganda, Zambia, Cameroon and Mozambique have had their debt cancelled, Zimbabwe's foreign debt remains firmly in place. The Zimbabwe Herald (2006) reported that by 16 February 2006, Zimbabwe had paid US$ 193 000 000.00 to avoid expulsion from the International Monetary Fund however, the US used the Zimbabwe Democracy and Economic Recovery Act of 2001 to block further aid from the International Monetary Fund.

Gono (2005) in his analysis of the effects of sanctions on Zimbabwe highlights that the balance of payments position has deteriorated from a deficit of US$ 21 million in 1993 to US$ 740 million in 2005. The effect of current account deficits and reduced capital inflows has in recent times created excessive pressure on foreign exchange reserves. The foreign exchange shortages have crippled Zimbabwe's ability to meet foreign payment obligations and finance critical imports such as fuel, grain and electricity. Foreign currency arrears payments in 1999 totaled US109 million, this figure had risen to US 2073.7 million by the end of 2005 (Reserve Bank Zimbabwe, 2005).

Table 1 below indicate Zimbabwe's balance of payments deficit between 1997 and 2004.

	1997	1998	1999	2000	2001	2002	2003	2004
Current Account	-776.3	-335.6	29.1	-135	-86.5	-217.1	-543.9	-541.7
Capital Account	-63.9	24.1	189.1	-315.1	-403.4	-232.8	-221.4	-244
Overall Balance	-740	-298.2	0.5	-171.1	-193.8	-371.5	-488	-302.8

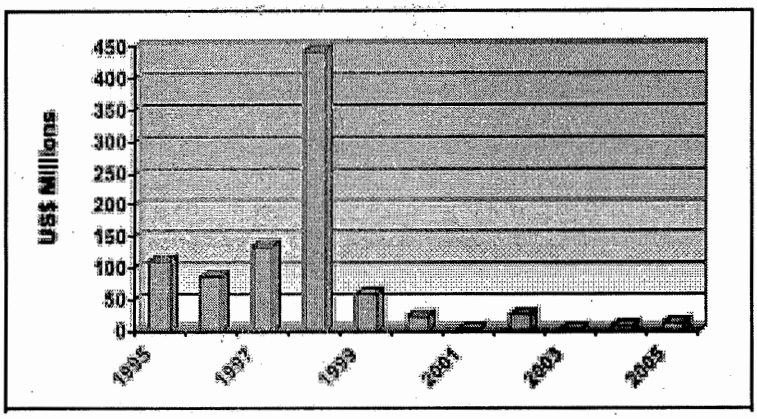
Source: Reserve Bank of Zimbabwe

Table 1. Zimbabwe Balance of Payments Summary: US$ millions

Zimbabwe's capital account, previously a surplus account has been in deficit since 2000. This was a result of the nation's perceived high risk profile by regional and international creditors. Zimbabwean companies are on record as being unable to access offshore funding because of the country's perceived risk. Zimbabwean companies for the last six years have been dealing with international suppliers on a cash basis (Reserve Bank Zimbabwe, 2005).

Foreign Direct investment (FDI) is a key driver of economic growth in any developing economy. FDI generates economic growth and employment creation, FDI investment has stimulated growth in the Asian block encompassing nations such as Singapore, China and South Korea. Low investment in the export sectors has reduced foreign currency reserves causing shortages in fuel and raw materials essential for production in Zimbabwe (Reserve Bank Zimbabwe, 2005). FDI in Zimbabwe in 1998 amounted to US$444.3 million, this figure declined to a paltry US$ 3.8 million by the end of 2003. **Figure 1** depicts foreign direct Investment Inflows.

Corporates seeking to invest abroad consider labour costs, labour skills, labour legislation, proximity to financial resources and support services, political and security risk, macro-economic stability, regulatory environment, tax regime and infrastructure (Economist, 2005). While African nations such as South Africa and Egypt feature on the world's top 60 investment destinations list, Zimbabwe once viewed as the second strongest economy after South Africa in Southern Africa does not feature on this list. The FDI criteria and nations listing are at **Appendix 2**.



Source: Reserve Bank of Zimbabwe

Figure 1: Foreign Direct Investment Inflows

Tourism is one of the world's largest industries, accounting for over one-third of total global service trade (WTO, 1998). Furthermore, earnings from domestic and international tourism have increased by an annual average rate of 9% since the 1980s, accounting for 10% of world's GDP. A wide range of activities that tourism covers (e.g., transportation, hotels and restaurants, tour operators, travel agents, tour guides, supply of souvenirs and financial services for tourists, and marketing) makes the compilation of standardized FDI statistics in tourism at international level almost impossible (Endo, 2006).

Many developing countries consider tourism as an important and integral part of their economic development, and sometimes it is even perceived as a panacea for their fragile economies (Dieke, 2000). Hence it is not surprising that Zimbabwe seeks FDI into all sectors of its economy including tourism. The Rainbow Tourism Group (RTG) listed on the Zimbabwe Stock Exchange major shareholder is foreign based. RTG's largest shareholder invested in the company at a time when local shareholders where shunning the tourism sector given Zimbabwe's declining tourism industry.

Important to FDI in tourism are such factors as friendly local culture, geographical distance, level of economic dependence, liberalisation of land ownership, investment incentives, electricity, water, road and airport links and corporate strategies (Endo, 2006). Unique to the tourism industry is the separation of ownership and control, at times local investors do not have the expertise to run an international establishment and engage foreign investors and foreign management firms to run the concern for them (Endo, 2006). In Zimbabwe this is evidenced by the previously Sheraton Harare Hotel (now Rainbow Towers) owned initially by the Zimbabwe government and then managed by Starwood Hotels Worldwide. Similarly, the Zimbabwe Sun Leisure Group (ZIMSUN) in acknowledgement of the value of international brands incorporated the Crowne Plaza and Holiday Inn brands in the form of franchise agreements. Foreign participation in local entities is classified as follows:

1. Equity investment involving some management control,
2. Minority investment including joint venture,
3. Leasing agreement,
4. Management contract, and
5. Franchise agreement.

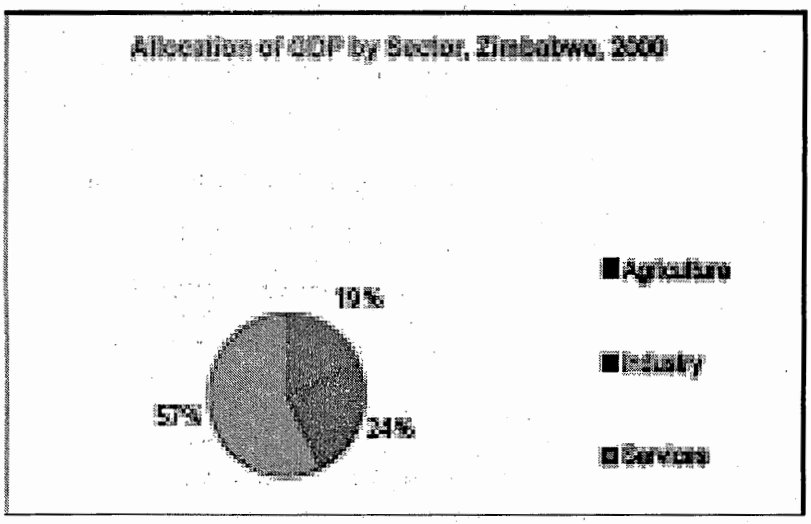
Only classification 1 and 2 are counted as FDI, while the other three forms are considered business and marketing arrangements, it is also common to find a blend of the various forms. Despite variations in business operations, FDI constitutes equity forms classified in 1 and 2 above (Endo, 2006). In Africa, the most common form of involvement of international hotel chains in the 1990's was the management contract (Brown, 2000).

The dominance of trans-national tour operators is of larger consequence than global hotel operators such as Accor and Western (Endo, 2006). Tour operators are the wholesalers of a tourism product. In this light, tour operators have a profound importance in brining international tourists to Zimbabwe. Endo (2006) classifies tour operators in the following forms:

1. An affiliate of a vertically integrated firm,
2. An independent firm specialising in putting holidays together,
3. An affiliate of an international airline, and
4. An operator linked to a travel agent

The ability of large operators to direct a constant flow of tourists to tourist destinations often places them in a powerful position (UNCTC, 1982). Unfortunately for the Zimbabwe tourism sector, the nation has been declared as an unsafe destination characterised by human rights abuses.

Figure 2 highlights that as at 2000, the services sector contributed 57% to annual GDP, **Appendix 1** reflects that distribution, hotels and restaurants employed 10% of Zimbabwe labour force in 2003, these figures bring to light the continued importance of the tourism sector to Zimbabwe's growth.



Source : Earth Trends Country profiles

Figure 2: GDP Contribution by Sector

International air transport affects the economic development of a host economy not only by the service of transporting tourists from one country to another, but also by the amount of tourist traffic (Endo, 2006:5). Endo (2006) emphasises that most developing countries depend on air transport for growth of their tourism industries. It is estimated that 80% of tourists travelling to the developing world arrive by air (UNCTAD, 1998). This scenario is somewhat different in Zimbabwe where road entry points account for at least 80% of Zimbabwe's visitor arrivals as shown at **Table 3.** It should be pointed out however, that a decline in tourist revenue is not a coincidence with the advent of sanctions on Zimbabwe. Although regional tourists account for 20% of tourist foreign currency earnings in Zimbabwe, tourists from abroad have the spending power to account for 80% of tourism revenue (Zimbabwe Tourism Authority, 2004).

Local hotels benefit tremendously from international flight arrivals; in 2005 80% of Sheraton Harare Hotel's revenue was generated from its standing accommodation contract with British Airways (Sheraton Harare, 2005). To consolidate market positions, airlines worldwide are establishing alliances with car rental companies, hotels, wholesalers, railways, credit card companies and cruise operators (Endo, 2006).

1.5.2. Zimbabwe Tourism landscape

Tourism in Zimbabwe is monitored and governed by the government through the Ministry of Environment and Tourism. The Zimbabwe Tourism Authority (ZTA) is a parastatal falling under the Ministry of Environment and Tourism.

Tourism is defined by the ZTA (2004:2) as the composition of the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. The usual environment of a person consists of a certain area around their place of residence plus all other places they frequently visit. Tourism is a component of hospitality that is defined by the English Oxford Dictionary (2004) as the cordial and generous reception of or disposition towards guests.

Statistics from the ZTA (2005:5) as shown in **Table 2,** highlight that tourism revenue in Zimbabwe has declined by 100% between 1999 and 2005. **Table 3,** shows that in 2005, a total of 1 558 501 visitors visited Zimbabwe, representing a 16% decrease compared to 1 854 488 visitors during the same period in 2004. The 1 558 501 visitors during 2005 period included 201 438 visitors from the Overseas market, representing a 39% decline from 2004 figures (ZTA, 2005). Visitors from Mainland Africa declined by 11% in 2005 compared to 2004 (ZTA, 2005).

1999	**201,600**
2000	**124,700**
2001	**81,400**
2002	**75,700**
2003	**44,100**
2004	**193,700**
2005	**98.700**

Source: Zimbabwe Tourism Authority 2005

Table 2: Tourism Revenue in Zimbabwe – US$ millions

All high revenue source markets have experienced some tourist decline in recent years. Zimbabwe in 2005 compared to 2004, experienced a 28%, 41% and 58% tourist decline from European, American and Oceanic countries (ZTA, 2005). Detailed tourist arrivals by country of residence are at **Appendix 3**. Possible causes of the continued decline in visitor arrivals include continued negative publicity that Zimbabwe receives; lack of resources to counter the negative publicity in source markets; decline in long haul destinations due to the September 11 attack in America and continued terrorism threats and lack of direct flights from major markets (ZTA, 2004:4).

Mode of transport & Port of Entry	2005	2004	% Change 2004/2005
Air	**327131**	**330182**	**-1%**
Harare Int. Airport	264356	274725	-4%
Victoria Falls Airport	53025	44464	19%
Joshua Nkomo Airport	8733	9787	-11%
Kariba Airport	412	683	-40%
Buffalo Range Airport	109	106	3%
Charles Prince	379	402	-6%
Mutare Airport	108	15	620%
Masvingo	9	0	100%
Road	**1231370**	**1524306**	**-19%**
Beitbridge	507810	505264	1%
Chirundu	49691	62635	-21%
Forbes – Mutare	211444	367184	-42%
Nyamapanda	37510	74035	-49%
Plumtree	180465	135213	33%
Victoria Falls	134225	290649	-54%
Cashel	1565	3597	-56%
Kariba	13132	12542	5%
Mt Selinda	586	687	-15%
Kazungula	66713	40116	66%
Mphoengs	10231	15495	-34%
Other border posts	17770	15936	12%
Total Tourists	**1558501**	**1854488**	**-16%**

Source: Zimbabwe Tourism Authority

Table 3: Visitor Arrivals by Mode and Busiest Port of Entry

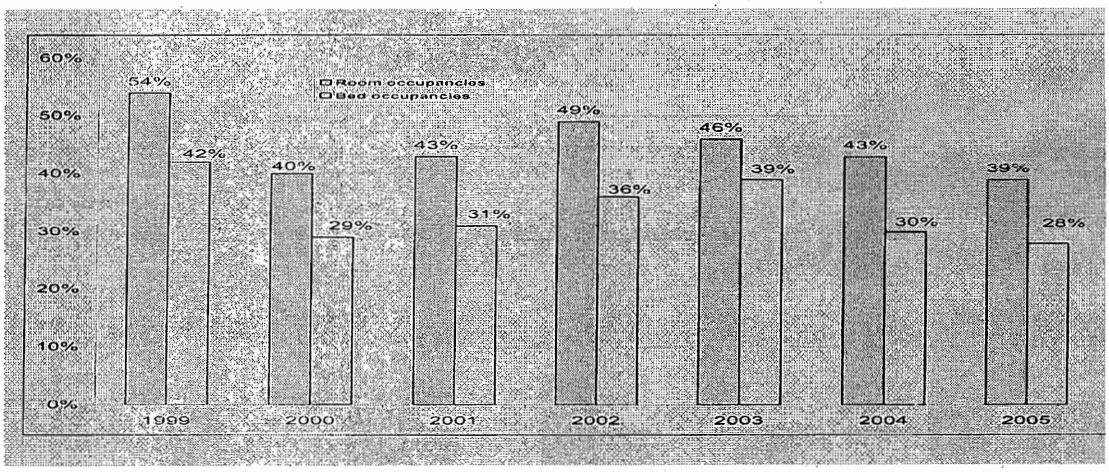
Overally, the tourism sector in Zimbabwe is represented by the Zimbabwe Council for Tourism (ZCT) formed in 1998. ZCT represents the views and interests of all operations in the tourism sector. As a body ZCT promotes sustainable development of tourism and works to create an environment conducive to the sector's growth (ZCT, 2006). The council seeks to influence opinions and policies in favour of members (ZCT, 2006). With offices nationwide, associations which are members of ZCT are as follows:

1. Association of Zimbabwe Travel Agents
2. Board of Airline Representatives
3. Boat Owners' Association of Zimbabwe
4. Hospitality Association of Zimbabwe
5. Inbound Tour Operators of Zimbabwe Association
6. Zimbabwe Association of Tour and Safari Operators
7. Zimbabwe Association of Town and Country Accommodation
8. Zimbabwe Vehicle Rental Association

Four organisational groups listed on the Zimbabwe Stock Exchange dominate the hospitality industry in Zimbabwe namely, the RTG, Meikles Hotels, Zimbabwe Sun and Cresta Hospitality. These groups combined, offer conference facilities, accommodation rooms, banqueting rooms, restaurants, pubs, coffee bars, safari tours, boat cruises and touring services. Company back ground information is included at **Appendix 4**.

Of concern is the overall decline in both bed nights available and beds sold of all tourist destinations in Zimbabwe, **Figure 3** below depicts that room occupancies declined from an average occupancy of 54% in 1999 to 39% in 2005, similarly bed occupancies declined from an average of 42% in 1999 to 28% in 2005 (ZTA, 2005). **Figure 4** shows sold bed nights between 1997 and 2001. Statistics in **Figure 4** suggest that visitors to Zimbabwe are spending fewer nights at accommodation destinations, reflecting resistance from the market and greater transient business for neighboring countries who have been experiencing an increase in tourism arrivals (WTO, 2005).

In recent times, Africa's overall tourism industry position is somewhat different from Zimbabwe's. Africa has consistently outperformed the world as a whole in terms of growth rate in international tourist arrivals. Its share increased from 1.5% in 1970 to 3.9% in 1998. Total tourist arrivals in Africa reached 24.9 million in 1998, three times 1980 levels (WTO, 2005).



Source: Zimbabwe Tourism Authority

Figure 3 : Room and Bed Occupancies

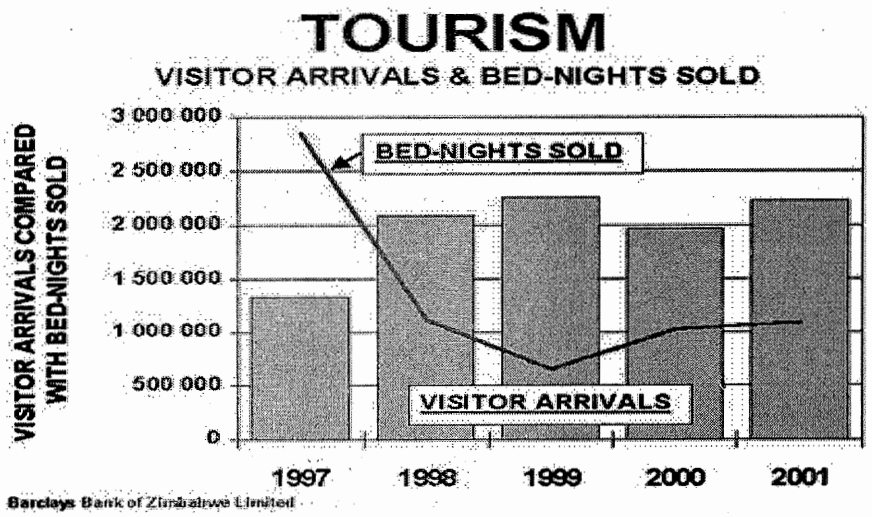


Figure 4: Bed Nights vs. Visitor Arrivals

WTO Tourism 2020 Vision forecasts show that international tourists are expected to reach 1.56 billion worldwide by 2020, this represents a 4.1 % growth over the 1995-2020 period. Forecasts for international tourist arrivals to Africa show that there will be 77.3 million in 2020, this represents an annual growth rate of 5.5% over the period 1995-2020 and is above the world annual rate of 4.1% (WTO, 1995). Africa's share of the global tourist market is expected to increase from 2.5% in 1995 to 4% by 2020 (WTO, 2005).

Although this growth is commendable, Africa's share of the world tourism market in comparison to that of developed nations is virtually negligible.

Despite registered tourism growth in Africa and the Sub Sahara Region, Zimbabwe's tourist arrivals and revenues have overally declined since 2000. Zimbabwean authorities cite the continued negative publicity that Zimbabwe receives; lack of resources to counter the negative publicity in source markets; decline in long haul destinations due to the September 11 attack in America and continued terrorism threats and lack of direct flights from major markets as possible causes of the continued decline in tourist arrivals (Zimbabwe Tourism Authority, 2004:4).

Zimbabwean tourist entities have not been able to benefit from regional tourism integration that has transcended to increases in tourism revenue and investment. There is a general consensus that the harsh economic environment characterized by shortages of essential supplies, foreign currency, fuel energy and skills these factors have proved extremely challenging for organizations in the tourism industry. Tourism organizations due to declining tourist arrivals and revenue have experienced reduced service delivery capacity, declining capital reserves, skills drain, increased operational and replacement costs and ultimately profitability levels. Although below inflation, the Meikles Hotel group and ZIMSUN have experienced growth in earnings in the first half of 2006 (Zimbabwe Stock Exchange, 2006). Given that Zimbabwe has one of the ***Seven Wonders of the World***, namely the Victoria Falls and other beautiful tourist destinations such as the Eastern Highlands and monuments such as Great Zimbabwe, tourism under normal circumstances should be flourishing. However, the adverse economic conditions has seen organisations in the sector grappling to survive, this paper seeks to provide some solutions and highlights to those factors that Zimbabwean tourist organisations can implement to achieve business success.

1.6. RESEARCH REPORT OUTLINE

Chapter 2 reviews literature to establish the internal factors organizations can effect to counter a negative environment. Counter measures include vision setting, strategy formulation, building leadership capacity, improving service levels, training and development of staff and strategic international alignment. Collectively within the Sub-Sahara region bodies such as SADC and RETOSA have placed great importance on tourism as an economic contributor. Firms within the region have benefited from these tourism efforts through increased tourist arrivals, Chapter 3 explores regional and local platforms available to corporates to boost profits. Chapter 4 scrutinizes the methodology used in this study; Chapter 5 summarizes and interprets the results. The implications of the results of this study are discussed in Chapter 6. Chapter 7 summarizes the study and draws a final position.

CHAPTER 2

2.0. LITERATURE REVIEW

2.1. STRATEGY OVERVIEW

As expressed by Thompson & Strickland (2003:2), an organization without a strategy is like a ship without a rudder. The strategic management process consists of the combination of competitive moves and business approaches that managers devise to satisfy customers, compete successfully, and achieve organisational objectives (Thompson & Strickland, 2003: 3).

In the face of a high level of uncertainty and change within competitive environments, strategy formulation and implementation should represent a continuous and simultaneous process (Feurer, *et al.;* 1995).

Research conducted by Caldart & Ricart (2004) concludes that a company having a portfolio of businesses competing in highly stable industries probably will benefit from a strictly disciplined application of the strategic plan, based on the predictable environment that these businesses face. Conversely a business competing in a highly turbulent environment may not be a good choice for a diversification decision, as the corporate logic of strict discipline and the consequential need of a more complex architectural design would provoke a strategic mismatch leading to poor performance.

Ghemawat (1999) confides in the notion that when an industry with a reputation for difficult economics meets a manager with a reputation for excellence, it is usually the industry that keeps its reputation in tact. Given Zimbabwe's tourism reputation for declining tourist arrivals Ghemawat would probably downplay the leader's ability to achieve corporate positive returns. The industry environment in which a business operates has a strong influence on its economic performance. Business strategists have used sophisticated statistical methods to show that 10% - 20% of the observed variation in businesses' profitability is accounted for by the lines of businesses in which they operate (Ghemawat, 1999). Research conducted in the US suggests that in the last

quarter of the twentieth century, much of the U.S. industry has operated on average, close to sea level (average). More than half of all equity capital has been employed in industry groups with average returns on equity (Ghemawat, 1999:20). Results of this research suggest that in a normal operating environment, most organizations achieve average returns in the long term.

2.2. LEADERSHIP ROLES

Compared to management, leadership is more long term in nature and involves setting a vision and mission and directing the organisation to the attainment of the set vision (Bratton, Grint & Nelson, 2005). Leaders create a conducive environment to influence behaviour through a common set of values referred to as culture. Leadership styles can be transformational or transactional; a transformational leadership style is one that seeks to influence behaviour through inspirational and motivational means. Transactional leadership styles use contingency factors such as rewards and punishment to influence and affect behaviour (Densten, et al.; 2002).

The majority of the leadership constructs are based on Western culture which is based on modern management principles such as employee empowerment, openness trust and transparency. However these constructs are not always applicable in other cultures prevalent in East Asia and Africa. Culture in East Asia is based on collectivism, group tranquillity and prosperity takes precedence over individual instincts. African leaders are required to display paternalism and to use power sparingly. Western styles of leadership emphasise individualism and fully punishing poor performers (Blunt & Jones, 1997).

Leadership in today's dynamic macro-economic environment is increasingly viewed as an antidote to long term business success. Visionary aspects of leadership are becoming a dominant consideration in discussions of leadership effectiveness (Tesone, 2005). The old Machiavellian belief that leaders are born still remains in certain spheres of business; however, research has shown that leadership success is moderated by the situation and followers (Tesone, 2005). Today's leader is required to be more diverse and advanced in nature due to a diverse environment that includes increasing

globalisation. Individuals in today's organisations possess stronger values of individualism and belief systems with regards to quality of life and workplace rights (Tesone, 2005:3).

Leaders shape organisational culture through rewards, resource allocation, role modelling, handling of critical incidents, and criteria used in recruitment, selection, promotion, and dismissal (Brodt, *et al.*; 1998). The trust relationship between a leader and a follower depends on the propensity of both to trust. However, what is certain is that the leader is expected to initiate the trust relationship and overcome any hindrances.

A more recent study conducted by Steed and Schwer (2003), indicated that high ethical standards and communication skills are essential attributes in the hospitality industry for managers seeking to fill executive positions in large hotels (Kay & Moncarz, 2005:3).

Training and development of leaders and managers hence becomes fundamental in attaining overall organizational vision. Leadership development may be defined as a planned and sustained effort that enhances the learner's capacity to lead people (Jung, Bass & Sosik, 1995). This process is important because development of leadership capabilities is crucial for the organization's leaders to perform their redefined roles as change agents. Leaders in organizations may lack the level of capabilities that will be required of their roles in the future, even though they are well qualified professionally today. Leadership development aims to bridge this gap (Jung, *et al.* 1995).

In the Zimbabwean context it is important to note that Leadership development, however, is not being given priority given the socio-economic environment. It is expensive to develop leaders and the priority is to survive, hence training and development takes a back step to issues such as cost cutting.

Leadership theory argues that good management and leadership often result in clear vision and vigorous resolute to achieve set objects. Theory reiterates that leadership as an organisational tool can be transformational through motivational techniques, and

goals can be achieved through transactional rewards sought by subordinates. Building trust and meeting the psychological contract are important foundations for leadership success. Cultural studies reflect that the African leader, inclusive of a Zimbabwean leader is expected to show "Ubuntu" and use power sparingly as a father figure. The Zimbabwean executive and manager faced by adverse macro-economic conditions and cultural constraints, is doomed to failure by not evolving as a leader.

2.3.0. COMPETITIVE STRATEGIES

The suggestion by Hamel and Prahalad (1994) that a company surrenders tomorrow's business when it gets better without getting different provides an interesting view of the essence of competitive advantage. Competitive advantage is nearly always achieved by successful offensive strategic moves—initiatives calculated to yield a cost advantage, a differentiation advantage, or a resource advantage. Mere competence does not constitute competitive advantage (Kotler, 1997: 81) and to achieve competitive advantage, an organisation must set itself apart from its competitors. Kotler (1997) forwarded a number of ways of developing competitive advantage, among them: cost cutting in production, innovative research and development, more effective purchasing of needed components, modifying current market mixes or developing closer relationships with customers. Defensive strategies in contrast, can protect competitive advantage but rarely are the basis for creating the advantage (Thompson and Strickland, 2003).

Hamel and Prahalad (2000:5) contend "competitiveness is born in the gap between a company's resources and its managers' goals" and Porter (1996) observes that a company can outperform rivals only if it can establish a difference that it can sustain. In this sense robust answers to questions such as what new competencies will we need to build, what new product concepts should we pioneer, what new alliances will we form, what nascent development programs should we protect, and what long-term regulatory initiatives should we pursue (Hamel and Prahalad, 1994)?

Firms that operate in a turbulent environment face the challenge of keeping pace with constant changes in their external environment. Firms that are able to counter threats they face in challenging environments are able to build and sustain competitive advantage, those that do not cope with their environment are forced with either perishing or turning around. Firms in the hospitality industry face unique challenges in the form of increasing competition in the face of a maturing industry and unpredictable nature of the hospitality industry (Chathoth, Tse & Olsen, 2005).

As indicated earlier, the tourism industry in Zimbabwe is experiencing intense competition amongst entities, shrinking tourist and revenues, most firms are forced to adopt either turnaround or survival strategies. As the hospitality continues to mature, competition will increase with operators competing for a larger share of a shrinking market. As competition increases, the concept of decline and regeneration increases in importance as more organizations find themselves unable to compete (Chathoth *et al.; 2005).*

Some organisations recognise early symptoms of decline and are able to make necessary changes for recovery, others are unable to recognise early symptoms and enter a decline phase (Chathoth *et al.;* 2005*)*. Even firms with the stature of McDonald's have faced financial downturns in recent times, forcing them into employee retrenchment and close down of some operations to remain profitable (Chathoth *et al.;* 2005). Several firms such as Boston Market, D'lites, Victoria Station, Fuddruckers and Po Folks in the USA failed to recover and subsequently had to shut down (Chathoth *et al.;* 2005).

Chathoth *et al.* (2005:3) define turnaround as the action taken to prevent the occurrence of financial disaster. A firm faces a turnaround situation when it does not perform up to the expectations of its stakeholders over a period of time (Chathoth *et al.;* 2005:3). Often most turnaround situations result not only because of external factors but also due to the incompetence and expertise of management. According to Chathoth *et al.* (2005), turnarounds fail due to the mismanagement of the three "Ps", namely people, product

and plant. Other definitions of turnaround mention the reversal of a firm's decline in performance and the activities that help the regeneration of business (Chathoth *et al.;* 2005).

Strategies to effect turnaround include the replacement of top management, financial control (inventory control, liquidity management, debt and equity management), personnel management (retrenchment), marketing management (product and market diversification) (Chathoth *et al.;* 2005). Prerequisites for successful turnaround include a crisis state, retrenchment evidence, firm culture (readiness for change) and leadership (Chathoth *et al.;* 2005). Both internal and external factors influence turnaround, external factors are those factors that emanate from the external environment and relate to economic problems, technological change and social change.

External factors include increased competition, rapidly changing technology and economic fluctuations (Porter, 1996). Internal factors are symptoms that firms show from within the organisation and include the inability to pay taxes and service taxes, eroding gross margin, decreasing capacity utilisation, increased turnover of management staff and lack of leadership. Key internal factor indicators include increasing inventory, decrease in sales growth and cash flow problems (Porter,1996) .

Research points out that the first stage of a turnaround encompasses the primary objective of halting the downturn. This action should be followed by pursuit of profitability, revival of revenue streams or pursuit of new growth revenues. Typically turnaround strategies involve three stages namely, the decline phase, the redirection phase and reestablishment phase (Chathoth *et al.;* 2005). "Efficiency" turnaround approaches are used to improve operational performance, whilst strategic turnaround encompasses investments that are directed towards serving new products and markets (Chathoth *et al.;* 2005:6).

Chathoth *et al,* (2005) emphasise that no matter the causes of turnaround are, the firm should engage in retrenchment through a reduction in operation costs. The

retrenchment stage entails short term actions to reduce fixed assets and costs, these actions include liquidation, divestment, product elimination and reduction in employees. The proceeds from the liquidation of assets such as inventories, receivables, property, plant and equipment are used to reduce long term obligations (Chathoth *et al.;* 2005).

Research reveals that in situations in which external factors caused a downturn, a retrenchment phase was unlikely to bring about recovery. In situations in which internal causes were the cause of downturn, the inclusion of a retrenchment phase was likely to bring about recovery. Retrenchment produces positive results for a firm experiencing internal problems, additionally, the process of retrenchment results in higher income, total equity, retained earnings, cash flows, current ratios and return on assets (Chathoth *et al.;* 2005). It must be noted however that little research in the field of turnaround strategies has been conducted in the hospitality sector (Chathoth *et al.;* 2005).

It is important for any firm to position itself in a market, a firm's position is core to its strategy development. Differentiation is widely viewed as key for a firm to attain a competitive advantage over its competitors (Yeung & Lau, 2005). Porter's famous competitive forces model research asserts that the ability of a firm to gain competitive advantage depends on how well it positions and differentiates itself in an industry (Yeung & Lau, 2005). Alternate advocates postulate that a firm's performance is a function of both industry structure and internal strategic conduct (Yeung & Lau, 2005). Yeung & Lau (2005) emphasise that it is inadequate to analyse a firm in isolation, competitive dynamics amongst firms is essential for firms to map the way forward. Actions and reactions to competition are fundamental in carving competitive advantage (Yeung & Lau, 2005). Firms achieve competitive advantage through entrepreneurial discovery and innovative competitive actions, the proactive firm out competes other firms and earns supernormal profit. However, the realisation of profits attracts other players and challenges other plays to rise to the occasion, thereby creating a state of equilibrium initially affected by the first mover (Yeung & Lau, 2005).

According to Yeung & Lau (2005), competing firms make business moves to gain a lead. However, to sustain competitive advantage, firms should not repeat particular actions but rather continuously repeat diverse actions. Studies in organisational learning reveal that successful business actions are likely to be repeated, while activities that negative or no consequences are likely to be ceased. Yeung & Lau (2005) further explain that competitive advantage gained through a single move is depreciated through imitation by competitors. Evidently, firms decline when they become complacent and reduce competitive activity. Competitive moves encompass entrepreneurship, involving the ability to recognise market opportunity and directing resources to meet market needs (Yeung & Lau, 2005).

The hotel and hospitality industry has been described as turbulent and highly competitive, international customers are becoming increasingly knowledgeable. The use of information technology to manage and identify the "best" rates has enabled customer to demand better prices and best value (Yeung & Lau, 2005). Technology forces have driven hotels into higher competition in an environment where competitive moves are easy to imitate.

In recent years services have grown to constitute a sector of the global economy that is growing exponentially relative to the industrial goods sector (Kotler, 2000). As such, it is critical for service organizations to embrace and enhance correct marketing practices. Kotler and Levy (1969) identify nine concepts that stand as crucial in guiding the marketing effort of an organisation as generic product definition, target groups definition, differentiated marketing, customer behaviour analysis, differential advantages, multiple marketing tools, integrated marketing planning, continuous marketing feedback and marketing audit. Mittal and Lassar (1998) and Bolton & Myers (2003) observe the complex nature of marketing in service industries as compared to manufactured goods and this is mainly due to consumer choice, continued patronage, the intangibility of services compared to goods, the degree of customisation and consumer involvement in service offerings. Despite the complexity of marketing in service organizations "no

organization can avoid marketing. The choice is whether to do it well or poorly, and on this necessity the case of organizational marketing is basically founded.

Kotler and Levy (1969:15) view marketing as that function of the organisation that can keep in constant touch with the organization's consumers, read their needs, develop products that meet these needs and build a program of communications to express the organization's purpose.

The philosophy that guides a company's marketing effort, the relative weights given to the often conflicting interests of the organization, customers and society reflect the company's orientation towards marketing (Kotler, 2000). There are five competing concepts under which organizations can choose to conduct their marketing activities (Kotler, 1997). These are production, product, sales, marketing and societal marketing.

The production concept holds that consumers favour those products that are widely available and low in cost (Kotler, 1997) and has its origins in the early days of the industrial revolution (Perrault Jr and McCarthy, 2002). The production concept suggests that marketing is a result of production and lacks customer focus (Levitt, 1960; Kotler 1997) with managers on focusing on making whatever products are easy to produce and then try to sell them (Perreault Jr and McCarthy, 2002). However, Levitt (1960:53) warns of the problems of not focusing on customer satisfaction (Levitt, 1960)".

The product concept holds that consumers will favour those products that offer the most quality, performance or innovative features (Kotler, 1997). A firm that thinks in terms of features and organizes accordingly, can be called technology driven because the focus is on the various technologies that comprise the firm's Core Competencies (or basic abilities in production and operations) which often drive the firm's efforts (McKenna, 1999).

The sales concept holds that consumers typically show buying inertia or resistance and if left alone, will ordinarily not buy enough of the organization's products. Aggressive selling and promotion efforts characterise this concept (Kotler, 1997). Hooley *et al.*; (1990) state that under the selling concept, marketing is viewed as a way to promote products and services and hence stimulate demand. Levitt (1960) and Kotler (1997) note that the difference between sales and marketing concepts is more than semantic by observing that whereas the sales concept focuses on the needs of the seller, the marketing concept focuses on the needs of the buyer.

Kotler (1997) observes that the marketing concept is now widely viewed as the key to achieving organizational goals, and consists of being more effective than competitors in integrating marketing activities towards determining and satisfying the needs and wants of target markets. Effective marketing requires a consumer orientation instead of a product orientation (Kotler and Levy 1969) better positions an organization to achieve long-term success (Deshpande', Farley, and Webster, 1993) and enhances profitability (Narver and Slater, 1990).

Perrault Jr and McCarthy (2002:33) note the progression of marketing thinking and practice over five stages namely "(1) the simple trade era, (2) the production era, (3) the sales era, (4) the marketing department era and (5) the marketing company era". Although marketing thinking and practices have changed from one stage to another over the years, "some managers still have not made it to the final stages and are still stuck in the past with old ways of thinking (Perrault Jr and McCarthy, 2002:33)". Despite the terminology differences, Kotler (1997) and Perrault Jr & McCarthy (2002) seem to agree on the five stages through which marketing thinking and practice has developed over the years.

2.3.1. Internal Competitiveness

In economic downturns only hoteliers with a clear vision of their guests' needs will survive (Yavas & Babakus, 2005:1). Understanding guests' needs assists hoteliers to determine how guests choose hotels (Yavas & Babakus, 2005). More specifically, studies have indicated that both business and leisure travelers strongly consider cleanliness, location, security, prompt and courteous service, well maintained rooms and employee knowledge of service (Yavas & Babakus, 2005). Notable however, are varying needs of business and leisure travelers, Yavas & Babakus (2005) in their study isolated the two groups and measured the extent to which general amenities, convenience (check in check out, access of services), core services (meals, room service, laundry, security), room amenities and ambience determined choice of hotel.

Findings of the study reflected that general amenities encompassing access to computer modern communication modes, entertainment lounges, meeting centres and exercise facilities were crucial in hotel selection. Also of importance to the business traveler were core services (e.g. promptness of service) and convenience (e.g. rapid check in and check out). The leisure traveler also valued general amenities in hotel selection however, they placed greater emphasis on core services compared to the business traveler. Limitations of study were centered on the fact that this study focused on a particular geographical location there by making generalization difficult.

An organization's market orientation is known to be the foundation of successful performance (Sin, Tse, Heung & Yim, 2005). The marketing concept consists of three factors namely: 1. customer philosophy – identification of the wants and needs of customers; 2. goal attainment – achieving organizational goals; and 3. integration – integration of marketing all aspects of the organization (Sin *et al.;* 2005). The long term survival of a hotel in highly competitive conditions depends on its ability to satisfy customers' demands (Sin *et al.*; 2005). Market orientation greatly contributes to a hotel's continuous learning through collecting information about customers and competitors and using the information to create super service delivery (Sin et al.; 2005: 9). Research

conducted by Sin *et al.* (2005) is limited to hotels in the Asia region and relies on previous research conducted in Western nations.

Service orientation is an important element for the viability of food service industry, service orientated providers meet the expectation of their guests and ensure retention of customers (Kim, Loeng & Lee, 2005). Customer orientation has a significant impact on organizational performance. Service orientation influences employee job satisfaction, organizational commitment, service image and overall business performance (Kim *et al.*; 2005:2). The quality of service standards and practices are enhanced through on the job training and overall training techniques, training assists in creating service climate (Kim *et al.*; 2005). Leaders in an organization have to understand the cost of not having training, is the cost of attrition (Berta, 2005).

Service orientation consists of customer focus, organisational support for service initiatives and ability to provide customer service under pressure (Kim *et al.*; 2005). Customer focus is the ability of the employees to enjoy their jobs when interacting with the customer and successfully achieving customer satisfaction (Kim *et al.*; 2005:3). Organizational support refers to the encouragement of service training, systems and procedures for optimal service delivery (Kim *et al.*; 2005:4). Customer service under pressure entails customer satisfaction during peek periods; attainment of customer satisfaction during peak periods is enabled by efficient management systems (Kim *et al.*; 2005:5).

Kotler (2000) classifies the marketing environment into the task and the broad environment. The former includes the immediate actors involved in producing, distributing and promoting the offering, while the latter consists of the demographic, economic, natural, technological, political-legal, and socio-cultural environments. Kotler (1997) advocates for the setting up of a marketing intelligence system to track trends and important developments in the broad environment. The components of the broad environment can contain forces that can have a major impact on the task environment. From the environment can emerge marketing opportunities and environmental threats.

Opportunities must be classified according to their attractiveness and success probability and threats according to seriousness and probability of occurrence (Kotler, 2000).

Choo (1993) gives an interesting summation of the importance of MIS when he suggests that to overcome the intelligent by folly is contrary to the natural order of things; and to overcome the foolish by intelligence is in accord with the natural order. However, to overcome the intelligent by intelligence is a matter of opportunity. He suggests three levels of opportunity: events, trends and conditions. Choudry and Sampler (1997) make a distinction between reactive information acquisition in order to solve a specific problem, and proactive information acquisition. Some authorities view reactive information as problematic or decision-oriented search (Fahey and King, 1977), with the focus of information being on solving specific problems. On the other hand, proactive information acquisition otherwise called surveillance by Hambrick (1982) focuses on exploration to detect potential problems and opportunities. Hambrick (1982) sums up this difference when he proposes that instead of seeing an organization as seeking information in order to choose among alternatives in terms of prior preferences, we can see an organisation as monitoring its environment for surprises or for reassurances that there are none.

Strategic marketing-direction-planning aims to develop and maintain a match between an organization's resources and its market opportunities. Gouillart & Sturdivant (1994) note that gaining insight from customers through management information systems can be used to direct technologies, product and service offerings, communications programs, indeed all elements of a company's strategic posture. However, once this is known, a company can then decide whether to leave the product (and marketing mix) alone or reposition it through either physical changes in the product or image changes based on promotion (Kotler, 1997). A product's position is the complex set of perceptions, impressions and feelings that consumers hold for the product compared with competing products, the way the product is defined by the consumers on important

attributes—the place the product occupies in consumers' minds relative to competition products (Kotler & Armstrong, 1993).

Studies indicate that there is a positive relationship between customer loyalty and profitability, customer loyalty contributes to the bottom-line and a small increase in the percentage of loyal customers can result in a relatively large increase in profitability (Gould, 1995). For hotels these studies indicate that distinct benefits can be derived from loyal customers. Loyalty can be described as repeat purchase behaviour led by favourable attitudes resulting from the positive decision making and post evaluation process (McCain, Jang & Hu, 2005: 2). Customer loyalty in the hospitality industry is generated through belief in service quality, satisfaction and a conscious process of repeat of action. Cognitive loyalty is recognition by the customer that one brand is better than other alternatives and form preferences based on their evaluations of quality (McCain *et al.;* 2005). Satisfaction is developed based upon continuous experiences of product satisfaction.

Overally, quality can be defined as the lack of deficiencies from product and service features (McCain *et al.;* 2005). Technical quality refers to tangible aspects of service, it describes deliveries to the customer. Functional quality refers to the intangible aspects of service, it describes how the service is being delivered. In other terms, it describes the interaction between employees and customers (McCain *et al.;* 2005). According to Brady and Cronin's qualitative study (2001), there are three aspects of functional quality perceived by customers, namely, attitude, expertise and behaviour.

Desired attitudes in the hospitality industry include friendly courteous displays during interactions. Expertise on the job play a large role in the customer making choices and enjoying the service. Behavioral interactions should be customized and special, the closer the interaction, the higher the likely hood of repeat business (McCain *et al.;* 2005). Close relationships with customers have positive effects such as customer loyalty and retention (Kotter, 2000).

To obtain customer loyalty, managers should train their employees to fully satisfy the customers' needs and wants, and hence earn the trust of customers. Customers switch brands and providers if they lack confidence in employees (McCain *et al.;* 2005). Further, McCain *et al* (2005) emphasize that managers need to train employees to be knowledgeable about their jobs and to possess the techniques and skills to successfully perform their jobs. The customers' trust can also be enhanced by effective employees' interactions with customers. To effectively interact with customers, employees should have a professional appearance and behave in a professional manner; keep customers appraised of any relevant information; assure customers that problems will be resolved and be considerate of customers property and interests. Employees should respond to customers' requests promptly, irrespective of their nature. It is also essential for employees to keep their promise (McCain *et al.;* 2005:6).

Although the employer expects perfect service delivery from the employee, it is important for the employer to pay attention to the reward and recognition of employee accomplishment in addition to education. Employee incentives and reward programs must be firmly in place. Employees may demonstrate extraordinary service or go the extra mile if they are recognized (McCain *et al.;* 2005).

Organizations are established to achieve specific goals. Consistent with this view is Swanepoel, Erasmus, Van Wyk & Schenk's (2003:374) idea that "it is the performance of individuals which determines the attainment of the goals and objectives of an organisation". Also, Plachy and Plachy (1999) argue that organizations hire employees to fulfil a mission—that of achieving organizational objectives and organizations should reward only those job contributions that successfully accomplish expected results.

The importance of employee performance is neatly summarized by Peter De Silva (1998:12) when he purports that an employee owes no loyalty, he owes no love and no attitudes – he owes performance and nothing else. The idea of linking pay with performance is based on the premise that remuneration is the largest single item in an organisation and therefore businesses need to manage it strategically (Pritchard &

Murliss, 1992). De Silva (1998) concurs with this view by adding that the most important and contentious element in the employment relationship is remuneration - a tool in influencing performance. It is of equal interest to the employer, employee and government.

Human Resource Management policies have an impact on economic performance of the company. This view is shared by Huselid (1995) and Storey (2001) who argue that a concentration on people management practices has by far the most powerful impact on company performance. In addition, new management practices and employee involvement tend to lead to high productivity growth (Cully, Woodland, O'Reilly & Dix, 1999). It is critical for management to examine ways of sustaining any economic gains realized from such Human Resource Management policies and practices.

Performance related pay is only a short-term motivator at best (Kohn, 1993). De Silva (1998) warns that in collectivist cultures (such as Japan) financial rewards to individuals have little impact on performance. Pfeffer (1998: 112) continues with this line of thought by stating that it is a myth that individual incentive pay improves performance and that people work for money. This tends to undermine both individual and organisational performance and leads people to "believe that pay is not related to performance at all but to having the right relationships and an ingratiating personality". Pfeffer (1998) maintains that although people work for money they work more for some meaning in their lives and for fun.

Evidently there is controversy and divergence of views surrounding the concepts of employee remuneration and evaluation. In spite of this controversy, there has been a shift towards Performance Related Pay (PRP) possibly as a result of globalisation and the adoption of "best practices". However, the concept is still not widely utilized in Zimbabwe due to the highly inflationary environment that render pay increases a humanitarian obligation.

Staff turnover in the hospitality is higher than most industries, statistics reflect a 177% staff turnover rate in the USA; 42% in the UK; up to 300% in Europe and 50% in Hong Kong (Wildes, 2005:2). High staff turnover is costly to employers in the form of recruitment hours, lost revenue through lost repeat hours, training, and administration fees. For example, in the USA, the cost of replacing hourly employees in the hotel industry is estimated at a median of US$ 2400, in the same industry in the UK, the estimated cost of replacing a worker is 1922 (pounds) coupled with an average of 10 weeks of training (Wildes, 2005:3). High staff turnover in the hospitality industry has been mainly attributed to the transient nature of the workforce, namely students, young people and young mothers. Employees however, identify low pay, low career prospects, long work hours and low job stability as factors that make the industry unattractive. Both employers and employees consent that the hospitality industry has long anti-social hours, low industry rates and seasonal employment (Wildes, 2005). It should be pointed out that no significant staff turnover studies in the hospitality sector have been carried out in Zimbabwe and Africa.

In a study conducted by Wildes (2005), money was the highest motivator for a worker in the restaurant industry. However, besides money, having fun in the workplace environment was most important to those aged 18-25 and those aged 46-55, those aged between 36-45 and 55+ were motivated by health benefit schemes. Flexible hours were also important to those aged 26-35 (Wildes, 2005:10). These data support theories entrenched in contingency management, in making their decision to stay in the restaurant industry, workers responded to different factors. Managers who expect service quality from workers, should also be prepared to maintain high internal service quality to maintain an internal customer database (Wildes, 2005). Marketing programs built around motivation to work in the hospitality business may provide recruiting tools to attract capable staff, such programs should focus on money, fun, health benefits and flexible hours (Wildes, 2005).

Research shows that a higher feeling of internal service quality encouraged a food server to stay longer in the restaurant industry and to recommend one's job to others (Wides, 2005:3). Staff turnover rates are lower in establishments where employees are recognized as valued assets, where their opinion is sought with regards to operational changes and are trained to assume higher responsibility. In a study carried out in the USA, turnover amongst restaurant employees fell by 30% in situations where employees could expect scheduled wage increases, paid holidays, health and life assurance and year-end bonuses (Wildes, 2005).

Previous studies of customer dissatisfaction, found that past complaining experience was positively related to customer dissatisfaction responses. Other research also demonstrates that past history of a particular experience exerts a direct influence on future behavioural intention (Cheng, Lam & Hsu, 2005). Intention is influenced by attitude, subjective norm and perceived control over behaviour. Attitude toward a particular act is representative of a person's overall beliefs and evaluations of the experienced behaviour. Individuals derive attitude from salient beliefs of outcomes and evaluations about those outcomes. Subjective norm is the perception of others acceptability to perform or not to perform a given behaviour. Perceived control is one's belief on ability to execute an act to a given degree (Cheng *et al;* 2005:4) The actions that customers take in response to dissatisfaction are referred to as a complaint, complaints arise due to a perceived discrepancy between one's experience and one's expectations for a product and service. Customer complaints take the form of no action, exit, or negative word of mouth reactions (Cheng *et al;* 2005:4). Cheng *at al* (2005) suggest that the best predictor of behavioural intention is the frequency of past behaviour, given preference for consistency, one would expect a high level of consistency between past and future behaviours.

As learning theory augments, behaviour is a function of prior learning. Therefore, experiences gained from past complaint behaviours provide dissatisfied customers with information on consumer rights and complaint channels, this in turn consolidates their

behavioural and normative beliefs and manipulate the perceived behavioural control of dissatisfied responses (Cheng *et al;* 2005:5).

Opinions from a customer's reference group and a customer's perception of their control of dissatisfaction responses also exert significant influence on intention of voicing dissatisfaction. In order to encourage customers to convey their dissatisfaction to management directly, as opposed to their reference group or switching brands, managers should strive to maintain customer loyalty by building close relationships with their customers and customers' reference groups (Cheng *et al;* 2005:16). An effective and efficient complaint handling procedure is important to shorten complaint handling time. Front office staff should be empowered to resolve customer dissatisfaction or customer complaints as soon as they occur. Research in this area is flawed in that intentions as opposed to actions were measured, results are also flawed as they relied on past experiences that were not validated.

2.4. ROLE OF INFORMATION TECHNOLOGY

Hospitality industries have identified effective implementation of information technology (IT) as a vital component in attaining competitive advantage (Ham, Kim & Jeong, 2005:2). Reliance on IT in the global economy and indeed in the hospitality industry will continue to increase in the 21st century. Positive correlations have been identified between information technology investment and financial returns. Studies show that using information technology in front office and back office applications, restaurant and banqueting management systems and guest related interface applications brought about notable advantages in competitiveness, cost reduction, efficiency and information sharing (Ham *et al,* 2005) .

Technology is fast becoming a crucial source of competitive advantage in areas of promotion, distribution, organization and delivery of hospitality service and products. IT is crucial in forming strategic alliances, developing innovative products, services and distribution methods and communicating with partners and customers. Information

technologies used within the hospitality industry include internet, intranet, e-mail connections, electronic trade, central reservations systems and web applications. Hotels for example use IT to market their goods and services, to receive reservations and to evaluate customer complaints (Ham *et al,* 2005) .

In a study conducted at Hardee's Fast Foods in the USA encompassing point of sale and order management systems, IT has been found to contribute to increased company productivity and performance (Ham *et al,* 2005:4).

Outsourcing is an option for large concerns seeking to cut costs and focus on the core business of taking care of the customer. Outsourcing can be defined as a process in which information systems work that is normally undertaken internally is completed by a third party (Bocij, Chaffey, Greasley & Hickie , 2003).

Organizations outsource mainly to reduce costs, improve internal quality, concentrate on core business, reduce risk of project failure and to achieve strategic objectives (Bocij, et al.2003). By outsourcing companies do not need to invest in expensive hardware such as mainframes. An external service provider usually specializes in the service they offer and hence can offer high quality than if the function were performed internally, this gives an organization the opportunity to concentrate on what they are best at. Due to the fact that organizations pay for outsourcing services and that deliverables are embedded in a contract the risk of project failure is shifted to the contractor and increases the success rate of intended objectives. (Bocij, et al.2003).

Contracts are key in managing the client-service provider relationship, such contracts should take into account future business needs for change expansion and contraction. Full costs of projects should be taken into account, provision for changes in costs should be factored into the contract (Bocij, et al.2003).

Davenport, Dickson and Marchand (2000) advise that not all information systems should be outsourced, back office functions such as payroll administration and desktop installation can be outsourced while strategic functions with high value adding capability such as supply chain management should be retained internally.

2.5. FRANCHISING STRATEGIES

Business franchising can be defined as the issuing of a license for a predetermined financial return by a franchising company (franchisor) (Altinay, 2005:2). Several franchises exist within the Zimbabwean hospitality industry, these include the Holiday Inn hotel, Crowne Plaza Hotel, Spur Steak Ranch and Sheraton Harare Hotel. Franchisees are entitled to make use of a complete business package including training, support and corporate name in line with the same standards and format as the franchisor. International franchising enables organizations whose products cannot be exported such as services to reach international markets. In addition franchising removes the investment risk of setting up abroad. Franchising has been viewed as a solution to achieving business growth in the presence of a shortage in financial capital, labour, managerial talent or lack of knowledge of local conditions. In the agency theory franchising is viewed as an opportunity to reduce the risk associated with direct ownership, however, the problem of divergent goals between franchisee and franchisor has often been cited (Altinay, 2005:3). Franchisees have been accused of behaving in an opportunistic fashion and to be in pursuit of their own interest at the expense of franchisors (Altinay, 2005).

The common criteria is selecting franchisees include favourable past association, business compatibility, similar objectives and local leverage (Altinay, 2005). Different emphasis on varying factors is placed by franchisors. However Gerringer (1991) made the most significant contribution regarding criteria, he recommended task and partner related criteria (Altinay, 2005). Task related criteria refer to the operational skills and resources needed by a venture to achieve success examples include knowledge, experience of management, access to marketing and distribution systems and financial

resources. Partner related criteria refer to the character, culture and history of the potential franchisee known by the franchisor. Franchising organization such as Inter - continental and Sheraton have pulled out of Zimbabwe given the franchisees inability to satisfy minimum requirements in recent times.

2.6. FINANCIAL STRATEGIES

In Zimbabwe's hyperinflationary environment and general macro-economic environment, some organizations in the hospitality sector have in recent times needed to recapitalize. RTG is one such organization, in 2005 the group embarked on a rights issue to raise capital for the refurbishment of its properties nationwide (Rainbow Tourism earmarks $46 billion for hotel renovations, 2005). Although the decision to choose debt or equity to raise capital is not a difficult one in Zimbabwe given interest rates as high as 600% per annum as at May 2006 (Reserve Bank Zimbabwe, 2006).

Financial strategy has two components namely the raising of funds needed by an organization in the most appropriate manner, and managing the employment of those funds within the organization so as to maximize shareholders wealth (Bender & Ward, 2002). Management has an obligation to use a financial strategy that best suits its business model and external environment.

Business risk and financial risk are inversely related, **Figure 5** highlights the appropriate funding strategy depending on a business's stage in the business lifecycle. Debt is generally a high risk financial instrument, interest and repayments are crucial considerations in this form of financing. Failure to pay debt can result in the repossession of assets. Debt hence should be used by organisations in the maturity and decline phases. In the maturity phase business risk is relatively low; cash flow should be positive and enable the repayment of debt (Bender & Ward, 2002). In the decline phase the business cannot afford shareholders a return on their equity, most assets are used up, non debt repayment could be offset by sale of assets (Bender & Ward, 2002). Debt in the decline phase is the most appropriate funding option at this stage.

Equity involves injection of capital by shareholders, and has been used by several companies in Zimbabwe in 2006 (Zimbabwe Stock Exchange, 2006). Companies utilising equity can choose whether to pay dividends as a return to shareholders, the organization is not obligated to repay debt. Financial theory proposes the use of equity at the launch and growth phases as business risk is high at this stage (Bender & Ward, 2002).Shareholders are not paid dividends at this stage to allow the business to reinvest funds to grow the business (Bender & Ward, 2002). Zimbabwean companies often opt for the equity to raise capital due to the high business risk brought about by adverse macro-economic conditions.

LAUNCH **BUSINESS RISK VERY HIGH** **FINANCIAL RISK VERY LOW** **EQUITY**	**GROWTH** **BUSINESS RISK HIGH** **FINANCIAL RISK LOW** **EQUITY**
MATURITY **BUSINESS RISK MEDIUM** **FINANCIAL RISK MEDIUM**	**DECLINE** **BUSINESS RISK LOW** **FINANCIAL RISK HIGH**

Figure 5: Sources of Funding

2.7. LITERATURE SUMMARY

Literature emphasizes that all organizations need a clear vision that sets a business destination hence providing guidance for all actions to follow. Strategy constitutes the ploy, plot and plan that an organization will pursue to realize its vision. Leaders act as a steering committee and achieve set business goals and objectives through transformational and transactional means. Transformational leadership is the pursuance of motivational and change techniques that are long term in nature to achieve business success. Transactional leadership is the manipulations of organizational rewards and punishment through carrot and stick means to achieve desired results.

Organizations in the tourism industry should have a proactive approach to business through anticipating customer needs and empowering employees to solve clients' problems in the shortest time possible. Employee motivation, job knowledge and availability of resources are critical to service delivery due to the largely intangible deliverables in the tourism industry. An appreciation of customer needs and wants can only be achieved by marketing intelligence that segments the market while identifying needs unique to that particular market. Database and records assist in identifying problem areas in business and developing projects to tackle specific problems.

Information technology is critical for tourist concerns operating in Zimbabwe .International travel agencies are critical in determining routes that airlines pry, allegiance to these agencies is crucial in securing international receipts. Beneficial relationships with agencies are possible only through reliable and up to date information systems. Information systems enable efficient booking, payment and overall service delivery. Given Zimbabwe's battered international image, alliances with international brands enables positive organizational image and client retention. Foreign direct investment not only benefits nations at a macro-level, benefits cascade mostly to organizations in partnership with global brands. Foreign direst investment enables local firms to access foreign equity and markets.

CHAPTER 3

3.0. REGIONAL AND NATIONAL INITIATIVES

3.1. INTRODUCTION

Zimbabwe in recent times has faced great international and sparse regional isolation, however, the nation's leadership has not rested in its quest for regional and international economic participation. Regional integration arrangements serve various objectives; in the case of Zimbabwe, which is land locked the issue of regional neighbours is very relevant with respect to accessing the export/import routes (UNDP, 2001). In 2001, Zimbabwe's bilateral trade agreements numbered up to 40 in the most favoured nation category, although this ranking has dropped somewhat at present. It is pertinent to note the following agreements that Zimbabwe is a signatory:

- World Trade Organization - WTO
- Common market for Eastern and Southern Africa - COMESA
- Cross-Border Initiative - CBI
- Generalized System of Trade Preferences - GSTP
- Global System of Preferences
- Group of Fifteen

Internationally Zimbabwe is a member of the World Tourism Organization, regionally Zimbabwe is a member of the Regional Tourism Organization of Southern Africa. Regionally growth in Southern African Development Community (SADC) is evident, RETOSA (2006:2) reports that the industry has contributed US$6.7 billion to the region's economy in 2004 and created 1.5 million jobs and it is estimated that in 2005 there was US$6.9 billion contribution to the economy and 1.6 million jobs created. As alluded to earlier, Zimbabwe since 2000 has not benefited from growth in the region .Zimbabwe's efforts to integrate regionally include the formation of Southern Africa's largest wildlife park, the Trans Zambezi Frontier, encompassing the largest national reserves in South Africa, Zimbabwe and Mozambique. Despite international tourists' preference to visit

neighbouring countries not facing sanctions, Zimbabwe endeavours to integrate with regional nations.

Locally Zimbabwean authorities since independence in 1980 have attempted to spur the growth of the economy through economic development programmes that include the Economic Structural Adjustment Programme (ESAP), ZIMPREST and the recent National Economic Development Programme (NEDPP). National programmes to boost tourism include the look East Policy and Tourism Turnaround Plan. The Look East Policy has managed to increase tourist arrivals and receipts from the East. The Look East policy is largely responsible for the 33 percent increase in international tourist arrivals for the first half of 2006 compared to the same period in 2005 (Moyo, 2006). However, the increase in Asian tourist has been inadequate to compensate the decline in tourist arrivals and receipts from western countries.

3.2. REGIONAL TOURSIM INITIATIVES

SADC recognizes the tourism sector as having the potential as a vehicle of future economic growth, and as a tool towards poverty eradication in the region. SADC's blueprint for development over the next 15 years incorporates and places an emphasis on tourism as an important economic means. The Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plan for (SIPO) that are organs on politics, defense and security cooperation pledge unwaivered support for the tourism sector (RETOSA, 2006).

The RISDP goal is to use tourism as a vehicle for achieving sustainable socio-economic development, poverty alleviation and as a key incentive for the conservation and utilization of the region's natural resources". SIPO intends to improve the standards of safety and security for tourists in the territories of Member states (RETOSA, 2006:1).

RETOSA (2006:2) reports that the industry has contributed US$6.7 billion to the region's economy in 2004 and created 1.5 million jobs and it is estimated that in 2005 there was US$6.9 billion contribution to the economy and 1.6 million jobs created. RETOSA further reveals that tourist arrivals in 2004 increased over 2003 by 6.5 percent and are expected to increase by 7 percent in 2005. Arrivals for 2004 stood at 15.3 million for the region. RETOSA, operates on subsidiary basis with SADC, the body is funded 40 percent by SADC member states, while the rest of the funding is sourced from the private sector and the international cooperating partners.

The SADC region has been gradually increasing its share of the global market in the past few years - from 2001 to 2004 it grew from 1.5 percent to 1.8 percent. RETOSA, intends to increase SADC's share of global market to 3 percent by 2010 (RETOSA, 2006).

RETOSA's efforts which are always in cooperation with member states (Tourism Boards and Ministries of Tourism and the private sector in Tourism) appear to have slowly but surely been paying dividends. Three of SADC member states registered a stronger growth last year. Mozambique recorded a remarkable increase of plus 37 percent in the period from January to September last year, while South Africa's arrivals grew by plus 11 percent from January to August. Mauritius also posted a healthy growth of plus six percent. These figures are above the WTO long-term average growth rate of 4.1 percent (RETOSA, 2006:4).

The New Partnership for Africa's Development (NEPAD) has developed a Tourism Action Plan, which was endorsed by the World Tourism Organization (WTO) commission for Africa in May 2004 and approved by the African Union in July 2004. Tourism investment promotion for infrastructure and products has been identified as a strategic objective of the Tourism Action Plan and a priority intervention area in the Regional Indicative Strategic Development Plan (RISDP) of SADC (RETOSA, 2006).

One of the current constraints for tourism growth in the SADC region is a lack of investment, or the lackluster stance of it (RETOSA, 2006). This has been partly attributed to the fact that the international investment community is not fully aware of the vast potential and investment opportunities in the region (RETOSA, 2006).

In February 2005, RETOSA, NEPAD and the Development Bank of Southern Africa (DBSA) in an agreement pact undertook to:

- Understand the current investment conditions in the region;
- Identify critical areas of intervention; and
- Provide strategic guidance to SADC countries on stimulation and promotion of investment in tourism.

In 2003, WTO organized a conference on tourism, peace and sustainable development. Held in Luanda, Angola, this conference was organized in the framework of the 39th WTO Commission for Africa meeting. The conference, was chaired by the Minister of Hotels and Tourism of Angola, H.E. Mr. Jorge Alicerces Valentim in his capacity of CAF Chairman, and attended by some 40 counties including more than 20 Ministers of Tourism (WTO, 2003).

While no formal recommendations were sought the following points of broad consensus emerged:

- Peace is fundamental to tourism development.

- Considering the continuing global uncertainty surrounding the immediate term economy, geopolitics, war, terrorism and SARS, it was felt that Tourism has shown remarkable resilience. In these circumstances Africa must be vigilant, visionary and innovative about its tourism development.

- Every effort must be made to convince government leaders of the economic and social value of the tourism sector.

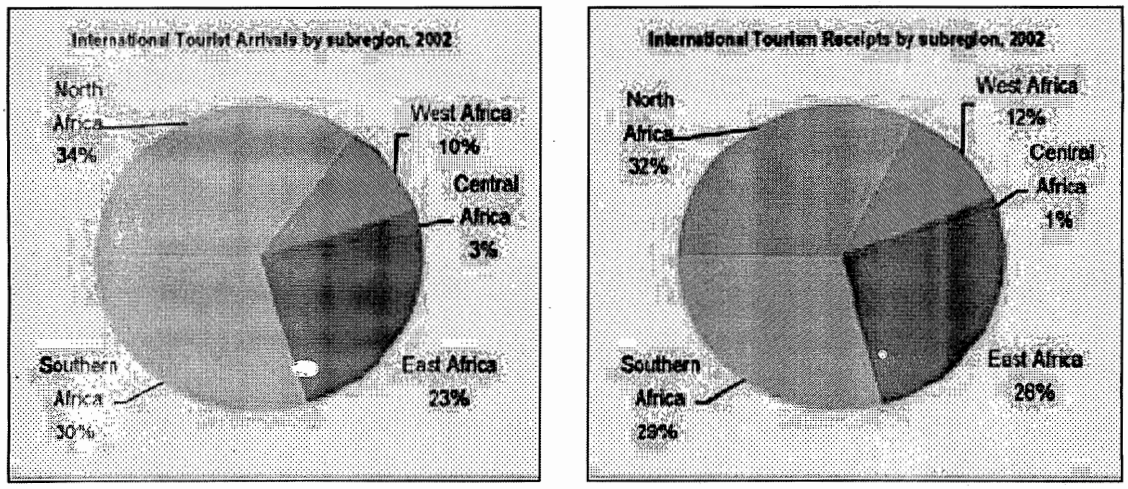
■ Stimulating intra and inter-regional markets should be vigorously explored, as these might be less susceptible to global trends.

■ Investment in Tourism Infrastructure

■ There was a considerable interest in the issue of more airline services to African destinations and particularly the requirement to increase regional flows and to drive up service quality, while holding down cost.

■ There was widespread support for the idea that partnerships generally and regional partnerships specifically could be major factors in helping tourism development.

In conclusion delegates concurred to the fact that Africa's share of world tourism was negligible, points discussed were to be put into motion if Africa stood a chance to excel as a premier international tourist hub (WTO, 2003: 20). **Figure 6**, shows Africa's tourism spread on the continent.



Source *World Trade Organisation*

Figure 6; Tourism Arrivals and Receipts by Sub Region.

3.3. LOCAL INSTITUTIONAL INITIATIVES

The institutional framework to support and enable trade initiatives includes a host of organizations in Zimbabwe which include ZimTrade, Zimbabwe Investment Centre (ZIC), Privatization Agency of Zimbabwe (PAZ) and the Export Processing Zones (EPZ). Although the Government of Zimbabwe has vigorously set up supporting local institutions to boost growth in economic sectors, the impact of sanctions and declaration by western nations that Zimbabwe is an unsafe destination have underscored these efforts. Details of the institutions formed to support local and international trade initiatives are outlined at **Appendix 5**.

3.4. NATIONAL ECONOMIC REVIVAL INITIATIVES

The government over the years has designed several macro-economic development programmes to spearhead economic growth and to bring Zimbabwe in line with regional growth initiatives within SADC and COMESA and to adjust with globalization trends engineered through international bodies such as the IMF and World Trade Organization. Success and failures of these programmes are outlined below. Of greatest significance to Zimbabwe's tourism industry are the Look East and Tourism Recovery Plan that have brought about some relief to the declining tourism sector. National economic initiatives to revive the Zimbabwe economy instituted since independence are at **Appendix 6**.

3.4.1. Look East Policy

The Look East Policy of the Zimbabwe Government is a political and economic response to the absence of support from the West. Since independence China and Zimbabwe have enjoyed great economic corporation, China has supported Zimbabwe in the construction and steel industries. China built Zimbabwe's only international sports stadium in the capital Harare. China has been heavily involved in the refurbishment of the state owned Zimbabwe Iron and Steel Company that is the country's sole largest supplier of steel. China has given Zimbabwe interest free loans and grants for various infrastructural developments (Friedrich Ebert Stiftung, 2004).

It is not surprising that the look East policy aimed at compensating a decline in western tourists has succeeded in increasing the number of tourists from China. The number of tourist arrivals from China in 2004 increased by 245% in comparison to 2003 (Friedrich Ebert Stiftung, 2004). As at 2004, Chinese visitors to Zimbabwe constituted the third most important tourist contingent, and made up 7% of total visitors. Friedrich Ebert Stiftung (2004) reports that the number of Chinese tourists in Zimbabwe rose to 3 354 in 2003 and rose to 11 584 by October 2004. Although these figures are impressive, the 11 000 mark is small compared to the 40 000 Chinese visitors that visit South Africa (Friedrich Ebert Stiftung, 2004).

3.4.2. Zimbabwe Tourism Recovery Plan

The Zimbabwe tourism recovery plan stems from inadequate tourist arrivals realized by the predecessor Look East Policy. In 2004, the President of Zimbabwe successfully secured Zimbabwe's approved tourist destination status amongst Chinese ranks. In April 2006, high profile delegates in the tourism sector including the Minister of Tourism launched the Tourism Recovery Plan.

The plan is aimed at reviving Zimbabwe's tourism sector that has been experiencing challenges over the last few years because of bad publicity. The plan is intended to reverse the country's image as an unsafe destination. US Secretary of State Condeleezza Rice has labelled Zimbabwe an outpost of tyranny, along with North Korea and Iran (Zim's look east policy bears fruit, 2006). The plan puts emphasis on reviving the economy through tourism, marketing campaigns are intended in Europe, Russia, South Africa and Asia. Image boosting initiatives include greater country to country co-operation, in this light Zimbabwean delegates are targeting Indonesia and Singapore as initial marketing destinations.

Zimbabwean government officials have recently experienced success in boosting tourism and economic cooperation between Zimbabwe and China. Though the exact value of Chinese investments in Zimbabwe is not available, China has already invested heavily in mining, telecommunications, power generation and housing projects (Zim's look east policy bears fruit, 2006). Cheap Chinese goods, ranging from toys to real

aircraft, are flooding into Zimbabwe, the national airline Air Zimbabwe experiencing serious operational problems sourced two small MG 720 aircraft from China (Zim's look east policy bears fruit, 2006).

In 2004, the trade volume between Indonesian countries increased to US$34,07 million from a mere US$5,26 million in 2003. The balance of trade was in favour of Zimbabwe (Zim's look east policy bears fruit, 2006).

3.4.3. Impact of Local Initiatives

Local economic programmes such as ESAP and ZIMPREST have not succeeded in the past to stimulate the economy which would in turn reduce inflation, lower cost of production, increase foreign currency inflows, reduce the skills drain, improve energy and fuel supplies. Little optimism has been placed in the recently launched NEDPP.

Positively however, some encouraging results have been derived from the Look East Policy and the Zimbabwe Tourism Recovery Plan that seek to divert marketing focus from the West that has clearly shunned the Zimbabwe market. While increases in tourist arrivals and receipts have been recorded from the Asian continent, expenditure per Asian tourist is far lower than Western tourist from the USA and Europe. Asian nations such as China and India are set to become new world economy leaders in the decades to come, however such growth should be viewed from a middle to long term perspective. Corporates in the tourism sector should continue efforts to market Zimbabwe in a positive light collectively through existing bodies such as ZTA, ZCT and HAZ. Strategic international alliances in the form franchises and partnerships with the West would assist in shoring up the image of the nation through acknowledged international brands.

CHAPTER 4

4.0. METHODOLOGY

4.1.0. RESEARCH BACKGROUND & DESIGN

Due to lower tourist receipts and harsh macro-economic environment tourist entities in Zimbabwe face the following challenges:

1. rewarding and retaining staff
2. training staff
3. meeting capital requirements (required for capital equipment and guest facilities)
4. use of up to date technology (payment, booking and check-in facilities)

This study seeks to ascertain whether and how organizations in the Zimbabwe tourism sector can achieve business success in the present harsh macro-environment. The null hypothesis is organisational success is determined by macro-economic and industry factors. The alternate hypothesis is organazational strategy is a tool to counter harsh macro-economic conditions. Through explorative and open questions at Section B of the questionnaire attached at **Appendix 7**, the researcher seeks to gain insights into the challenges faced by tourism entities and possible remedies to these challenges. These challenges are responsible for the reduced tourist arrivals and profitability in the Zimbabwe tourist sector. Official reports from corporate representative bodies such as the HAZ attribute brain drain, low staff morale, reduced capital replacement as causes of reduced service delivery.

Qualitative research is a research technique that focuses on understanding organizational processes and less on predicting outcomes, this research method seeks to describe and translate phenomenon (Nkomo, 2006). The qualitative approach reflected in Section B of the questionnaire was used to build inferences and gather in-depth and detailed opinions as to the challenges facing the Zimbabwe tourism organizations and applicable remedies to the these challenges. A cross section of

managers across varying organizations has been included to check consensus and consistency as a means of increasing validity.

During hypothesis formulation, extensive literature review and pre research face to face interviews with senior players in the tourism industry were conducted. This process ensured that the questionnaire was designed to address the research problem. An ex post facto collection design was used, the researcher had no control over the variables. The researcher held factors constant in the environment by setting criteria of sample participants in accordance to strict probability sampling procedures. The alternative to the ex post facto design is the experimentation design, in this method, the researcher changes and holds other factors constant thereby manipulating the environment to prove or disprove the hypothesis.

Through research the study describes the link between challenges faced by the tourism industry and management best practice, hence the study is descriptive in nature. From a time dimension perspective, the research is cross-sectional, it is once off focusing at one point in time and not longitudinal in nature (Cooper & Schindler, 2003). The topical scope is statistical in nature, the study was designed for breadth and to a lesser degree depth, the study attempts to capture the target population's turnaround perceptions by making inferences from the sample's characteristics.

Through the hypothesis testing, the study postulated that should the probability that the sample does not utilize management best practice be higher than the significance level, then the null hypothesis that organizational success is determined by macro-economic and industry would be rejected. The researcher also postulated that in the event that the null hypothesis was rejected the alternative hypothesis that organizational management strategies can be used to counter adverse macro-economic conditions and industry factors such as those presented by the Zimbabwe situation would be accepted. On the other hand, should the probability that the sample does utilize management best practice been lower than the significant level, the null hypothesis would be accepted. In the event that the null hypothesis was true the alternative hypothesis that organizational

management strategies can be used be used to counter adverse macro-economic conditions and industry factors such as those presented by the Zimbabwe situation would be rejected.

4.1.1. Research Approach

From a qualitative perspective, the study adopts a non-positivist approach, the positivist approach assumes that understanding comes by identifying nonrandom variations (Strasheim, 2006). From a quantitative perspective the study adopts a positivist approach and seeks variations to responses and data to derive deductions. The positivist approach postulates that only facts can form the basis of knowledge. From a quantitative perspective it is assumed that text authorities used in the study are academically sound and accomplished and hence the researcher does not need to interact with the originator of the text as the author's ideas were sufficiently expressed in the text. Quantitative research unlike qualitative research is deductive in nature as opposed to inductive, this method of research relies on measuring instruments and is objective and scientific in nature. Quantitative research is used to test theory, in this study it is used to test best practice theory derived from literature review.

4.1.2. Research Sample

Sampling is widely viewed as a cost effective means of deriving interpretations of important phenomena, often from a cost perspective, it is not possible to conduct research on a target population (Nkomo, 2006). In the study, due to the seniority of population elements it was not possible for all elements to be available for the research. Sampling allows more thorough investigation, better supervisions and testing when compared to handling a population. A sample is a part of the target population, selected by the researcher to represent the population (Cooper & Schindler, 2003). The target population in this instance is senior and executive management in the tourism industry. As mentioned in Chapter 1, the tourism industry includes players in the travel agency, airline, safari and tours and hospitality sectors within tourism. Senior and executive management were been chosen as the target population as they have the authority and

power to make decisions that directly affect the profitability of tourist organizations within Zimbabwe. Senior and executive management control and distribute resources within organization and are entrusted with making decisions that shape and organization's future through strategy and vision setting.

The population was framed from lists furnished by organizational Company Secretaries, corporate annual reports, organizational websites, Zimbabwe Tourism Authority and Zimbabwe Council of Tourism. Corporate records and Zimbabwe Council of Tourism records indicate that there are more than 400 managers operating at Executive board, Chief Executive, General Manager and head of Department level. It should be noted however that the study focused on managers within registered and larger organizations with 30 or more employees. As described in Chapter 1, the tourism industry is extremely diverse, hence the study population does not include unregistered organizations, small organizations with less than 30 employees and family and owner managed concerns not present on official records. Within the country there are numerous guest houses, hostels, Inns, photographic, tour operators not registered with the Zimbabwe Tourism Authority. The minimum criteria for participants was two years experience at senior and executive management level within the tourism industry.

The sample size was 80 managers, constituting a 20% representation of the targeted population. Sampling was conducted by drawing a database of the population to create a sampling frame and allocating a unique number to each population unit. Numbers were placed in a box and drawn randomly to give every person within the target population a known zero chance of selection through probability sampling. The sample size was enlarged to account for the great dispersion and large number of sub groups within the target group. Given the large dispersion and e-mail response required for Section B of the questionnaire, provision for a low response rate was accommodated.

4.1.3. Data Collection

The study is primarily a formal study that begins with exploration to explore the hypothesis and ends with precise procedures and data source specifications. The goal of a formal research design is to test the hypothesis and answer the research questions posed (Cooper & Schindler, 2003). Data may be defined as the facts presented to the researcher from the study's environment (Cooper & Schindler, 2003). Data was collected via the interrogation/ communication method, the researcher questioned subjects via a self administered questionnaire sent through e-mail. To improve probing and increase the response rate, 10% of the data from Section A of the questionnaire was targeted to be questioned via the telephone. In the context of this study the e-mail self administered questionnaire was most appropriate due to the low cost of this method and the need to reach respondents inaccessible by telephone or seniority of position. Due to the wide geographical dispersion of respondents e-mail provided a convenient means to reach sparse areas and collect data rapidly. Self administered questionnaires are known to have low response rates, to counter this effect, the researcher followed-up responses via telephone although this had an adverse effect of increasing study costs.

According to Cooper & Schindler (2003:324), self administered communication approaches have advantages that include cost effectiveness; they allow contact with otherwise inaccessible respondents (e.g. CEOs and government officials); incentives may be used to increase response rates (free publishable version of research offered as incentive); they allow wide geographical coverage; perceived as more anonymous; they allow respondents time to think about questions; enable fast access to the computer literate; and allow more rapid data collection. Disadvantages include low response rate; probing limited; questionnaire cannot be long or complex; computer security compromised and the need for low-distraction environment for completion.

4.1.4. Data Measurement

Measurement in research consists of assigning numbers to experimental events in compliance to set response mapping rules (Looy, Gemmel & Dierdonock, 2003). Respondents were prompted to respond to scale ranging from very desirable to very undesirable.

A sample questionnaire is attached at **Appendix 7**. Section A of the questionnaire was designed to collect demographic data important in the analysis of the data, of particular importance are the length of service and level of management of participants, the target population was required to understand the strategic nature of the research. Section B of the questionnaire represents the qualitative part, it sought to capture the perceptions of respondents as to whether the macro-economic environment has negatively impacted on the tourism industry; the reasons for decline in the tourism industry and most importantly, whether organisational strategies can counter the current harsh macro-economic environment. Section B draws nominal data, this section collected information on variables that were grouped in a mutually exhaustive and collectively exhaustive manner. Respondents either agreed or disagreed that the macro-economic environment has adversely affected the tourism industry and either agreed or disagreed that organisational strategies can counter the adverse macro-economic environment.

Section C presented a seven point Likert scale. The answer categories carried a number that enabled the respondent to give a quantitative rating. The Likert scale is a summated variation rating scale, summated scales as alluded to earlier, consist of statements that express either a favourable or unfavourable attitude toward the attitude of interest. The advantage of quantitative responses is that statistical interpretation becomes possible. A seven point scale was chosen to facilitate meaningful correlation and regression analyses to assess the relative importance of the various best practices presented in the questions. Section C draws interval data that incorporates the concept of equality of interval or the distance between intervals (Looy, *et al.;* 2003). The use of interval data enables the application of mean and standard deviation calculations (Looy, *et al.;* 2003).

Section C does not pose open ended questions as in Section B. Following literature review questions in Section C were intended to measure the extent to which management best practice had been implemented within respondent's organizations.

Rating scales are often negatively affected by three errors, namely leniency, central tendency and the halo effect. Leniency occurs when a rater goes to extreme by rating either too generously or too harshly (Cooper & Schindler, 2003). A way to deal with a tendency to rate too generously is by making descriptions in responses negative, this approach has been used in Section C of the questionnaire attached at **Appendix 7**. Central tendency occurs when raters are reluctant to give extreme responses, this error often occurs when raters do not understand the properties being rated (Cooper & Schindler, 2003). Central tendency can be countered by increasing descriptives of properties, creating smaller steps in meaning of questions and increasing points on a scale. With this in mind and through evidence during the pilot study, questions were adjusted to make them more descriptive, the rating scale was increased from a five point to a seven point likert scale. The Halo effect occurs when a rater carries over a generalised impression of a question from one rating to another (Cooper & Schindler, 2003). A way to counter the halo effect is to separate questions per page and grouping different types of questions.

As a means of increasing respondent participation and co-operation, Looy, *et al.;* (2003) highlight that the respondent should possess the information targeted by the researcher; understand their role in providing information and should be adequately motivated to participate. In addition to background information provided on the questionnaire and clear instructions on how to complete the questionnaire, the researcher included an additional page indicating the motivation for this study via e-mail. To further increase response rate the researcher provided information on the approximate time it would take to complete the questionnaire; did not force the respondent to remember responses to previous questions and kept the questionnaire as short as possible.

The issue of turnaround strategies are very topical in Zimbabwe due to the negative effects of the harsh macro-economic environment on corporates. As away of maintaining respondent interest, Section B that asks the respondent to propose strategies to counter the harsh macro-economic environment was purposefully placed before Section C that focuses on what strategies management has actually put in place to increase profitability in the present conditions. Section B of the questionnaire contains more straight forward questions while Section C that follows has more complex questions, Section B seeks to arouse the respondent to answer more difficult questions in Section C.

As included in Chapter 1, questions 1 - 5 measured the extent to which management provides direction and leadership through a clear vision and mission statement. These set of questions measured the extent to which management is proactive through market and competitor awareness. To achieve organisational success, management needs to be aware of its strengths and weakness and devise means to eliminate threats through adequate resource provision to such threats. This is the essence of strategy.

Questions 6 - 13 measured the extent to which management within the tourism sector prioritise client service and build organizational capability to provide excellent service through its human resources. In addition to identifying market needs and wants, management should provide adequate client facilities to enable an excellent tourism experience. To deliver high quality service organisations in the tourism service should be equipped with knowledgeable and motivated staff. Questions 6 - 13 also measured the extent to which management hires appropriate staff; and utilises training and incentives as tools to deliver excellent service.

Questions 14 and 15 measured the extent to which management implores information technology (I.T.) as a tool to gain competitive advantage. In the global village, numerous tourism business is generated from remote destinations over the internet.

Travel agencies in most countries determine tourist arrivals and route airlines to destinations favoured by tourists. Alliances with such organisations can be useful to secure clients and boost revenue. International brands and association with international brands builds tourist confidence in tourists of the destination they are travelling to. Questions 16 and 18 measured the extent to which management priorities international alliances a means of boosting revenue. Debt is a highly risky financial instrument in Zimbabwe given the high inflation and high interest rates currently being experienced in the financial market. Question 17 measured the extent to which management uses equity as a low risk option to raise capital.

Tourism umbrella bodies such as the Zimbabwe Tourism Council (ZCT) and the Hospitality Association of Zimbabwe (HAZ) provide a platform for organizations to collectively address problems of common concern and lobby for more favourable policy frameworks. These include national budget allocation and national entry conditions for foreign tourists. Question 18 in addition to measuring international orientation measured the extent to which management within tourism association spheres lobby for tourism policy favourable to an increase in tourism receipts.

4.1.5. Reliability and Validity

Reliability and validity measures are scientific means by which studies are either recognized or discarded. Reliability encompasses the precision of the measurement procedure; validity refers to the extent to which an instrument measures what it is intended to measure (Nkomo, 2006). This study intends to measure whether organizations can overcome the macro-economic challenges the Zimbabwean situation presents. The questionnaire designed seeks to achieve stability through achieving consistent results in the event of repeated measurements on the same subjects and internal consistency through consistency among items on the questionnaire scale.

To increase consistency, a pilot study was conducted in which five hospitality managers from a leading hotel consistently responded to the questionnaire after three consecutive issues. The pilot test was used to detect weaknesses in design and instrumentation and provide comparative data of the probability sample. Simulation was used to create the same conditions the final sample would encounter. The questionnaire was e-mailed and data analyzed to assess whether it addressed the hypothesis question. Feedback from pilot test participants revealed that some questions in Section B required more clarity and that terms used in Section C were "too technical", the questionnaire was adjusted to make it easier to understand and increase validity of data. External validity, referring to the ability of the research to be generalized across person, setting and times of the research has been increased through fixed criteria of participants covering a wide spectrum of managers from representative cultures and backgrounds across Zimbabwe.

4.1.6. Data Coding

All data collection was conducted electronically; returned questionnaires were placed in a folder labelled questionnaire responses. All questionnaires were screened for minimum participation criteria, namely level of management and two years of service in the tourist industry. Responses were classified into four groups according to the tourist sub sector they fall within. All respondents were allocated a special number commencing with the letter **R**, e.g. R1, R15. Responses from participants in authoritative organizations and associations such as the Zimbabwe Tourism Authority, Zimbabwe Council of Tourism and Hospitality Association of Zimbabwe were grouped and coded as **AU**. Responses from hospitality concerns such as hotels, motels, lodges and guest houses were grouped and coded as **HOT**. Responses from tour operators, camps wild life and safari were grouped and coded as **SAT**. Airline and travel agent responses were grouped and coded as **AT**. To allow easier classification, all responses followed a chronological order, for example, **AU** responses followed a sequence from **R1** to **R8** and **HO.** As this study tested hypothesis for the entire tourism fraternity, for statistical analysis all tourism sub groups were analysed as a single sample.

Responses from Section B of the questionnaires were coded in accordance with common responses, for example bad publicity was coded as B1 indicating the response is from section B. The percentage of respondents with the common response was calculated, hence indicating the strength of the factor. Percentages are best computed when the data is large enough to be meaningful, the average of 20 figures is more meaningful than the average of two figures, and hence it is important to obtain a good response rate to the questionnaire.

4.1.7. Data Analysis

Measures of location include the mean, median and mode. The mean is the average of scores; the median represents the mid point of distribution, while the mode represents the most frequently occurring value. Measures of location are primary calculations that initially interpret data, these will be derived using data from Section C of the research questionnaire. Measures of spread or dispersion include measures of variance, standard deviation, range and inter-quartile range. The variance is a measure of score dispersion about the mean, the greater the dispersion of scores, the greater the variance (Cooper & Schindler, 2003). The standard deviation summarises how far away from the average, data values are (Cooper & Schindler, 2003). The range is the difference between the highest score and the lowest score, the range is used to determine homogeneity and heterogeneity. For homogenous distribution the ratio of the range to the standard deviation should be between 2 and 6 (Cooper & Schindler, 2003:429). The inter-quartile range is the difference between the first and third quartiles of distribution, the inter-quartile range is used to map distributions and construct box plots.

Following data collection analysis and deriving necessary measures of location, spread and shape, it is possible to test the hypothesis. Typically, the hypothesis is in negative form to conclusively ensure that the hypothesis is not consistent with other hypothesis too (Cooper & Schindler, 2003). According to Cooper & Schindler, (2003:529) the procedure for hypothesis involves first stating the null hypothesis; choosing an appropriate statistical test; selecting the desired level of significance, computing the

difference score; obtaining the critical test value and interpreting the test by either rejecting or accepting the null hypothesis.

The t test has been chosen for this study, the t test is a parametric test used for one sample case where interval data is used. In this study we seek to establish if there is a difference between observed frequencies from Section C of the questionnaire and theory regarding determinants of organisational success. The t test has more tail area than that found in normal distribution, this is to compensate for lack of information about the population standard deviation. The researcher due to the diversity of the tourism sector and lack of precise information about the standard deviation of the population used the t test. A two tail directional test with a significance level of .05 was deemed as commonly acceptable level as a basis of acceptance or rejection of the null hypothesis for relatively small sample sizes such as is presented in this case.

To measure associations between variables such as a leadership and human resources and client service the study used the Pearson's Correlation. The Pearson's Coefficient is used to measure association between two continuous variables for interval and ratio data. Correlation coefficients reveal the magnitude and direction of relationships. Magnitude reveals the degree to which variables move in unison and opposition (Strasheim, 2006).

Hypothesis of this study were as follows:

Null Hypothesis - Organisational success is determined by macro-economic and industry factors

Alternate Hypothesis - Organizational strategy is a tool to counter harsh macro-economic conditions.

CHAPTER 5

5.0. RESULTS

5.1. RESEARCH RESPONSE

A total of 80 questionnaires were distributed via electronic mail, 14 respondents completed the questionnaire, resulting in a 17.5% response rate. Seven percent of the respondents were from an authoritative body, 79% were from the hotel sector while the remaining 14% consisted of responses from the safari and tours sector. **Figure 7** below depicts the distribution of the respondents by tourism sector. The response rate was low thereby negatively affecting conclusions that can be drawn from the study. Results of the study are biased towards the hospitality and safari and tours sectors, effectively leaving out sectors such airline, restaurant, fast food, curio and travel agency concerns. Only 4 of the intended 8 personal interviews, to increase the response rate, were conducted.

Possible reasons for a low response rate are the anticipated low response rate of self administered questionnaires and the period within which the study was conducted. The study was carried out at a time when the Zimbabwe Tourism Authority was vigorously checking organizations' renewal of tourism licenses. The Zimbabwe Tourism Authority in August 2006 closed 54 tourist concerns for failing to meet registration deadlines (Zimbabwe Tourism Authority, 2006).

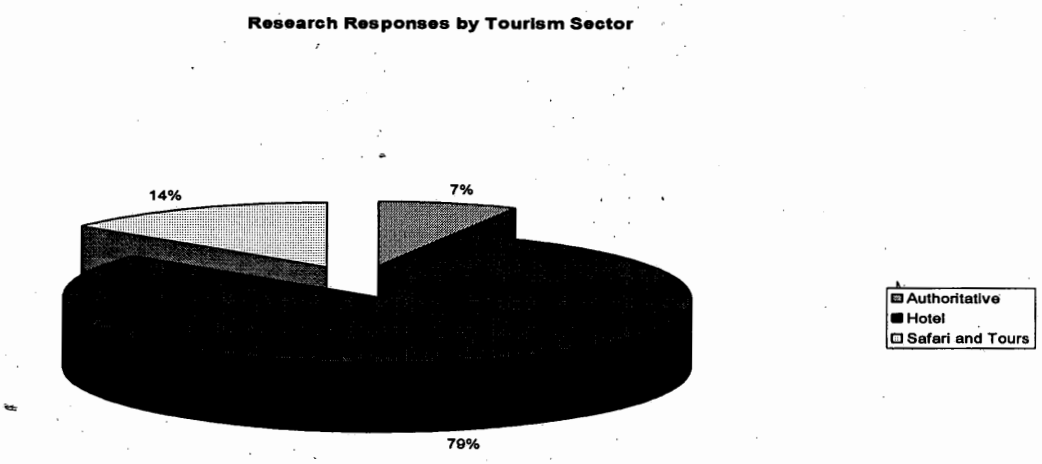


Figure 7 – Research Response by Tourism Sector

5.2. DEMOGRAPHIC ANALYSIS

The demographic section of the questionnaire was analysed to ensure the respondents matched the sample criteria. Minimum requirements for data analysis were two years experience at senior to executive management level. 55% of the respondents had in excess of nine years experience in the tourism industry. More specifically, 29% had over 15 years experience in the industry. 14 % of the respondents had served two to three years in the tourism industry. The respondents were reflective of an experienced sample.

All respondents were at senior and executive management level. 21% of the respondents had been at Executive level for an average of 15 years, 29% of the respondents were at Executive Committee level. Executive Committees within organizations serve to advise the board of directors on policy implementation. 50 % of the respondents were at senior management level. Respondents were decision makers had exposure at the highest level of organizations in the tourism industry. 36% of the respondents were aged between 36 and 40 years, 14% of the respondents were aged between 51 and 55 years. Age analysis of the respondents indicated a mature profile, 72% of the respondents were aged between 36 and 55 years.

The largest portion of respondents were from small organizations, 43% were from organizations with less than 100 employees, 29% were from medium sized organizations with 251 to 500 employees. 14% of the respondents were from large organizations in excess of 500 employees. Although the response rate to the study was low, the spread of organizational size is indicative of tourist concerns in Zimbabwe, excluding corporates listed on the Zimbabwe Stock Exchange 80% of tourist concerns employ less than 100 employees.

Although the respondents were mature, experienced and senior managers, 43% of the respondents possessed only a National Diploma. 7% had a certificate qualification, 7% were in possession of a degree, while 14% and 29% had an honours and masters degree. No respondents were in possession of a doctorate degree. Respondents generally showed a low level of educational in comparison with the organizational status. **Table 4** below outlines the demographic characteristics of the respondents.

RESPONDENT DEMOGRAPHICS

INDUSTRY EXPERIENCE

Years of Service	FREQUENCY	% of Respondents
+ 2 years	2	14%
3 – 4 years	0	
5 – 6 years	4	29%
6 – 7 years	0	
7 – 8 years	0	
9 – 10 years	2	14%
10 – 11 years	1	7%
11 – 12 years	0	
13 – 14 years	1	7%
15 + years	4	29%
Total	**14**	**100%**

MANAGEMENT LEVEL

Management Level	FREQUENCY	Av Years in Position	% of Respondents
Member of the Board of Directors	3	15	21%
Member of Executive Committee	4	3	29%
Senior management	7	5	50%
Non-management			0%
Total			**100%**

ORGANISATIONAL SIZE

NUMBER OF EMPLOYEES IN ORGANISATION	FREQUENCY	% of Respondents
Less than 100	*6*	43%
100 to 250	*1*	7%
251 to 500	*4*	29%
501 to 750	*1*	7%
751 to 1000	1	7%
1001 to 2500	1	7%
2501 to 5000		0%
5001 to 10000		0%
More than 10000		0%
Total		**100%**

AGE ANALYSIS

AGE	FREQUENCY	% of Respondents
Less than 25		
26-30	2	14%
31-35	2	14%
36-40	5	36%
41-45	3	21%
46-50		0%
51-55	2	14%
Over 55		0%
Total	14	100%

QUALIFICATION STATUS

HIGHEST QUALIFICATION	FREQUENCY	% of Respondents
Lower than O' Level		
O' Level		
A' Level		
National Certificate	1	7%
National Diploma	6	43%
Degree	1	7%
Honours Degree	2	14%
Masters Degree	4	29%
Doctorate		
Total	14	100%

Table 4 - Demographic Summary

5.3. QUALITATIVE ANALYSIS

Section C of the questionnaire was designed to explore the challenges facing the Zimbabwe Tourism Sector. Regarding challenges facing the Zimbabwe tourism sector, all respondents identified reduced international and regional arrivals as the largest factor contributing to a decline in the tourism sector. A negative international image, declining capital base and brain drain were cited as other major challenges facing the tourism sector. To a lesser degree, foreign currency shortages, high inflation and unreliable air transport were cited as contributory factors.

All respondents were of the opinion that management within their organizations could successfully implement management strategies to counter the current adverse macro-economic conditions. This view is consistent with the alternative hypothesis that organizational strategy is a tool to counter harsh macro-economic conditions. 79% of the respondents cited international marketing synergies as the most appropriate strategy to effect a positive turnaround within entities in the tourism sector. Respondents identified productivity rewards to retain staff; cost management and business diversification as alternative strategies to effect positive turnaround in the Zimbabwe tourism industry. 93% of the study respondents perceived Zimbabwe as having diverse and majestic

natural endowments in its support. 86% and 64% of the respondents perceived Zimbabwe as having friendly and skilled staff. 57% perceived Zimbabwe as having good infrastructure as a tool to boost tourism.

On the contrary, all respondents strongly felt that the macro-economic environment has adversely hampered management efforts to bring about a turnaround within their entities. Respondents expressed that the adverse macro-economic environment was responsible for the reduction in operational capacity and hence staff retrenchments and recruitment freezes that they have been forced to effect. Respondents articulated that staff retention was at its lowest and that the exodus of skills into the region was at its highest. As a result respondents were of the opinion that service quality delivery is below 1999 levels. Respondents were also of the opinion that the macro-economic environment was responsible for low investment level in building, plant and information technology.

Respondents further cited the operating environment as a continued challenge owing to a managed foreign exchange rate, high inflation and high interest rates. Respondents mention that the local market that contributed large revenue volumes in recent years has slowed down owing to the effect that rising inflation has had on disposable incomes. **Table 5** summarises respondents response to open ended questions posed in Section B of the research questionnaire.

CHALLENGES FACING TOURISM SECTOR	FRQ	%	CORPORATE STRATEGY CAN OVERCOME MACRO – ENVIRONMENT	FRQ	%	TURAROUND STRATEGY	FRQ	%	ZIM TOURISM STRENTGHS	FRQ	%
Reduced International and Regional receipts	14	100 %	YES	14	100 %	Productivity Rewards	5	36%	Skilled staff	9	64%
High Inflation	5	36%				Better work methods	1	7%	Friendly people	12	86%
Staff retention/ Brain Drain	9	64%				Cost Control	5	36%	Natural Endowments	13	93%
Capital Base	11	79%				Excellent Client Service	1	7%	Good Infrastructure	8	57%
Unreliable air transportation	3	21%				International Marketing Synergies	11	79%			
Sanctions	1	7%				Reduce Tourist Charges to foreigners	1	7%			
Foreign Currency	5	36%				Foreign Direct Investment	1	7%			
Negative International image	13	93%				Improved recruitment procedures	1	7%			
Fuel shortages	4	29%				Diversification	3	21%			
HIV AIDS	1	7%				Fuel Procurement for Guests	1	7%			

KEY	
FREQUENCY	FRQ
PERCENT	%
ZIMBABWE	ZIM
INTERNATIONAL	Int
REGIONAL	Reg

Table 5 – Qualitative Summary

5.4. QUATITATIVE ANALYSIS

Section C of the research questionnaire measured the extent to which management deployed management best practice to counter the adverse macro-economic environment. As outlined in Chapter 4, through hypothesis testing, should the probability that the sample does not utilize management best practice been higher than the

significance level, the null hypothesis that organizational success is determined by macro-economic and industry would have been rejected. In the event that the null hypothesis was rejected the alternative hypothesis that organizational management strategies can be used to counter adverse macro-economic conditions and industry factors such as those presented by the Zimbabwe situation would be accepted. On the other hand, should the probability that the sample does utilize management best practice be lower than the significance level, the null hypothesis will be accepted. In the event that the null hypothesis is true the alternative hypothesis that organizational management strategies can be used to counter adverse macro-economic conditions and industry factors such as those presented by the Zimbabwe situation was to be rejected.

The research questionnaire measured five dimensions namely the leadership, human resources and client service, information technology, international and association orientation and financial dimensions. **Table 6** below outlines all questions, dimensions and sample scores. The sample leadership dimension culminated a score of 97 and an acceptable standard deviation and standard error of mean of 4.98 and 2.23. A standard deviation of 4.98 depicts low variation and that most scores within the sample fall around the mean. A low standard error of mean of 2.23 reflects low variability or spread of sample means about the true population mean. A low standard error of mean also reflects that it is near population mean.

It can be interpreted that management within tourism concerns provides leadership in the form of clear and well understood vision and mission statements; strategy and clear environmental analysis. Although management provides organizational direction, question 5 relating to resources allocated to eliminating and reducing organizational threats had a low score. It would emerge that management does not provide resources to eliminate and reduce organizational threats.

Questions 6, 10 & 13 were inverted to reduce the leniency, central tendency and the halo effect described in Chapter 4. The human resources and client service dimension had a low score of minus 3, a high standard deviation of 18.72 and a standard error of mean of 6.62. The standard deviation is very high partly due to the inversion of

questions 6, 10 and 13 and reflects differing views toward human resources retention and client service. The high standard deviation shows great variation about the mean. The high standard error of mean shows low representation of the population mean. After factoring the inversion of questions 6, 10 and 13 it can be concluded that this dimension had a low score. These results reflect that management within the tourism industry do not adequately prioritize guest needs, service, staff training and staff rewards. A low score of -2 for question 12, designed to measure the extent to which entities recruit only qualified and well screened tourism orientated employees reflects that tourism organization do not hire qualified suitable staff. This result is supported by the fact that 46% of the sample of senior and executive staff are in possession of only a national diploma.

A low score of 10 for question 7 measuring the extent to which guest amenities and facilities are constantly up graded to maximize guest satisfaction is indicative of low investment in facilities that increase guest satisfaction. Results indicate that employees are not empowered to resolve customer complaints. Contrary to the overall low dimensional score, a high of minus 29 for question 10 indicates that management recognizes customer relationships as being key to achieving repeat business. Employee rewards and benefits are not adequately used to motivate positive performance.

The sample registered a positive score for the information technology dimension. Management within the sample perceived information technology as being significant to reducing costs and improving service. To a lesser degree, management within organizations uses internet and electronic marketing to gain market share. This dimension had a score of 24, a low standard deviation of 4.24 and standard error of mean of 3. There was low variation about the mean; the sample average can be projected to the population mean.

The international and association orientation had a low score of 7, high standard deviation of 12.02 and standard error of mean of 8.5. Establishing international partnerships and synergies with international brands and travel agencies within

organizations in the Zimbabwe tourism industry is not a priority. However, participation to foster positive relations with key markets through tourism associations is undertaken at an acceptable degree. A high standard deviation of 12.02 reflects high variability about the mean, a high standard error of mean shows low ability to project the score to the population. The sample showed low international and association orientation.

Standard deviation and standard error of mean could not be calculated for the financial dimension due to the proposition of a single question for this dimension. However, the financial dimension had a high score of 15 reflecting that capital within tourism concerns in Zimbabwe is raised through equity as opposed to debt.

Collectively the dimensions had a score of 140, a positive average of 0.56, standard deviation of 15.43 and standard error of mean of 5.14. A positive score and average of 140 and .56 translates into overall positive implementation of management best practice. The standard deviation is high partly due to a low response rate, similar to the mean the standard deviation is affected central tendencies. Given the low response rate and high diversity of the sample in terms of organizational size and industry sub sector, the standard deviation is acceptable. A standard error of mean score of 5.14 indicates the score's ability to represent the population.

RESEARCH DATA

	AU	HOT	HOT	HOT	HOT	HOT	HOT	HOT	HOT	HOT	HOT	HOT	SAT	SAT					
QUE	R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10	R 11	R 12	R 13	R 14	DIMENSION TOTAL	QUE TOTAL	QUE AV	QUE SD	QUE SD ERROR OF MEAN
Leadership Dimension																			
1	2	2	1	3	3	2	-2	3	2	2	1	3	1	1		24.00	2.67	1.28	0.00
2	1	3	2	3	2	1	-2	2	2	0	1	2	2	1		20.00	2.22	1.24	0.43
3	1	3	2	3	2	1	2	1	1	0	0	2	1	1		20.00	2.22	0.90	0.41
4	2	3	2	3	2	2	1	1	1	0	1	2	2	0		22.00	2.44	0.90	0.30
5	2	1	1	3	0	-1	1	2	0	0	1	-1	1	1		11.00	1.22	1.08	0.30
Score	8	12	8	15	9	5	0	9	6	2	4	8	7	4	97.00				
Av	1.6	22	15	27	15	8	2	15	10	2	7	13	13	7	19.40				
SD	0.55	0.89	0.55	0.00	1.10	1.22	1.87	0.84	0.84	0.89	0.45	1.52	0.55	0.45	4.98				
S Err	0.24	0.40	0.24	0.00	0.49	0.55	0.84	0.37	0.37	0.40	0.20	0.68	0.24	0.20	2.23				
Human Resources and Client Service Dimension																			
6	-2	1	-2	-3	-2	-3	1	-3	-3	-1	-3	-3	2	1		-20.00	-2.22	1.80	0.00
7	1	2	0	3	2	-1	0	3	2	0	1	0	-2	-1		10.00	1.11	1.48	0.60
8	2	3	1	3	3	2	-2	2	1	0	0	1	2	2		20.00	2.22	1.35	0.49
9	1	0	0	1	2	1	1	1	1	1	1	1	2	2		15.00	1.67	0.59	0.45
10	-3	-3	0	-3	-3	-3	-1	-3	-3	-3	-3	-3	1	1		-29.00	-3.22	1.53	0.20
11	3	3	-1	3	2	2	-2	3	2	1	1	2	-1	-1		17.00	1.89	1.70	0.51
12	-1	-1	1	3	1	-1	0	0	-1	0	-3	1	1	-2		-2.00	-0.22	1.46	0.57
13	1	0	-1	-3	-2	-3	2	-3	0	-1	1	-2	-2	-1		-14.00	-1.56	1.56	0.49
Score	2.00	5.00	-2.00	4.00	3.00	###	-1.00	0.00	-1.00	-3.00	-5.00	-3.00	3.00	1.00	-3.00				
Av	0.13	-0.13	-0.13	0.13	0.00	###	0.00	###	-0.13	-0.25	-0.38	-0.13	0.13	-0.13	-1.63				
SD	2.28	2.17	0.84	3.03	2.35	2.28	1.58	2.61	1.92	1.67	2.19	2.17	1.64	1.64	18.72				
S Err	0.81	0.77	0.30	1.07	0.83	0.81	0.56	0.92	0.68	0.59	0.77	0.77	0.58	0.58	6.62				
Information Technology Dimension																			
14	2	3	-1	0	3	3	-3	2	0	2	1	1	1	1		15.00	1.67	1.62	0.00
15	1	2	-1	2	2	1	-3	1	2	0	0	1	2	-1		9.00	1.00	1.44	0.54
Score	3.00	5.00	-2.00	2.00	5.00	4.00	-6.00	3.00	2.00	2.00	1.00	2.00	3.00	0.00	24.00				
Av	1.50	2.50	-1.00	1.00	2.50	2.00	-3.00	1.50	1.00	1.00	0.50	1.00	1.50	0.00	12.00				
SD	0.71	0.71	0.00	1.41	0.71	1.41	0.00	0.71	1.41	1.41	0.71	0.00	0.71	1.41	4.24				
S Err	0.50	0.50	0.00	1.00	0.50	1.00	0.00	0.50	1.00	1.00	0.50	0.00	0.50	1.00	3.00				
International and Association Orientation																			
16	-1	-1	-2	-1	3	1	1	0	1	0	-3	0	-2	-1		-5.00	-0.56	1.49	0.00
18	2	-3	2	2	2	1	-2	2	2	0	1	1	1	1		12.00	1.33	1.51	0.50
Score	1.00	-4.00	0.00	1.00	5.00	2.00	-1.00	2.00	3.00	0.00	-2.00	1.00	-1.00	0.00	7.00				

Av	0.50	-2.00	0.00	0.50	2.50	1.00	-0.50	1.00	1.50	0.00	-1.00	0.50	-0.50	0.00	3.50				
SD	2.12	1.41	2.83	2.12	0.71	0.00	2.12	1.41	0.71	0.00	2.83	0.71	2.12	1.41	12.02				
S Err	1.50	1.00	2.00	1.50	0.50	0.00	1.50	1.00	0.50	0.00	2.00	0.50	1.50	1.00	8.50				
Financial Dimension																			
17	3	3	2	2	1	-1	0	3	1	0	0	1	1	-1		15.00	1.67	1.33	0.00
Score	3.00	3.00	2.00	2.00	1.00	-1.00	0.00	3.00	1.00	0.00	0.00	1.00	1.00	-1.00	15.00				
Av	3.00	3.00	2.00	2.00	1.00	-1.00	0.00	3.00	1.00	0.00	0.00	1.00	1.00	-1.00	15.00				
RESPONDENT																140	0.56	15.43	5.14
17	21	6	24	23	4	-8	17	11	1	-2	9	13	4	140					
0.94	1.17	0.33	1.33	1.28	0.22	-0.44	0.94	0.61	0.06	-0.11	0.50	0.72	0.22	10.00					
1.75	4.44	3.07	5.17	3.1	2.4	1.84	3.1	2.2	1.17	2.15	2.82	2.60	1.58	9.73					
3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74	3.74					
0.58	1.48	1.02	1.72	1	0.8	0.61	1	0.7	0.39	0.72	0.94	0.87	0.53	2.6					

TABLE 6 – Research Data

From a non dimensional perspective, the sample had an average of 10, standard deviation of 9.73, coefficient of 90% and sample standard error of 2.67. A sample average of 10 reflects that management deplored management best practice within their organizations. A standard deviation of 9.73 is acceptable given the high diversity of the sample in terms of organizational size and industry sub sector. A coefficient of variation of 90% indicates that the average positively represents the set of numbers it came from. A low sample standard error indicates that the sample score can be projected to the population. Summarised sample data is at **Table 7.**

SAMPLE DATA

CATEGORY	RESPONDENT	SCORE
AU	R1	17
HOT	R2	21
HOT	R3	6
HOT	R4	24
HOT	R5	23
HOT	R6	4
HOT	R7	-8
HOT	R8	17
HOT	R9	11
HOT	R10	1
HOT	R11	-2
HOT	R12	9
SAT	R13	13
SAT	R14	4
Sample Average		10.00
Standard Deviation		9.73
Coefficient of Variation		90%
Sample Standard Error		2.67

Table 7 – Sample Data Summary

5.5. HYPOTHESIS TESTING

The t test was used to test the null hypothesis that organizational success is determined by macro-economic factors. Data used to test the hypothesis was as follows:

Sample size	-	14
Sample Mean	-	10
Sample Standard Deviation	-	9.7
Sample standard Error	-	2.67
T Test statistic	-	1.871
P – value	-	0.084

The researcher applied a two tailed test with an alpha of 0.05. The T- distribution outlined in **Figure 7** indicates the region of rejection. The null hypothesis would be rejected if the T calculated from the sample was less than -2.16 or more than 2.16. The calculated t was 1.871 and did not fall in the rejection region. The testing rule follows that the null hypothesis should not be rejected should the p-value be more than alpha of

0.05. The p-value for the sample was 0.084 and more than the alpha, hence ***the researcher failed to reject the null hypothesis that organizational success is determined by macro-economic factors. The alternative hypothesis that organizational success can be countered by organizational strategy is hence rejected.***

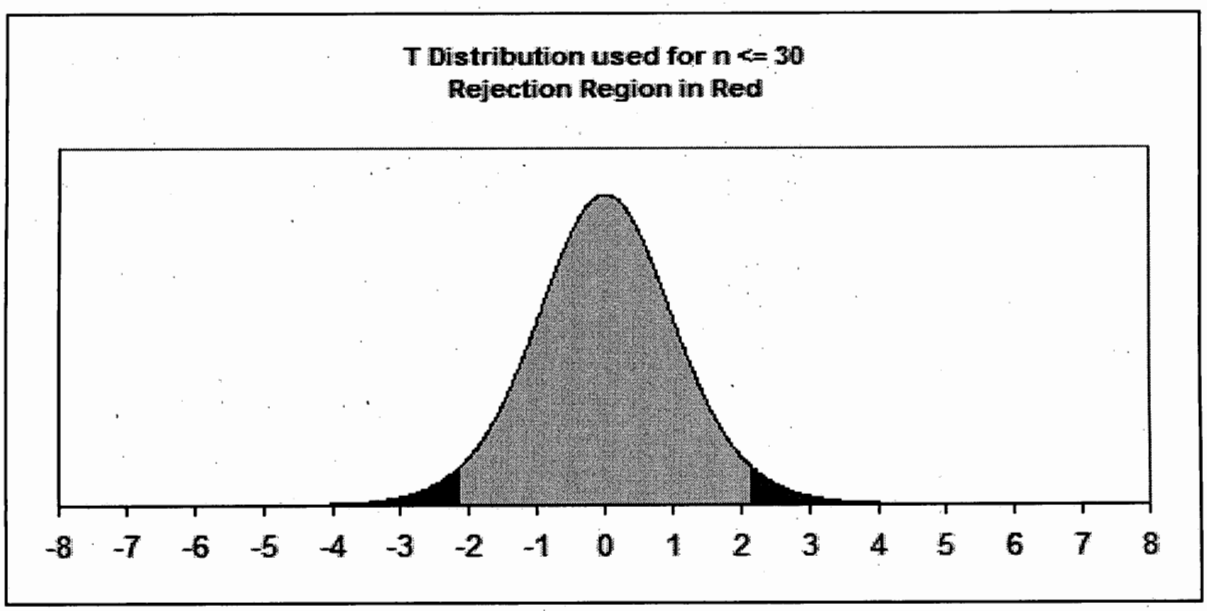


Figure 8 – Null Hypothesis Rejection Region

5.6. ASSOCIATION OF FACTORS

The Pearson's correlation measure was used to measure association between the leadership, human resources and client service, information technology, international and association orientation and financial strategy. Positive correlation was identified between leadership and human resources and client service, information technology and financial strategy. An insignificant correlation of 0.09 was measured between leadership and international orientation.

Positive correlation was identified between human resources and client service and financial strategy. There was positive correlation of 0.28 between human resources and client service and information technology. Human resources and client service was negatively associated to international and association orientation.

Information technology was positively associated to international and association orientation and financial strategy. International orientation was negatively associated to information technology and financial strategy. Financial strategy was positively associated to human resources and client service.

Although the Pearson's correlation does not show cause and effect relationships, it can be deduced that human resources and client service, information technology and client service are strongly associated with leadership. A correlation matrix with Pearson measures is at **Table 8.**

PEARSON CORRELATION MATRIX

	LEADERSHIP	HR & CLIENT SERVICE	INFORMATION TECHNOLOGY	INTERNATIONAL ORIENTATION	FINANCIAL STRATEGY
LEADERSHIP		0.62	0.55	0.09	0.71
HR & CLIENT SERVICE	0.62		0.28	-0.08	0.58
INFORMATION TECHNOLOGY	0.55	0.28		0.25	0.29
INTERNATIONAL ORIENTATION	0.09	-0.08	0.25		-0.06
FINANCIAL STRATEGY	0.71	0.58	0.29	-0.06	

Table 8 – Pearson Correlation Matrix.

5.7. RESULTS SUMMARY

Management within the tourism industry employ management best practice as means to counter the adverse macro-economic conditions, however, results indicate that these measures are inadequate to counter the decline in tourism receipts. Results show that management within the tourism industry confers clear organizational direction, strategy and environmental awareness never the less, management does not provide adequate resources to reduce organizational threats. A reason for this could be that management within the tourism industry is experiencing lower tourism receipts. Management does not adequately prioritize employee rewards and training to meet guest needs and wants. Management does not recruit suitably qualified and tourism orientated employees. Literature review suggests that wages are failing to match inflation resulting in the brain

drain the nation is facing. Management believes that information technology is important to reducing costs and improving service however, management to a lesser degree uses the internet and electronic marketing to gain market share.

Management within the tourism industry does not prioritize establishing international partnerships and synergies with international brands and travel agencies. Management does however, strive to foster positive relations with key markets through participation in tourism associations. Capital is raised through shareholder capital injection as opposed to borrowing; this is consistent with the current high risk associated with borrowing money in Zimbabwe.

Correlation analysis reveals that human resources and client service, information technology and client service are strongly associated with leadership.

The null hypothesis that organisational success is determined by macro-economic factors is true. The alternate hypothesis that corporate strategy is a tool to counter adverse macro-economic conditions was rejected.

CHAPTER 6

6.0. DISCUSSION OF THE RESULTS AND RECOMMENDATIONS

6.1. TOURISM RECEPITS

The Zimbabwe Tourism Authority attribute a lack of resources to counter the negative publicity in source markets; decline in long haul destinations due to the September 11 attack in America and continued terrorism threats and lack of direct flights from major markets as possible causes of a steady decline in tourism receipts over the past six years (ZTA, 2004:4). While tourism arrivals have increased in the first half of 2006 due to an increase tourist arrivals from Eastern markets such as China, receipts remain on the decline due to lower spending patterns within the Eastern market compared to the traditional Western markets.

An objective of the study was to explore the challenges faced by the Zimbabwe tourism industry. As outlined in Chapter 5, through qualitative research, questions 1 and 3 of Section B of the research questionnaire outline reduced international and regional tourism receipts is the greatest challenge faced by the tourism. Other major challenges identified and summarised at **Table 6** are the negative international image the country is experiencing ; eroded capital base within the tourism sector; staff retention and brain drain; high inflation; foreign currency and fuel shortages and unreliable air transportation. To a lesser degree the tourism industry needs to overcome sanctions and the HIV/AIDS scourge.

Negative perceptions as reflected by results of the qualitative portion of this study haunt the Zimbabwe tourism sector, the advent of the land reform programme triggered a series of economic sanctions by the West due to perceived human rights abuses. Farmers of British origin were adversely affected by the land reform programme in a move largely viewed as political by the West. As a result, the US and European Union have targeted sanctions against Zimbabwe (International Monetary Fund, 2004). Zimbabwe has been frequently featured by powerful media broadcasters such as CNN and BBC as having a poor human rights record. Recent initiatives by the Zimbabwe

government in July 2005 to "rid" the country of illegal housing and business structures attracted the attention of the United Nations. The cleansing programme dubbed "Operation Murambatsvina" resulted in a damning UN report that slammed the Zimbabwe government for human rights abuses. The report stated that 700 000 ordinary Zimbabweans either had either their livelihood or home destroyed as a result of the exercise (United Nations, 2005).

Although Zimbabwe had moral justification to embark on the land reform exercise due to land imbalances created during the colonial era and had legal justification for destroying illegal homesteads and businesses, the causes had a devastating effect on the country's image. Western nations continue to heighten security warnings to travellers intending to travel to Zimbabwe. The net impact is reduced tourism receipts from high income markets.

6.2. MACRO – ECONOMIC IMPACT

Zimbabwean goods manufactured locally have high import content, economic statistics at **Appendix 1** show that Zimbabwe mainly exports unprocessed products such as tobacco, cotton and gold and imports value added products such as machinery and chemicals. All of Zimbabwe's fuel requirements are imported while a considerable amount of energy in the form of electricity is also imported. As depicted at **Table 6,** dwindling foreign currency earnings and reserves that are critical to the tourism sector's growth were identified as some of the challenges faced by the tourism sector.

Zimbabwe's current account deficits and reduced capital inflows have created excessive pressure on foreign exchange reserves. The foreign exchange shortages have crippled Zimbabwe's ability to meet foreign payment obligations and finance critical imports such as fuel, grain and electricity. Foreign currency arrears payments rose to US $2073.7 million by the end of 2005 (Reserve Bank Zimbabwe, 2005).

Foreign Direct investment (FDI) is a key driver of economic growth in any developing economy. FDI investment has stimulated growth in the Asian block encompassing nations such as Singapore, China and South Korea. Low investment in the export sectors such as tourism have reduced foreign currency reserves causing shortages in fuel and raw materials essential for production in Zimbabwe (Reserve Bank, 2005).

Question 3 of Section B identified unreliable air transport as a challenge faced by the Zimbabwe tourism sector, results of Section B of the research questionnaire are summarized at **Table 6**. Unreliable air transportation has had a negative impact on Zimbabwe's tourism industry. As mentioned earlier, air travel is a key factor in boosting tourist travel, since 2000 numerous airlines have pulled out of Zimbabwe due to perceived "adverse" conditions. Australia's Qantas, Germany's Lufthansa, Egypt Air, KLM, Air France, Air Tanzania and Austrian Airlines discontinued operations in Zimbabwe in the past five years.

6.3. CAPITAL BASE

An eroded capital re-expenditure base is a major challenge facing the tourism industry. Low tourism receipts have lowered retained earnings and hence tourism concerns' ability to refurbish their properties and general amenities that generate repeat business. A study conducted by Yavas & Babakus (2005) ascertained general amenities, convenience (check in check out, access of services), core services (meals, room service, laundry, security), room amenities and ambience as major determinants of hotel choice. Findings of the study reflected that general amenities encompassing access to computer modern communication modes, entertainment lounges, meeting centers and exercise facilities were crucial in hotel selection. Also of importance to the business traveler were core services (e.g. promptness of service) and convenience (e.g. rapid check in and check out).

Tourist entities keen to increase tourism receipts should realize that basic amenities are basis upon which good service are used to create repeat business. Responses to Question 1 of Section B of the research questionnaire indicate that managers attribute deteriorating facilities and the inability to raise capital to refurbish current facilities as a major challenge facing tourism concerns. Question 17 of Section C the research questionnaire had a high average of 1.67 indicating that the industry raises capital through equity as opposed to debt. Due to the high cost of borrowing and unstable macro-economic environment, management has resorted to raising re-expenditure capital through equity (shareholder funds) as opposed to debt. Although this strategy is prudent, it should be noted however that local investor funds are being eroded by a high inflation rate.

Given the prevalent macro-economic environment in Zimbabwe, it is important that tourist entities seek to inject funds into their operations from external sources from the region and international arena. Questions 16 of the research questionnaire designed to measure the extent to which management within tourist organizations employ international synergies as a means of increasing tourist arrivals in the tourism industry has a low of -5. This low score reflects that management should access international money markets through building international synergies.

6.4. LEADERSHIP DIMENSION

Results of leadership dimension allude to positive leadership and strategic orientation within the Zimbabwe tourism sector. Questions 1 to 5 designed to measure the extent to which management provides clear organisational direction, scans the environment for threats and opportunities and allocates resources to eliminate threats and explore market opportunities as reflected at **Table 6**, registered a positive average score of 19.4. Leadership is more long term in nature and involves setting a vision and mission and directing the organisation to the attainment of the set vision (Bratton, Grint & Nelson, 2005). Leaders create a conducive environment to influence behaviour through a common set of values referred to as culture.

Literature review reveals that the majority of the leadership constructs are based on Western culture which is based on modern management principles such as employee empowerment, openness trust and transparency. These constructs are not always applicable in other cultures prevalent in Africa. African leaders are required to display paternalism and to use power sparingly. Western styles of leadership emphasise individualism and fully punishing poor performers (Blunt & Jones, 1997). Questions 1 – 5 study measured leadership from a western perspective, results show that like their western counterparts, leaders in the Zimbabwe tourism sector are competitive in nature and use organisational means to drive performance. Zimbabwean managers' western management style could be attributed to western indoctrination prevalent in all spheres of the Zimbabwean education and training system.

Leadership in today's dynamic macro-economic environment is increasingly viewed as an antidote to long term business success (Tesone, 2005). However, research has shown that leadership success is moderated by the situation and followers (Tesone, 2005). Resources appear to limit the Zimbabwean leader's ability to counter the adverse macro-economic environment. Question 5 measuring the extent to effort and resources are directed to eliminate and reduce organisational threats, had a score of 11, this result interpreted in conjunction with results from questions 1 to 4 reflects that inadequate resources are being directed to reducing organisational threats. The Zimbabwean leader believes the current situation can be overcome through corporate strategy. High scores of 20 derived from data analysis of questions 2 and 3 of Section B of research questionnaire indicate that although the Zimbabwean leader believes the corporate strategy is a tool to overcome the current situation, inadequate resources have been generated to achieve this feat.

As shown from a score of 24 for question 1, Zimbabwean managers and executives provide clear and well understood vision and mission statements thereby steering their entities with purpose and intent. These results show that management within tourism organizations is aware of competitive moves and scan the environment for opportunities. The strategic management process consists of the combination of competitive moves

and business approaches that managers devise to satisfy customers, compete successfully, and achieve organisational objectives (Thompson & Strickland, 2003). Zimbabwean managers' strategies are consistent with the postulation that in the face of a high level of uncertainty and change within competitive environments, strategy formulation and implementation should represent a continuous and simultaneous process (Feurer, *et al.* (1995). Pearson correlation scores of 0.62, 0.55 and 0.71 depicted at **Table 8** reflect that leadership is positively associated with human resource and client service orientation, information technology and financial strategy. Corporates in the Zimbabwe tourism sector should seek to nurture and develop their leadership skill and retain such skill rewards linked to the bottom-line. Leadership development is an effort that enhances the learner's capacity to lead people. Leadership development is important as crucial for organizations as it enables leaders to perform their duties as change agents (Blunt & Jones, 1997).

6.5. HUMAN RESOURCES AND CLIENT SERVICE DIMENSION

The human resources and client service dimension score was low (-3) and had a high standard deviation of 18.72 showing high variation about the mean and high variation in service and staff orientation in the tourism industry. The sample was drawn from organizations varying in size and ability to reward and train staff; improve guest facilities and recruit qualified staff. Question 7 that had a score of 10, shows that management within the tourism sector does not constantly upgrade guest facilities to maximize guest satisfaction. This finding is consistent with the reduced capitalization organizations are facing within the tourism sector. Reduced tourism receipts have reduced management's ability to upgrade facilities.

A result of 15 for question 9 measuring the extent to which employees are empowered to resolve customer problems with minimal referral indicates that employees are generally not empowered to resolve customer problems. The need hence to refer problems to senior management on duty becomes prevalent and reduces great customer experience. Organizations in the tourism industry should have a proactive

approach to business through anticipating customer needs and empowering employees to solve clients problems in the shortest time possible (Cheng *et al;* 2005). An effective and efficient complaint handling procedure is important to shorten complaint handling time. Front office staff should be empowered to resolve customer dissatisfaction or customer complaints as soon as they occur (Cheng *et al;* 2005). A score of 17 for question 11 designed to measure the extent to which Client complaints are recorded research and followed–up as a means of improving service reflects that substantial room to improve client experience within Zimbabwe tourism facilities exists.

Recording client complaints and following-up on service is not practiced at levels that would positively impact on service. As mentioned in the literature review at Chapter 3, an appreciation of customer needs and wants can only be achieved by marketing intelligence that segments the market while identifying needs unique to that particular market. Database and records assist in identifying problem areas in business and developing projects to tackle specific problems. Pro-active information acquisition referred to as surveillance by Hambrick (1982) entails exploration to detect potential problems and opportunities within the market served. Hambrick (1982) emphasizes that an organization should monitor its environment for surprises or for reassurances that there are none.

Information acquisition enables detection of needs of varying market segments. (Yavas & Babakus (2005) in a study in the hotel industry concluded that in economic downturns, only hoteliers with a clear vision of their guests needs will survive Understanding guests needs assists hoteliers to determine how guests choose hotels (Yavas & Babakus, 2005). More specifically, studies have indicated that both business and leisure travelers strongly consider cleanliness location, security, prompt and courteous service, well maintained rooms and employee knowledge of service (Yavas & Babakus, 2005).

Improving guest service, staff training and customer relationships were key attributes of managers within the research sample. Question 8 that measured the extent to which management used training as a tool to building employee knowledge reflected a positive

of 20. McCain *et al.;* (2005) highlight that to obtain customer loyalty, managers should train their employees to fully satisfy the customers' needs and wants, and hence earn the trust of customers. Customers switch brands and providers if they lack confidence in employees (McCain *et al.;* 2005). Further, McCain *et al* (2005) emphasize that managers need to train employees to be knowledgeable about their jobs and to possess the techniques and skills to successfully perform their jobs. To effectively interact with customers, employees should have a professional appearance and behave in a professional manner; keep customers appraised of any relevant information; assure customers that problems will be resolved and be considerate of customers property and interests. Employees should respond to customers' requests promptly, irrespective of their nature. It is also essential for employees to keep their promise (McCain *et al.;* 2005:6).

Poor working conditions have been identified as the main reason for professionals leaving the country for more favourable working conditions. A score of -14 for question 13 indicates that employee rewards and benefits are not adequately used to motivate positive performance. Low tourism receipts and the high inflation rate have negatively impacted on tourist's organizations to reward and retain staff. Transactional leadership styles that use contingency factors such as rewards and punishment to influence and affect behaviour are only effective in the event that rewards are available (Densten, et al.; 2002). Management and employees are a very important link in the profit chain in any service industry. The loss of skilled labour to neighbouring and overseas countries has been a major problem for Zimbabwe. Although this study cites trained staff as a strength of the Zimbabwe tourism industry, the study also holds brain drain as a major challenge. It is important for the employer to pay attention to the reward and recognition of employee accomplishment in addition to training. Employee incentives and reward programs must be firmly in place. Employees may demonstrate extraordinary service or go the extra mile if they are recognized (McCain *et al.;* 2005).

6.6. INFORMATION TECHNOLOGY DIMENSION

Management within the tourism industry viewed information technology as a key factor to reducing costs and improving service. However questions 14 and 15 recorded an average of 12 implying that management within the tourism industry does not extensively use electronic marketing as a means to gain market share. Studies show that using information technology in front office and back office applications, restaurant and banqueting management systems and guest related interface applications brought about notable advantages in competitiveness, cost reduction, efficiency and information sharing (Ham *et al,*2005). Information technology plays an important role in building customer databases and gathering market intelligence information.

It is increasingly difficult in a global economy for tourism entities to secure tourist arrivals without extensive utilization of the internet and electronic marketing. International travel agencies are critical in determining routes that airlines pry, allegiance to these agencies is crucial in securing international receipts. Beneficial relationships with agencies are possible only through reliable and up to date information systems. Information systems enable efficient booking, payment and overall service delivery.

6.7. INTERNATIONAL ORIENATION DIMENSION

Establishing international partnerships and synergies with international brands and travel agencies is not a priority amongst management within the tourism industry. The international dimension of the questionnaire encompassing questions 16 and 18 derived a score of 3.5. A score of 12 for question 18 reflects that management within the tourism industry to an insufficient degree; prioritize fostering positive relations with key markets through tourism associations. Zimbabwean tourist entities have low re-capitalization reserves and hence face limitations in the extent to which they can refurbish properties or meet franchising requirements. Management within the tourism industry due to the high risk of debt raises funds through equity or shareholder capital injection.

In the light of the negative international image that the nation is facing, it is prudent for management within tourism organization to first direct energy and resources toward fostering international business partnerships. Through tourism associations, tourist organizations should build international marketing synergies with tour operators that direct world tourist arrivals. The Meikles Group, ZIMSUN and Cresta tourist chains have achieved business success through international business alliances and purchases Meikles Africa has lowered business risk through the purchase of the internationally renowned Cape Grace. The ZIMSUN group has maintained the international Holiday Inn brand and established a Head Office in South Africa. The Cresta Chain has management contracts in Botswana.

6.8. DISCUSSION AND RECOMMENDATIONS SUMMARY

Due to the researcher's inability to reject the null hypothesis that organizational success is determined by macro economic factors, it is highly unlikely that organizations in the Zimbabwe tourism industry can singularly re-direct the macro-economic course of the Zimbabwe economy. Tourism entities have insignificant impact on factors in the external environment such as inflation, foreign currency availability, sanctions, negative international image and energy sources. Results of question 3 and 4 of Section B of the research questionnaire reveal that management within the tourism sector feel it has control over internal factors such as executing effective leadership; forming international synergies; using information technology to gain competitive advantage, providing excellent customer service and raising capital,

To realize returns of its skills base, tourist concerns should continue to invest in training and development and back such training with productivity rewards. Results of question 4 of section B of the study at **Table 6** show that management is of the view that productivity based rewards are key in retaining key skills that the Zimbabwe tourism industry is losing. Findings of question 8 of Section C of the research questionnaire show that management in the Zimbabwe tourism industry believe that training and development are tools to increase customer satisfaction; this training should be backed

by rewards to gain a return on investment in training. Service orientation consists of customer focus, organisational support for service initiatives and ability to provide customer service under pressure (Kim *et al.*; 2005). Customer service under pressure is critical to ensure customer satisfaction during peek periods, attainment of customer satisfaction during peak periods is enabled by efficient management systems facilitated by information systems (Kim *et al.*; 2005:5). A score of high score of -20 (inverted question) for question 6 of Section C of the research questionnaire affirms that improving guest service is always key to achieving a good bottom line.

As highlighted in Chapter 3, strategies to effect turnaround include the replacement of top management, financial control (inventory control, liquidity management, debt and equity management), personnel management (retrenchment), marketing management (product and market diversification (Chathoth *et al.;* 2005). Cost cutting was identified by question 4 of Section B of the research questionnaire as a turnaround strategy to achieve organisational success within Zimbabwe tourist industries. Performance reviews of top management within the current turbulent environment and ability to adjust to present conditions should be reviewed to ensure that crisis state strategies are adopted and evaluated. Financial resources should be directed to boost international synergies and use of information technology as a marketing and internal processes enhancement tool. Findings as shown by low scores for questions 16 and 18 measuring international orientation indicate that management within Zimbabwe tourism industry should take advantage of a greater financial capital base available on the international market. International partnerships as a means of capital injection are crucial in the present high inflationary environment characterised by high interest rates, international investment and synergies act as a counter measure to the adverse international image Zimbabwe has.

Prerequisites for successful turnaround include a crisis state, retrenchment evidence, firm culture (readiness for change) and leadership (Chathoth *et al.;* 2005). Questions 1 – 5 measuring the extent to which leadership provides clear direction and scans the environment for opportunities and threats indicate that management within the

Zimbabwe tourism industry are indeed in a crisis state and use retrenchment techniques as revival tools. Both internal and external factors influence turnaround, external factors are those factors that emanate from the external environment and relate to economic problems, technological change and social change. Management should maximise the use of internal resources to achieve turnaround. As shown by results of the Section B question 3 at **Table 6,** indicate that cost control and use of information technology are valid turnaround strategies.

Endo (2006) categorically states that if a developing country is serious about using tourism as a means of economic growth, adequate resources should be allocated to create hard infrastructure such as road, telecommunications and international airports, soft infrastructure as software and human skills bases. Tourism concerns through collective bodies such as Zimbabwe Tourism Authority, Zimbabwe Council of Tourism and Hospitality Association of Zimbabwe should lobby for national budget allocation to infrastructure such as roads and improved telecommunications, some success to this effect has been achieved through the Zimbabwe Tourism and Plan and NEDPP.

A score of 12 for question 18 that measured the extent to which participation to foster positive relations with key markets through tourism associations is undertaken vividly implies that management within the tourism sector should intensify efforts to collectively lobby for macro-policy relating to infrastructure investment and policy aimed at attracting tourist arrivals. Current efforts have yielded some positive results, tthrough efforts of the Ministry of Tourism, national border posts such as Beitbridge have been awarded city status with increased government investment in computerized border clearance systems, transport and telecommunications links. Improved infrastructures generally contribute to the greater welfare of host populations.

Endo further highlights that the possession of natural resources such landscape and warm climate do not guarantee the attraction of tourists and investors. In the global economy, factors such as strategic management information, intelligence and knowledge of new leisure innovations are more paramount that natural endowments.

Findings of question 2 of Section B of the research questionnaire are unanimous in that Zimbabwe has world class natural endowments, these alone have failed to generate the much needed tourism receipts due to the adverse information western tourist nations have of the Zimbabwe. In light of growing competition, larger developing countries like Brazil, China, India and South Africa have adopted cluster –based strategies to improve tourism value chains (Endo,2006). Zimbabwe needs to grow cluster tourism efforts to build on current ones that include the largest wild life park on the continent in the Trans Zambezi Frontier Park. The Trans Zambezi Frontier wildlife park spans across Zimbabwe, Mozambique and South Africa. Management within the Zimbabwe tourism industry needs to foster relationships within the region to dilute the effects of western travel on the Southern African nation, this can be achieved through greater tourism synergies with regional bodies such as RETOSA.

Endo (2006) proposes that for some developing countries, attention may need to be paid to domestic rather than international tourists. For smaller economies, tourism is often one of the largest source of export earnings (Endo, 2006). The role played by tourism in such economies is critical to overall economic activity. For example in Angola, La People's republic, Mozambique, Myanmar, Sao Tome, Tanzania, Uganda and Solomon Islands, domestic travel exceeded international air travel in 1998. Due to eroded incomes and fuel shortages Zimbabwean tourist concerns have seen a decline in local tourism receipts over the past five years. Results of question 1 of Section B of the questionnaire cite a hyper inflationary environment and fuel shortages as some of the challenges facing the Zimbabwe tourism industry; these have a profound negative effect on the local tourist who is faced with eroded disposable income and inability to buy expensive fuel in short supply. Management should tailor design tourist packages that take into account local conditions to advance domestic tourism receipts. The RTG group through its lodge facilities has in the last three years has successfully enticed domestic tourists. Its tailor designed lodge packages target families through affordable rates.

The turnaround effort within Zimbabwe tourism organizations requires an intensive internal synthesis of staff retention and rewards; staff skills; capital injection and the use of technology to achieve competitive advantage. These factors fall within the internal locus of organisational control and are critical to sustained viability of the Zimbabwe tourism sector.

In addition to providing clear direction through clear vision and mission statements and strategic orientation through careful environmental analysis, management with the tourism industry should direct more effort and rewards toward reducing organizational threats. As depicted at **Figure 8**, although the researcher failed to reject the null hypothesis that organizational success is determined by macro-economic factors; opportunities exist to improve service delivery through improved guest facilities, market intelligence and greater productivity related rewards. Management should use information technology to reduce costs, increase customer satisfaction and tourist arrivals. As established through sample perceptions results of the qualitative portion of this study (Section B of the questionnaire), international marketing synergies are important in securing tourist arrivals in the Zimbabwe tourism industry.

CHAPTER 7

7.0. CONCLUSION

The strong bias of the sample toward hotel participation and a low response rate downplay the acceptance of the null hypothesis that organizational success in the Zimbabwe tourism industry is determined by macro factors. A higher response rate from all sectors of the tourism industry would have enabled greater projection of sample results to the population and tourism industry as a whole. This study was conducted at a time when the Zimbabwe Tourism Authority clamped down on unregistered tourist concerns that were mainly prevalent in the boating, lodge, safari and tours, curios and travel agency concerns.

The Zimbabwean economy presents the fastest shrinking economy in the world and the highest inflation rate in the world. It is indeed a feat for any tourist organization to effectively counter the negative publicity the country receives and harsh economic environment. It is possible however, for management to reduce the impact of the adverse environment through establishing international business alliances and international market synergies. Due to low capital resources within Zimbabwean economic spheres, it is necessary for tourism entities to receive injection of foreign capital.

Through efforts of the Tourism Recovery Plan and Look East Policy tourist arrivals increased by 33% in the first half of 2006 (Zimbabwe Tourism Authority, 2006). Sadly, foreign receipts did not increase significantly enough to compensate for lost regional and international tourism market share and receipts. The Asian market will continue to be an important one for Zimbabwe. It should be noted though that the Asian market will not generate receipts equivalent to the Western market until such a time when income per capita of the East matches the West.

Findings of this study are consistent with Ghemawat's (1999) notion that when an industry with a reputation for difficult economics meets a manager with a reputation for excellence, it is usually the industry that keeps its reputation in tact. The industry environment in which a business operates has a strong influence on its economic performance.

The study sought to meet the following objectives:

- to develop research material for future research in the Zimbabwe tourism industry;
- through research, to explore the challenges facing the Zimbabwe tourism industry;
- through research, to establish organizational strategies to counter the adverse macro-economic conditions;
- to establish the extent management within tourist concerns employ known management best practice in the industry; and
- to establish whether management within corporates in the tourism industry can overcome the challenges facing the tourism industry.

It is the researcher's notion that this paper through research explores challenges faced by the Zimbabwe tourism industry. Consensus was established that Zimbabwe's tourism demise stems from diminished tourism receipts precipitated by a cocktail of factors stimulated by negative publicity. Organizational strategies to counter the adverse effects of declining tourism receipts encompass the need to expound internal organizational capability through international synergies. Further research is required to establish the impact of international business strategies such as foreign direct investment, management contracts and regional, international and global alignment on the Zimbabwe tourism industry. What is evidently clear at this stage is that negative international perceptions have an adverse impact on local tourism. Foreign direct investment and similar international trade initiatives should be considered as an avenue to address operational and infrastructural re-capitalization challenges faced by the Zimbabwe tourism industry, similar strategies have brought about increased investment levels in African countries such as Kenya and South Africa, both enjoying tourism growth.

Research results reaffirm the assertion that it is difficult for management to holistically counter macro factors prevalent in its external environment despite the deployment of best management strategies. Findings of the study reflect that management within Zimbabwe employ management best practice within their organization although the extent varies within organizations. Findings also suggest that room exists to improve customer service and performance based rewards as a means of increasing tourism receipts and reducing brain drain.

The study mainly represents the perceptions of senior management within hospitality concerns. Further research in this area would be designed to more intensely assess the impact of a decline in tourism receipts and adverse macro-economic environment within individual tourism sub sectors such as safari and tours, travel agencies and airlines, transport hire and arts.

The researcher envisages that the impact of a decline in tourism receipts and adverse macro-economic conditions would vary between the above mentioned tourism industry sub sectors. The researcher further envisages that different strategies would be required to counter such challenges. This study forms a basis for more in depth study for corporate strategies to counter the negative impact of the external environment enveloping tourist entities in Zimbabwe.

APPENDIX 1

ZIMBABWE EMPLOYMENT BY SECTOR – 2003

Table 15. Zimbabwe: Employment and Employment Earnings, 1998-2002

	1998	1999	2000	2001	2002
Employment	(Thousands of employees; period average)				
Agriculture, forestry and fishing	345	338	325	290	221
Mining and quarrying	61	60	45	43	43
Manufacturing	208	201	181	179	171
Electricity and water	16	17	11	9	10
Construction	79	69	54	41	42
Finance, insurance and real estate	28	31	35	28	28
Distribution, restaurants and hotels	113	115	103	100	105
Transport and communication	51	45	44	42	41
Public administration	66	63	59	61	65
Education	146	135	140	148	149
Health	28	28	28	32	32
Domestic	102	102	102	102	102
Other	105	113	107	108	105
Total	1,348	1,317	1,234	1,183	1,114
Government[1/]	240	226	227	241	246
Non-government	1,108	1,091	1,007	942	868
Earnings	(In millions of Zimbabwe dollars)				
Agriculture, forestry and fishing	2,977	4,163	5,725	10,727	...
Mining and quarrying	2,957	4,122	4,331	7,059	16,732
Manufacturing	9,216	12,782	18,078	30,054	58,070
Electricity and water	2,586	3,440	4,299	6,810	10,251
Construction	2,282	2,549	4,173	4,744	7,881
Finance, insurance and real estate	3,619	5,305	10,241	13,234	23,040
Distribution, restaurants and hotels	4,775	7,022	9,833	15,645	29,577
Transport and communication	3,156	4,395	7,463	10,439	17,379
Public administration	3,924	5,728	12,682	12,954	29,070
Education	10,360	14,914	30,116	39,222	74,768
Health	2,089	2,906	7,031	8,502	18,958
Domestic	191	191	191	191	191
Other	4,043	5,921	10,205	14,044	28,133
Total	52,175	73,438	124,368	173,625	...

Source: Central Statistical Office (CSO).

APPENDIX 2

FOREIGN DIRECT INVESTMENT CRITERIA AND FDI NATIONS RANKINGS

The Economist Intelligence Unit's Offshoring Rankings

	Proximity	Political	Macro-	Regulatory	Tax	Labour	Labour	Labour	Infra-	Total	Rank
India	4.37	7.20	8.40	6.00	8.50	8.00	7.78	7.33	6.60	7.16	1
China	8.57	6.00	8.20	5.25	8.50	8.70	6.46	5.33	5.20	7.04	2
Costa Rica	8.46	8.40	8.40	8.00	6.00	8.50	5.63	6.00	6.20	7.02	3
Singapore	5.80	8.40	8.80	9.50	8.50	6.23	6.02	8.00	7.40	7.01	4
Poland	8.03	7.60	8.00	7.25	7.00	8.01	5.60	6.00	5.60	6.84	5
Canada	8.51	8.00	8.20	9.00	8.00	5.38	7.60	7.33	8.40	7.23	6
Hong Kong	7.24	6.80	8.60	8.50	8.50	7.33	5.65	8.67	8.20	6.98	7
Hungary	8.00	7.60	6.80	8.00	7.00	8.46	5.98	6.67	6.20	6.79	8
Philippines	7.17	6.00	8.40	5.75	7.50	8.00	6.18	8.00	5.00	6.79	9
Thailand	5.59	7.60	8.60	6.25	7.50	8.65	4.87	7.33	6.00	6.56	10
Malaysia	5.92	7.60	8.20	7.00	8.00	8.53	5.65	7.33	6.40	6.53	11
Slovakia	8.14	8.00	8.20	7.00	6.50	8.98	5.07	6.00	5.20	6.52	12
Bulgaria	8.41	7.20	7.60	5.75	8.00	8.61	4.96	7.33	6.40	6.00	13
Romania	8.35	7.20	7.20	5.75	8.50	8.40	5.55	6.00	6.60	6.08	14
Chile	6.87	7.60	8.60	8.75	8.50	8.34	4.64	7.33	6.40	6.08	15
Taiwan	8.04	7.60	8.60	8.25	8.00	6.80	5.79	8.00	7.60	6.09	16
Russia	7.85	5.20	8.60	6.50	8.00	8.53	6.05	6.67	6.20	6.09	17
Mexico	6.53	7.60	8.80	6.00	6.00	8.45	4.79	7.33	6.40	6.01	18
Israel	6.68	6.60	8.40	8.75	8.00	6.80	6.30	8.00	7.20	6.01	19
USA	10.00	7.20	6.80	9.25	7.50	3.98	8.40	8.67	7.60	6.01	20
Brazil	3.56	7.20	8.40	6.25	8.00	8.53	5.34	7.33	6.80	6.00	21
Australia	2.46	9.20	8.20	9.50	7.50	5.20	7.41	8.00	7.00	6.00	22
Ukraine	8.33	5.60	8.20	3.75	6.50	8.70	5.28	6.00	6.20	6.99	23
Portugal	8.41	8.80	8.40	8.25	8.00	7.45	4.72	7.33	6.40	6.96	24
S. Korea	8.05	7.60	8.60	7.75	7.00	5.58	6.00	7.33	8.00	6.90	25
Sri Lanka	2.90	6.00	6.80	6.75	6.50	8.65	4.85	7.33	5.40	6.90	26
Ireland	8.35	9.20	8.60	9.25	8.50	5.80	6.37	8.00	7.40	6.63	27
Argentina	1.70	6.40	8.40	6.50	8.00	8.38	5.01	6.67	6.00	6.63	28
UK	8.82	8.00	8.80	9.50	8.50	5.28	7.01	8.67	7.40	6.60	29
Vietnam	8.51	5.60	8.40	5.00	8.00	8.75	4.74	7.33	5.00	6.59	30
Turkey	7.66	5.60	8.60	6.25	8.00	8.02	4.60	8.00	8.80	6.57	31
Indonesia	4.43	4.80	8.80	6.50	8.50	8.01	4.80	8.00	6.20	6.54	32
Colombia	8.37	4.80	7.60	6.25	6.50	8.37	4.81	6.67	6.60	6.54	33
S. Africa	8.34	6.80	8.40	7.75	8.50	8.10	5.50	6.67	8.40	6.51	34
Spain	8.74	8.00	8.40	8.50	8.00	5.21	6.02	7.33	7.40	6.51	35
Egypt	8.84	5.20	8.40	8.50	8.00	8.31	4.70	8.00	6.00	6.48	36
Nigeria	8.12	4.00	8.80	3.75	7.00	10.00	4.63	7.33	6.00	6.47	37
Pakistan	4.28	2.80	8.20	5.25	8.50	8.84	4.87	8.00	3.80	6.46	38
N. Zealand	1.00	9.20	8.20	9.25	8.00	8.12	5.61	8.00	7.60	6.42	39

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	Proximity	Political environment	Macro-economic	Regulatory environment	Tax regime	Labour costs	Labour skills &	Labour regulation	Infra-structure	Total score	Rank
[illegible]	8.04	8.00	6.40	7.25	7.00	7.47	4.25	7.33	6.40	6.40	40
[illegible]	6.64	5.60	8.00	5.00	5.00	8.60	4.01	5.33	5.00	6.39	41
[illegible]	10.00	8.00	9.20	8.00	8.00	2.84	6.34	8.00	8.00	6.38	42
[illegible]	8.52	10.00	10.00	8.00	8.00	3.20	5.87	8.00	7.80	6.28	43
[illegible]	5.63	5.20	9.60	5.25	5.50	8.02	3.08	6.00	4.80	6.23	44
[illegible]	6.50	5.20	7.20	3.75	5.50	8.65	4.18	6.00	4.20	6.23	45
[illegible]	8.26	8.20	8.40	8.25	7.50	3.71	5.02	8.00	7.80	6.23	46
[illegible]	8.00	8.00	8.00	8.25	7.00	3.00	6.63	6.67	7.20	6.23	47
[illegible]	4.29	5.60	9.60	6.25	5.00	8.78	1.88	7.33	5.00	6.21	48
[illegible]	8.09	7.60	8.00	7.50	5.50	4.54	6.07	6.00	7.40	6.11	49
[illegible]	8.49	4.80	9.20	5.00	5.00	8.44	3.06	6.00	3.00	6.08	50
[illegible]	5.54	5.20	7.60	5.00	7.00	8.88	3.53	5.33	5.40	6.07	51
[illegible]	8.06	10.00	9.60	8.00	6.50	2.23	6.36	6.00	7.80	5.97	52
[illegible]	8.55	10.00	9.20	8.00	8.00	2.27	5.83	8.00	7.40	5.96	53
[illegible]	6.57	6.00	8.40	3.00	5.50	8.75	2.83	6.00	3.60	5.92	54
[illegible]	8.70	8.00	8.80	8.25	6.00	3.99	6.73	7.33	6.40	5.89	55
[illegible]	4.90	6.00	9.60	4.00	3.50	8.55	2.63	6.00	3.20	5.72	56
[illegible]	8.06	8.40	8.40	8.00	7.00	3.85	5.83	7.33	8.40	5.70	57
[illegible]	10.00	8.20	6.80	8.25	5.00	2.12	6.38	7.33	7.00	5.64	58
[illegible]	8.38	8.20	10.00	8.50	8.50	1.27	5.14	8.33	7.80	5.59	59
[illegible]	8.15	8.60	10.00	8.25	7.50	1.00	5.05	6.00	7.40	5.22	60

Indicators in the offshoring rankings model

Proximity
- 1* Distance between a country's capital and the nearest major source area of investment

Political and security risk
- 1 Social unrest
- 2 Change of government
- 3 Terror threat
- 4 Crime
- 5 Risk of international tensions or conflicts

Macroeconomic stability
- 1* Consumer price inflation
- 2* Exchange rate policy
- 3* Budget balance (% of GDP)
- 4* External debt (% of GDP)
- 5* Current-account balance (% of GDP

Regulatory environment
- 1 Protection of private property
- 2 Protection of intellectual property
- 3 Expropriation risk
- 4 Share of world merchandise trade
- 5 Government regulation
- 6 Policies towards foreign direct investment
- 7 Red tape/bureaucracy
- 8 Legal system
- 9 Corruption

Tax regime
- 1* The corporate tax burden
- 2* Compulsory social insurance contributions
- 3* Fiscal incentives for investment
- 4* Fairness of the tax system

Labour regulation
- 1 Restrictiveness of labour laws on hiring and firing
- 2 Extent of wage regulation
- 3 Minimum wage laws

Labour costs
- 1* Average months wages ($), unadjusted for productivity

Labour skills
- 1 Quality of maths and science education
- 2** English language skills
- 3 Technical skills of the workforce
- 4* Labour force

Infrastructure
- 1* Telephone density
- 2* Broadband penetration
- 3* Stock of personal computers
- 4* Costs of office space
- 5 Laws covering the internet

Note. A single asterisk (*) denotes a purely quantitative indicator. Indicators with a double asterisk (**) are partly based on data. All other indicators are qualitative in nature.

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APPENDIX 3

TOURIST ARRIVALS BY COUNTRY OF RESIDENCE

	2005	2005 market share	2004	2004 market share	% Change 2004/2005
Europe	112 608	100%	155 767	100%	-28%
UK	42 525	38	42 260	26	1%
Germany	6 851	6	11 863	8	-42%
Benelux	14 842	13	20 052	13	-26%
Switzerland	3 719	3	3 946	3	-6%
France	12 197	11	12 331	8	-1%
Austria	1 951	2	4 091	3	-52%
Italy	5 245	5	5 630	4	-7%
Portugal	6 086	5	26 930	17	-77%
Spain	3 706	3	4 045	3	-8%
Nordic countries	10 379	9	12 752	8	-19%
Other Europe*	5 107	5	11 867	7	-57%
America	43 976	100%	75 161	100%	-41%
USA	30 710	70	49 808	66	-38%
Canada	9 069	21	10 185	14	-11%
Brazil	728	2	3 604	5	-80%
Mexico	405	1	1 029	1	-61%
Argentina	449	1	657	1	-32%
Caribbean Islands	475	1	3 002	4	-84%
Other America*	2 140	5	6 876	9	-69%
Oceania	13 814	100%	33 065	100%	-58%
Australia	8 993	65	18 962	57	-53%
NewZealand	4 378	32	9 578	29	-54%
Other Oceania	445	3	4525	14	-90

	2005	2005 market share	2004	2004 market share	% Change 2004/2005
Asia	**31 040**	**100%**	**66 804**	**100%**	
Japan	10 481	34	17 406	26	
China/Hong Kong	7 146	23	25 974	39	
India	3 623	12	5 476	8	
Malaysia	1 456	5	3 709	6	
Singapore	841	3	347	0.5	
Pakistan	1 154	4	840	1	
S. Korea	3 209	10	6 514	10	
Middle East	1 668	5	3 148	5	
Other Asia	1 462	4	3 390	5	
Africa	**1 357 063**	**100%**	**1 523 691**	**100%**	
S. Africa	626 677	46	653 352	43	
Zambia	194 311	14	220 060	14	
Mozambique	183 792	14	299 122	20	
Malawi	55 965	4	81 247	5	
Botswana	189 751	14	135 860	9	
Mauritius	4 122	0,3	3 806	0.3	
Kenya	17 696	1	14 189	0.9	
Namibia	11 103	1	6 764	0.4	
Tanzania	8 459	1	6 047	0.4	
Angola	18 133	1	18 423	1.2	
DRC	9 422	1	17 961	1.2	
Uganda	1 792	0,1	3 554	0.2	
Swaziland	4 245	0.3	3 811	0.3	
Seychelles	358	0,03	*		*
Nigeria	3 367	0,2	8 877	0.6	
Egypt	321	0,2	601	0.04	
Lesotho	2 075	0,1	5 175	0.3	
Ghana	792	0,05	1 162	0.1	
Other Africa	24 682	2	43 680	3	
Total Tourist Arrivals	**1 558 501**		**1 854 488**		**-16%**

*Figure not available

Source: Zimbabwe Tourism Authority

APPENDIX 4

COMPANY BACKGROUND INFORMATION

RTG

The Rainbow Tourism Group is listed on the stock exchange, Accor the giant international hospitality group is a significant shareholder. In Zimbabwe RTG/Accor operates under leading tourism brands: Rainbow Mecure, Sheraton, Touch the Wild Lodges and Tourism Services Zimbabwe (RTG, 2006:1).

MEIKLES AFRICA

Meikles Africa owns the Meikles hotel, Victoria Falls Hotel and Cape Grace, their background is outlined below.

Meikles Hotel

Since 1915, Meikles Hotel has been regarded as Zimbabwe's premier hotel. Meikles Hotel is situated in Harare's Central Business District, overlooking Africa Unity Square gardens, flower and curio markets (Meikles, 2006).

Victoria Falls

Established in1904, The Victoria Falls Hotel is set in The Victoria Falls National Park with a private path to the Victoria Falls (Victoria Falls Hotel, 2006).

Cape Grace

Cape Grace is a member of the exclusive Leading Small Hotels of the World, a brand extension of the internationally recognised and respected organisation, The Leading Hotels of the World (Cape Grace, 2006).

Awards and Accolades include:

Condé Nast Traveller – UK
2005 – 12th in 'Best Hotel - Africa, Indian Ocean and the Middle East'
2004 – 4th in 'Best Hotel - Africa, Indian Ocean and the Middle East'

Condé Nast Traveller – US
2005 – 'Best Hotel in Africa and the Middle East'
2004 – 2nd in the 'Hotels' section for 'Best Hotel in Africa'

Travel + Leisure - US
2005 – 3rd in 'Best Hotel in Africa and the Middle East'
2004 – In the top 5 of 'World's Best Business Hotels - Africa and the Middle East'

ZIMSUN

Zimbabwe Sun Limited was established in 1968. Today it is a public company listed on the Zimbabwe Stock Exchange and owns and manages a number of hotels, casinos and resorts in the country's prime tourist destinations and major cities. Zimsun is the only leisure company that has properties in every major tourist destination in Zimbabwe (Zimsun, 2006).

CRESTA HOSPITALITY

The Cresta Hospitality Hotel Group was started in Zimbabwe in the mid 1970's, with only two hotels, these were the legendary Jameson Hotel and Oasis Hotel, both in Harare. In the late 1970's, the vision to develop and grow the Pan-African hotel group begun upon the acquisition of the Churchill Arms in Bulawayo.

In 1987 a small group of hotels owned by the Botswana Development Corporation; called Marakanelo Hotels assigned Cresta Hotels of Zimbabwe to manage and operate an initial four properties in Botswana. The number of hotels has increased and to date Cresta Hospitality manages a total of eight (8) hotels in Botswana.

Currently Cresta boasts of 15 hotels in the Group with a presence in Zimbabwe, Botswana, Zambia, Malawi and Ghana (Cresta, 2006).

APPENDIX 5

LOCAL INSTITUTIONAL INITIATIVES

ZIMTRADE

ZimTrade is a non-profit government organisation and has initiated programmes for developing small to medium scale enterprises (SME's). Export initiatives have been an essential component of its export development and promotion agenda. This is relevant given the fact that the combined markets of COMESA and SADC have a consumer base of at least 400 million people and a GDP of USD 360 billion (UNDP, 2001) .

EXPORT PROCESSING ZONES (EPZ)

The Export Processing Zones (EPZ) authority was established to administer the EPZ Act whose objective is to generate the much-needed foreign currency and create employment (UNDP, 2001:14). To qualify for EPZ status projects should possess a 80% local resource allocation. Key incentives of the EPZ's are tax incentives that apply to imports and essential production imports , employee remuneration and corporate operations.

ZIMBABWE INVESTMENT CENTRE (ZIC)

The main mandate of the ZIC is to promote domestic and foreign investment as well as encourage cross border trading and investing initiatives. In an effort to bring in the formal sector into the mainstream of the economy government needs to adopt more appropriate policies for the development and employment promotion of the non-formal sector (UNDP, 2001). Indigenisation of the economy is the deliberate economic empowerment of indigenous Zimbabweans mainly through economic expansion(UNDP, 2001). Indegenisation has been widely viewed as an instrument for poverty alleviation among the majority of Zimbabweans. The inability of low income earners and marginalized groups such as women gave birth to organisations that include the Indigenous Business Development Centre (IBDC) and the Indigenous Business Women's Organisation (IBWO) (UNDP, 2001).

Such organizations have been crticised for failing to achieve their objective of alleviating poverty and empowering the majority, poverty and unemployment still remain on the increase in Zimbabwe.

SMALL ENTERPRISES DEVELOPMENT COPORATION (SEDCO)

SEDCO is the government agency set up to finance small enterprises. In 1994, SEDCO initiated a pilot micro enterprise lending scheme in light industrial areas in one of the city of Harare's townships. In 1995 the scheme went country-wide, and by the end of the year there were 1,700 clients among 500 groups SEDCO has seven branches across the country, located in the major cities and towns (UNDP, 1997).

PRIVATIZATION AGENCY OF ZIMBABWE (PAZ)

PAZ was initiated to diversify government's shareholding in both listed and unlisted companies and ensure the participation of indigenous people in the privatisation programme. Zimbabweans working abroad are encouraged to buy shares. Government's aim was to raise money needed by government in order to cut its domestic debt and raise foreign currency. Most of PAZ's mandate have in recent times been succeeded by programmes such the Reserve Bank of Zimbabwe's Homelink programmes aimed at targeting investment from Zimbabweans living abroad.

APPENDIX 6

LOCAL ECONOMIC REVIVAL PROGRAMMES

ECONOMIC STRUCTURAL ADJUSTMENT PROGRAMME (ESAP)

Zimbabwe embarked on the Economic Structural Adjustment Programme (ESAP) from1990-1995. ESAP based on recommendations from the IMF targeted economic growth through greater exports through the market adjustment of the Zimbabwe dollar. The Zimbabwe dollar was devalued and import restrictions removed in line with World Trade Organisations developments, Zimbabwe implemented the programme at a time when it desperately needed balance of payments support from the IMF. The following measures were put in place:

- Privatisation of loss making parastatals and reduction of recurrent expenditure.
- Price adjustments in the energy sector (oil and electricity).
- Reduction of GoZ fiscal deficit to about 5% of GDP.
- Domestic deregulation.

Manufacturing declined during ESAP as domestic demand stagnated while trade were relaxed allowing competition from imports to increase (UNDP, 2001) . Due to unplanned trade barrier removal, ESAP failed to deliver efficiency and competitiveness of the economy. The government's response was inadequate to put protective and coherent policies to restore macro-economic stability and fundamentals that would spur growth in production (UNDP, 2001). The situation was further exacerbated by a severe drought during the 1991/92 period and removal of subsidies as proposed by the IMF. Eventually, it was necessary to protect the most vulnerable groups of society by introducing the Social Dimension Fund (SDF) and the Poverty Alleviation Plan.

ZIMPREST

(Zimprest, 1996- 2000) was put in place when the Government of Zimbabwe failed to meet IMF targets of reducing fiscal deficit in 1995 to at least 5% of GDP (UNDP,

2001:18). Due to the international community's dissatisfaction with the use of funds granted under the IMF and World Bank accounts and perceived government inaction, international agencies suspended aid to Zimbabwe in 1996, with implications on the balance of payments support. The ZIMPREST programme like its predecessor ESAP was forced to maintain a social support dimension in light of the negative impacts of droughts (UNDP, 2001). Principal areas of focus included:

- Quality of growth of democracy, good governance and elimination of corruption.
- Re – orienting the public sector.
- Investing in human resources.
- Economic empowerment and poverty alleviation.
- Facilitating public and private savings.
- Restoration of macro-economic stability.

During the first three years of the ZIMPREST, the highest growth was achieved at 7% in 1997, while lower growth rates were achieved at 2 % in 1997 and an estimated 1.6% in 1998, and equally low levels in 1999 and 2000 (UNDP, 2001). The major factors behind the weak performance during the last two years were

- a sharp depreciation of the Zimbabwe dollar in 1998, which was mainly due to low prices of Zimbabwe's major minerals on the international market as well as low international prices of tobacco which reduced foreign exchange earnings;
- the slow down in global economic performance in 1998 which reduced demand for exports;
- an erratic rainfall pattern during the 1997/98 season; and
- an unstable macro-economic environment, characterized by high inflation rates, high interest rates and a weak currency which negatively affected performance in most sectors of the economy particularly the manufacturing sector.

NATIONAL ECONOMIC DEVELOPMENT PRIORITY PROGRAMME (NEDPP)

Due to the rapidly economic decline being experienced in Zimbabwe, the government launched the NEDPP programme in April 2006. the National Economic Development

Priority Programme, which falls under the National Economic Recovery Council, chaired by the Vice-Presidency. This in turn falls under the Zimbabwe National Security Council, the senior body that will be chaired by the Honorable President Mugabe.

Most of the effects of the problems currently facing Zimbabwe are accurately identified in this latest policy statement, the document emphasies. the need for "quick-win strategies to stabilise the economy within the next six to nine months. It is the government's view that the quick-win strategies will stabilise the economy and that this stability will be achieved through increased agricultural production, increased foreign currency production, increased savings and enhanced investment (Roberston, 2006). According to the plan, the key success factors in the "integrated plan of quick-win strategies" are a partnership between government and the private sector, the establishment of an effective and credible institutional framework, a holistic and comprehensive approach to the effective synchronisation of focused quick-win policies, a results-orientated and time-framed implementation (Roberston, 2006).

Authorities in commerce have hinted that the success of the programme depends on a committed turnaround in government policy towards foreign investment and propriety rights. To achieve the set objectives, it is important that investor confidence be restored, key infrastructure rehabilitated and developed while the government's domestic and external debt would have to be reduced (New economic plan out in Zimbabwe, 2006:3).

APPENDIX 7

UNISA MBL 3 RESEARCH QUESTIONNAIRE
EDGAR MAKONI - 70508402

Private & Confidential

About the Research

Thank you participating in this research on the business strategies in the Zimbabwe Hospitality Industry. This research is part of the UNISA Masters in Business Leadership course work. The research is intended to provide guidelines to players in the industry on the competitive strategies to deploy in the current challenging macro-economic environment in Zimbabwe.

The questionnaire is in three parts namely section A,B and C all sections should take 35 minutes each to complete. Section A is purely for demographic statistical purposes. The questions in Section A and B, require to just tick a box or select an answer from a list.

The research is purely for academic purposes and all responses will remain confidential. to them. All analysis will be presented in aggregate or anonymously so that no individual or organisation will be identifiable.

Please return all responses by: _____.

How to complete the questionnaire

To complete the survey simply answer the questions one by one.

There are three types of questions:

1) Demographic - Section A. These questions give the demographic background necessary to plot the research, these questions are purely for statistical purposes.

2) Open questions - Section B. These questions do not require you to choose from alternatives, simply give your opinion or ideas on the question proposed. Elaborate as much as you can on these questions.

3) Closed questions - Section C. These questions require you to choose from alternatives, choose the option that best fits your opinion of the situation by ticking the appropriate box. These questions do require you to elaborate on the question proposed.

Once you have completed the questionnaire please e-mail it back to the researcher..

The researcher's contact details are:

1. Edgar Makoni
2. E-mail to makoniek@sdzim.com
3. Tel/Fax – (+263 4 860256)
4. Mobile – (+263 11 216 232)

Thank you for taking the time to complete the questionnaire.

SECTION A: DEMOGRAPHIC CHARACTERISTICS

This section of the questionnaire is used for statistical purposes only.

1. Indicate the number of years in which you have been operating in the hospitality sector by making an X in the appropriate box(es):

YEARS OF SERVICE IN TOURISM SECTOR					
1 – 2 years		*1*	10 – 11 years		*7*
3 – 4 years		*2*	11 – 12 years		*8*
5 – 6 years		*3*	13 – 14 years		*9*
6 – 7 years		*4*	15 + years		*10*
7 – 8 years		*5*			*11*
9 – 10 years		*6*			*12*

2. Indicate your **current position** by making an X in the appropriate box and state the year appointed on this level:

LEVEL OF CURRENT POSITION			YEAR APPOINTED ON THIS LEVEL
Member of the Board of Directors		*1*	
Member of Executive Committee		*2*	
Senior management		*3*	
Non-management		*4*	

3. Indicate the **size of the organisation** in which you are currently employed by making an X in the appropriate box:

NUMBER OF EMPLOYEES IN CURRENT ORGANISATION					
Less than 100		*1*	1001 to 2500		*6*
100 to 250		*2*	2501 to 5000		*7*
251 to 500		*3*	5001 to 10000		*8*
501 to 750		*4*	More than 10000		*9*
751 to 1000		*5*			

4. Indicate your **age** by making an X in the appropriate box:

AGE					
Less than 25		*1*	41-45		*5*
26-30		*2*	46-50		*6*
31-35		*3*	51-55		*7*
36-40		*4*	Over 55		*8*

5. Indicate your **racial group** by making an X in the appropriate box:

RACIAL GROUP					
Asian		*1*	Coloured		*3*
Black		*2*	White		*4*

6. Indicate your **highest qualification** by making an X in the appropriate box, as well as the year obtained:

HIGHEST QUALIFICATION		
Lower than O' Level		*1*
O' Level		*2*
A' Level		*3*
National Certificate		*4*
National Diploma		*5*
Degree		*6*
Honours Degree		*7*
Masters Degree		*8*
Doctorate		*9*

4. Can management within your organisation put in place strategies to realise positive returns given the challenges faced by the tourism sector (if applicable, please state strategies in your response) ?

SECTION C: ORGANISATIONAL STRATEGIES

Legend:
-3 – VERY STRONGLY DISAGREE
-2 – STRONGLY DISAGREE
-1 – DISAGREE
0 – NEITHER AGREE NOR DISAGREE
+1 – AGREE
+2 – STRONGLY AGREE
+3 – VERY STRONGLY AGREE

	STRATEGY	EXTENT (PLEASE USE LEGEND SHOWN ABOVE)						
		-3	-2	-1	0	+1	+2	+3
1	My organization has a clear and well understood vision and mission statement.							
2	The organization is aware of competitor activities and constantly devises measures to achieve competitive advantage.							
3	The organization is aware of its market share and position and maximizes on opportunities available in the market.							
4	The organization is aware of its strengths and weaknesses and uses this knowledge to achieve competitive advantage.							
5	Great effort and resources are directed to eliminate and reduce organizational threats.							
6	Improving guest service is not always key to achieving a good bottom-line.							
7	Guest amenities and facilities are constantly upgraded to maximise guest satisfaction.							
8	Training employees is used as a tool to building employee knowledge.							
9	Employees are empowered to resolve customers problems with minimal referral.							
10	Customer relationships are not key to achieving repeat business.							
11	Client complaints are recorded research and followed–up as a means of improving service.							
12	Only qualified and well screened tourism orientated employees are hired.							
13	Employee rewards and benefits are not used to motivate positive performance.							
14	Information technology is key to reducing costs and improving service.							
15	Use of internet and electronic marketing are used extensively to gain market share.							
16	Establishing international partnerships and synergies with international brands and travel is a priority within my organisation.							
17	Capital is raised via equity (injection of shareholder capital) as opposed to debt (borrowing)							
18	Participation to foster positive relations with key markets through tourism associations is undertaken vividly.							

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