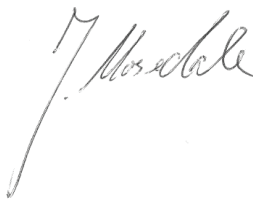


Corporate Geographies Of Transnational Tourism Companies

Submitted by Jan Mosedale, to the University of Exeter as a thesis for the degree of Doctor of Philosophy in Geography, July 2007.

This thesis is available for Library use on the understanding that it is copyright material and that no quotation from the thesis may be published without proper acknowledgement.

I certify that all material in this thesis which is not my own work has been identified and that no material has previously been submitted and approved for the award of a degree by this or any other University.

..... 

Abstract

The central aim of this thesis is to contribute to the knowledge of restructuring processes in the tourism production system and to analyse the implications of socio-spatial practices and strategies of transnational, integrated tourism corporations in light of the 'new' economic geography. It is based on the cultural turn in the discipline of geography and thus recognises that cultural and social processes are an integral part of economic systems and contribute to shaping the economic landscape. The thesis specifically investigates the corporate geographies of tourism corporations and their relationship with territorial spaces. Restructuring processes are examined demonstrating that the European tourism production system has experienced significant structural changes during a wave of large- and small-scale mergers and acquisitions resulting in the emergence of tourism corporations with a wide and uneven geographical expansion. An analysis of shareholdings of individual tourism corporations also highlights significant variation in the level of internationalisation and expansion.

Socio-economic approaches to the firm form the theoretical foundations for analysing the relationship between tourism corporations and place via the concept of embeddedness within networks of social relations using examples from Mallorca, Spain. A combination of questionnaire survey and semi-structured interviews was employed in order to map the structural and qualitative attributes of intra-, inter- and extra-firm networks. Encountered difficulties, however, resulted in a more exploratory approach to the application of theoretical concepts and required added reliance on secondary sources and informal discussion with experts. Historical connection between tour operators and Mallorcan hotel companies has provided a firm basis for close cooperation with mutual benefit and has allowed Mallorcan hotel companies to internationalise in conjunction with the internationalisation of tourist flows. The examination of regulatory networks has revealed a complex and dynamic mosaic of scales at subnational, national and supranational levels, which govern and shape the activities of tourism corporations.

Table of contents

VOLUME ONE

	Abstract	2
	Table of contents	3
	List of tables	6
	List of figures	8
	Acknowledgements	9
PART ONE	INTRODUCTION	10
1	Introduction	11
1.1	Introduction	11
1.2	Research aim and objectives	19
1.2.1	Research aim	20
1.2.2	Research objectives	21
1.3	Thesis outline	25
PART TWO	CONCEPTUAL AND THEORETICAL FOUNDATION	30
2	Tourism research in context of the ‘New’ Economic Geography	31
2.1	Introduction	31
2.2	Disciplinary change and paradigms	32
2.2.1	Disciplinary change	33
2.2.2	The main paradigms informing human geography	37
2.2.2.1	Quantitative revolution and positivism	38
2.2.2.2	Critical geography and political economy	47
2.2.2.3	The Cultural Turn	53
2.3	Conclusion	74
3	Towards a ‘new’ economic geography of tourism	76
3.1	Introduction	76
3.2	Institutions, firms and networks	76
3.2.1	Some institutional approaches	78
3.2.2	Institutionalism and economic geography	85
3.3	Conceptualising the firm	90
3.3.1	The firm in tourism research	90
3.3.2	Macro-level theory to the internationalisation of the firm	99
3.3.3	Micro-level theories to the internationalisation of the firm	101
3.3.4	Micro-level analysis of the firm	115
3.3.4.1	Rationalist perspectives of the firm	118
3.3.4.2	Socio-economic approaches to the study of the firm	121
3.4	Conclusion	144

Table of contents cont.

PART THREE	RESEARCH METHODOLOGY	146
4	Methodological implications: applying the ‘new’ economic geography to transnational integrated tourism corporations	147
4.1	Introduction	147
4.2	Putting the ‘new’ economic geography into practice	151
4.3	Thesis methodology	160
4.3.1	Interviewing corporate elites	160
4.3.2	Corporate case studies	168
4.3.3	Destination case study	174
4.3.4	Mallorca as case study location	179
4.3.5	Accessing elite networks	188
4.3.6	Researching networks	190
4.3.6.1	Questionnaire	191
4.3.6.2	Interviews	195
4.3.6.3	Secondary and tertiary data sources	202
4.4	Conclusion	208
 VOLUME TWO		
	Abstract	210
	Table of contents	211
	List of tables	214
	List of figures	216
PART FOUR	EMPIRICAL FINDINGS	218
5	Corporate geographies of transnational integrated tourism firms	219
5.1	Introduction	219
5.2	Globalisation and tourism	220
5.3	The ‘death’ of geography and spatial scales?	227
5.4	Transnational corporations	229
5.5	Restructuring	233
5.6	The European landscape of consolidation	242
5.6.1	The internationalisation of British tourism corporations	245
5.6.2	The internationalisation of mainland European tourism corporations	248
5.6.3	The creation of transnational integrated tourism corporations	249
5.7	Internationalisation of tourism corporations	259
5.8	Capital and space in tourism	264
5.9	Conclusion	280

Table of contents cont.

6	The embeddedness of transnational integrated tourism corporations	284
6.1	Introduction	284
6.2	Transnational integrated tourism corporations and the facilitation of tourist flows to Mallorca	285
6.3	Networks, place and space	293
6.4	'Grounded' networks	300
6.4.1	Corporate case studies	302
6.4.1.1	TUI	302
6.4.1.2	Thomas Cook	305
6.4.1.3	First Choice	306
6.4.1.4	Airtours/MyTravel	308
6.5	Conclusion	313
7	Tourism regulation: shifting scales of governance?	318
7.1	Introduction	318
7.2	Spatialities of globalisation	319
7.3	Theories of regulation	332
7.4	Spaces of regulation: examples from Mallorca	347
7.4.1	The national scale	347
7.4.2	The subnational scale	349
7.5	Conclusion	356
PART FIVE	CONCLUSIONS	360
8	Conclusion	361
8.1	Introduction	361
8.2	Summary of major findings	362
8.3	Limitations	368
8.3.1	Time and finance	369
8.3.2	Methodological limitations	370
8.3.3	The nature of culture	373
8.4	A self-assessment	375
8.4.1	The 'new' economic geography of tourism	375
8.4.2	Corporate geographies of transnational integrated tourism firms	377
8.4.3	The embeddedness of tourism corporations	378
8.4.4	Spatialities of regulation	379
8.5	Implications and research agendas	380
8.5.1	Methodological implications of the 'new' economic geography	380
8.5.2	Tourism and the 'new' economic geography	383
8.5.3	Tourism capital and the economic landscape	385
8.6	Directions for future research	387
8.6.1	The process of internationalisation	388
8.6.2	The spatial organisation of regulatory institutions	389
8.7	Conclusion	390
	Bibliography	392
	Appendices	451

List of Tables

Table 1.1	Structure of the thesis	25
Table 2.1	Geographical approaches and their relationship to the study of tourism and recreation	43
Table 2.2	Characteristics of different modes of production and consumption	72
Table 2.3	Characteristics of Post-Fordist consumption in tourism	73
Table 3.1	Alternative approaches to institutional analysis and their application in economic geography	83
Table 3.2	Analysis of the UK tour operating industry using the Structure, Conduct, Performance Paradigm of industrial economics	93
Table 3.3	Links between selected ownership-specific advantages and country-specific characteristics	109
Table 3.4	Push and pull factors of internationalisation	111
Table 3.5	Selected theories of international trade and foreign direct investment	116
Table 3.6	Sources of conflict between German and Moroccan tourism businesses	125
Table 3.7	Different perspectives on embeddedness	132
Table 3.8	Networking strategies of various actors and associated exchange capital	135
Table 3.9	A typology of network relations and the sociospatial organisation of business and production	138
Table 4.1	Assessing the validity, reliability and reflexivity of research	152
Table 4.2	Some research issues and methodological implications for 'new' economic geography	158
Table 4.3	FDI involvement of integrated Tourism Groups in Mallorca	178
Table 4.4	Cost-benefit analysis of case study location	178
Table 4.5	Sample and sampling techniques	193
Table 5.1	Leading Travel and Tourism Companies by Turnover 2002/2003	231
Table 5.2	Top tour operators' share of all ATOL holidays, 1982-2005	236
Table 5.3	Detailed company information on vertical integration, 1999	237
Table 5.4	Europe's largest tourism corporations (by turnover), 1995 and 2004	244
Table 5.5	Percent change in top 5 and top 10, 1995-2004	245

List of Tables cont.

Table 5.6	Vertical and horizontal integration of the major tourism companies in the UK	254
Table 5.7	Ranking of top European tourism corporations, 2002	254
Table 5.8	Expected synergy effects from the C&N merger with Thomas Cook (from 2005 onwards)	255
Table 5.9	Position of the transnational integrated tourism corporations in Europe, 2001	259
Table 5.10	Modes of operation of selected hotel groups, 2003	262
Table 5.11	Type of alliances in the airline industry, 2001	262
Table 5.12	Size and distribution of transnational integrated tourism corporations	267
Table 5.13	Expenditure on personal travel and tourism per European country, 2002	279
Table 6.1	Tourist flows to the Balearics by tour operators and source market	286
Table 6.2	Top three tour operators for the Balearics in 2000	287
Table 6.3	Potential motives for collaboration	296
Table 6.4	List of Iberotel hotels that were transferred to Riu	303
Table 6.5	Position of Mallorcan Hotel groups in TUI Hotels & Resorts, 2006	304
Table 6.6	Capacity and location of Iberostar Hotels & Resorts, 2007	306
Table 6.7	Capacity and location of Barceló Hotels & Resorts, 2007	308
Table 6.8	Hotels owned by Hotetur at the time of Airtours (now MyTravel) 50% acquisition	309
Table 6.9	National and international interests of Balearic hotel groups, 1999	312
Table 6.10	2001 Ranking of global hotel groups highlighting the position of Spanish companies	312
Table 7.1	A comparison of essentialist and relational views of spatial scales	328
Table 7.2	Hegemonic structures: Fordism/Keynesianism versus Neo-Fordism/neo-liberalism	335
Table 7.3	Information on global investment regime changes, 1991-1999	337
Table 7.4	The state and the regulation of tourism	340
Table 7.5	Regulatory forms and mechanisms at different spatial scales: some examples	343

List of Figures

Figure 2.1	Main paradigms in Anglo-American Human Geography	39
Figure 2.2	Categorisations of commodification	67
Figure 2.3	The Circuit of Culture	69
Figure 3.1	State institutions relevant for tourism	81
Figure 3.2	The basic circuit of capital	100
Figure 3.3	The product life cycle	105
Figure 3.4	The product life cycle and its application to a locational analysis of production and trade	106
Figure 3.5	Structural embeddedness of the Waitomo Caves destination, 1910, 1969, 1986 and 2000.	127
Figure 4.1	A process-based methodological framework for new economic geography	159
Figure 4.2	Map of Mallorca and the Balearic Islands	179
Figure 4.3	Tourist arrivals to the Balearic Islands and Mallorca, 1960-2005	182
Figure 4.4	Tourist numbers for various tourism products in the Balearics, 2001-2005	185
Figure 4.5	Profile of German tourists to Mallorca, 2005	187
Figure 4.6	Profile of British tourists to Mallorca, 2005	187
Figure 4.7	Monthly tourist arrivals in Mallorca, 2005	190
Figure 5.1	Tourism, national regulation and theories of globalisation	223
Figure 5.2	Interconnecting dimensions in a globalising economy	241
Figure 5.3	Airtours/MyTravel greenfield investments and acquisitions, 1989-2002	247
Figure 5.4	Turnover of Tourism Groups, 1994-2002	251
Figure 5.5	First Choice acquisitions from 1983 onwards	256
Figure 5.6	Tour operator market share in European countries of the six transnational integrated tourism corporations, 2002/2003	258
Figure 5.7	Distribution of shareholdings held by First Choice, 2002	269
Figure 5.8	Distribution of shareholdings held by Kuoni, 2002	270
Figure 5.9	Distribution of shareholdings held by MyTravel, 2002	271
Figure 5.10	Distribution of shareholdings held by Rewe, 2002	272
Figure 5.11	Distribution of shareholdings held by Thomas Cook, 2002	273
Figure 5.12	Distribution of shareholdings held by TUI, 2002	274
Figure 5.13	Distribution of destination-based shareholdings of the six leading integrated tourism corporations, 2002	276
Figure 5.14	Distribution of source market-based shareholdings of the six leading integrated tourism corporations, 2002	277

List of Figures cont.

Figure 5.15	Percent of turnover achieved in the home country for First Choice, Kuoni, MyTravel, Thomas Cook and TUI from 1983-2003	279
Figure 6.1	Network types in the tourism production system according to Tremblay (1998)	299
Figure 7.1	Interactions between national states and other institutions	345
Figure 7.2	Pearce's (1997) framework of interorganisational analysis of tourism organisation	346

Acknowledgements

As usual, this research has benefited from financial, academic as well as social support from institutions and many colleagues, friends and family. Without them, this thesis would either not have materialised or in very limited form and all merit my thanks. As usual, I am solely responsible for the views and interpretations expressed in this piece of work and for any mistakes committed. I wish to acknowledge the financial support of the Economic and Social Research Council (Award number: PTA-030-2002-00677) and the School of Geography, Archaeology and Earth Resources. Without this support I would not have been able to undertake this PhD research.

The following individuals deserve my appreciation and gratitude:

Gareth Shaw and Allan Williams have supported this research from its inception until the final stages and have been a constant source of advice and guidance throughout. I am also indebted to them for a speedy turnaround of comments by patiently proofreading half finished chapters. Tim Coles for introducing me to the conference circuit and the world of publishing. Friends at the Universitat de les Illes Balears: Pere Salvà, Macia Blasquez and Joan Amer for accepting me into their network, informal discussions and for doing their best to help me gain access to research respondents. Paul Wilkinson for introducing me to the fascinating subject that is tourism. Friends and fellow postgraduates for sharing the experience, listening to my rants while silently indulging in the odd alcoholic beverage or two: the experience just wouldn't have been the same without them. And finally my parents for instilling in me an inquisitive mind, for their encouragement throughout my life and for supporting me financially through some of my earlier steps in tertiary education. **Thank you!**

Part One

INTRODUCTION

Chapter 1: Introduction

1.1 Introduction

The tourism production system has experienced a number of significant changes since Thomas Cook organised his first package tour, a temperance excursion from Leicester to Loughborough in July 1841 with picnic, games and speeches in the evening (Piers, 1991). Tour operators have since achieved a strong position in the tourism production system due to economies of scale as they channel a large number of tourists thus contributing to the growth of international tourism. The oligopolistic market conditions in the major source markets (Germany and the UK) have further increased the power of tour operators (Sinclair and Stabler, 1997), which concurrently increases their bargaining position in the tourism production system. In addition, Shaw and Williams (2002) point to the important role of tour operators in the social construction of tourism and tourist destinations, which further consolidates the influence of these tour companies in the source market and destinations. Ioannides (1998: 156) highlights the implications of the position of tour operators within the production system on the destination: 'Through their ability to combine the various elements of an amorphous industry into relatively affordable, standardized, travel products, tour operators have emerged as key manipulators of tourist origin-destination flows'. Ioannides (1998: 139) uses the metaphor of 'gatekeepers' to describe the role and influence of tour operators, but laments the lack of research on these companies: 'Yet despite the apparent crucial role played by tour operators in determining the dynamics of international tourism, these actors have received surprisingly little attention in academe, especially compared to the airline and hotel sector'. He continues to express his disappointment by stating that the few existing studies (Touche

Ross, 1975; Britton, 1978; Delaney-Smith, 1978; Dunning and McQueen, 1982b; Sheldon, 1986) are out-of-date for the current context. Research on tour operators has received increased interest from academics since the rallying call by Ioannides, mainly in the area of sustainable development (see for example Carey *et al.*, 1997; Curtin and Busby, 1999; Wearing and McDonald, 2002) and tour operator relationships and conflict (Buhalis, 2000; Bastakis *et al.*, 2004; Koutoulas, 2006) or are limited to national analyses when focussing on the industry structure (Dale, 2000; Davies and Downward, 2001; Klemm and Parkinson, 2001).

Despite this body of research, the question remains whether focussing academic research on the tour operator in isolation of other stages of production and distribution is still appropriate in an increasingly integrated tourism sector (Theuvsen, 2004). The process of vertical integration – the integration of the consecutive stages of tourism production and distribution (either down- or upstream) within an overarching corporate structure (which is embodied by the corporation) – has been mentioned by some researchers (Lafferty and van Fossen, 2001; Theuvsen, 2004), however, its impacts on other actors in the tourism system and especially on governance are still widely unknown. Although Koutoulas (2006) and Mosedale (2006) provide case studies of integration from source market to destination, there remains a need for further research on the impacts of integration.

The horizontal and vertical integration processes result in the creation of large tourism corporations (Theuvsen, 2004) that may own and control the main service providers in the tourism sector (travel agents, tour operators, airlines,

hotels etc.) in various source and destination markets and thus operate across nation-state boundaries. This operational integration of companies across borders (between source and destination markets) is the main difference between *transnational* corporations and firms operating internationally but that have not integrated their production processes (Dicken, 2003b). Due to this transnational integration of these tourism corporations, a nationally focused analysis of these integrated corporations as provided for tour operators by Dale (2000), Davies and Downward (2001) and Klemm and Parkinson (2001) is not particularly useful. Instead, the transnational nature of these integrated tourism corporations necessitates a wider macro-analysis of the wider economic landscape they operate in.

This thesis therefore follows two streams: first, it is concerned with the structural attributes of the tourism production system and focuses not only on tour operators but also on the contemporary restructuring of tourism companies into transnational, integrated tourism corporations. Second, this thesis is based on the recognition that the economic geography of tourism remains curiously under-researched despite seminal research undertaken by Britton (1991), Shaw and Williams (1994, 2002, 2004), Ioannides and Debbage (1998), Agarwal *et al.* (2000) and Agarwal (2002).

As Britton's (1991: 475) seminal and critical contribution to tourism research states, there is a need for '... a theorization that explicitly recognizes and unveils tourism as a predominantly capitalistically organized activity'. Similarly, Ioannides (1995) calls for a greater integration between tourism research and economic geography and is disappointed with the neglect of tourism by

industrial geographers. This positioning of tourism within economic geography by Ioannides (1995: 49) also serves to provide a theoretical framework for tourism research:

‘Although ample writings on the institutional organization of major tourism suppliers exist, these have developed outside a rigorous conceptual framework and thus fail to adopt the political economy perspective characterizing the work of many regional economists and geographers’.

Three concepts or approaches are at the heart of this thesis and will be briefly explored in the next few paragraphs (a more detailed discussion of these issues will be undertaken in the following chapters): political economy, the Cultural Turn and the ‘new’ economic geography.

Political economy in its earlier stages – as undertaken by Smith (1776) and Ricardo (1817) – was concerned with the production and accumulation of wealth (what is generally considered to be the economy) and its distribution (the political dimension). Marx later focussed in particular on the distribution (or rather lack thereof) of wealth across social classes and on the revolution. Peet and Thrift (1989: 3) offer a modern reading of political economy in human geography and view economy as ‘social economy, or way of life, founded in production. In turn, social production is viewed not as a neutral act by neutral agents but as a political act...’.

While there are a number of approaches to political economy (Barnes (2000) assumes at least five), three seem to be particularly popular in geography: first, fundamental Marxists (typified by the early work of David Harvey, see for

instance Harvey, 1973 and 1975) rely on a close interpretation of Marx's writings; second regulationists who are concerned with the regulatory framework (structure) of capitalism (Boyer, 1990) and third – more recently – post-Marxists who are influenced by post-structural concepts and focus on alternatives to capitalism (Gibson-Graham, 1996 and 2006). The differences between these strains seem so significant that Barnes (2000: 594) argues that 'only a single common thread seems to connect the many uses of political economy within geography: the belief that the political and the economic are irrevocably linked...'. While the author is sympathetic to the opportunities offered to political economy by post-structural influences, the thesis is based on a regulationist approach to political economy with inspiration from the Cultural Turn.

The Cultural Turn represents the second important concept for this thesis. Similar to other social sciences, culture has increased in significance in geographical research as academics have realised that cultural and social practices permeate all human activities and processes. Zukin's (1991, 1995) work on the urban political economic landscape in the 1990s, for instance, supplied the early theoretical and empirical underpinning for the assertion of the significance of the cultural in the modern city and served as impetus for the recognition of the Cultural Turn within urban geographies.

This focus on all things cultural is seen by some as a crucial reaction to the general disregard for culture in the previous political economy approach (Jackson, 1991). However, despite the fervent support of the Cultural Turn across the social sciences, it is not uncontested, as opponents such as Sayer

(1994) and, to a lesser extent, Barnes (1995) consider this turn as a complete departure from the political economy approach and warn of the wide-ranging implications of neglecting political economy. These two views are at extreme ends of the discussions surrounding the Cultural Turn and view cultural and economic processes as being in opposition to each other. Later work by Crang (1997), in the influential edited volume by Lee and Wills (1997), focuses on the interaction and transcendence of these processes rather than their alleged opposition. The author follows with Crang's (1997) interpretation of the Cultural Turn and considers the Cultural Turn as a constructive addition to the political economy approach as employed in tourism by Britton (1991) and Shaw and Williams (1994, 2002).

The third major concept of this thesis is the 'new' economic geography, which is the change of the subdiscipline associated with the general Cultural Turn in the social sciences. The edited work by Lee and Wills (1997) and in particular the chapter by Crang (1997: 3) were at the forefront of the recognition of cultural and social relations within economic geography and the '(re)constitution' of the subdiscipline towards the 'new' economic geography. Crang (1997), for instance, highlights four possible approaches or attitudes towards the relationship between the cultural and the economic: first, that culture is determined by the economic; second, that economic activity is inherently embedded in culture; third, that cultural materials are produced, circulated and consumed hence the economic of the cultural and fourth, that the economic is represented through the cultural. These approaches are further expanded in Chapter Two of this thesis.

Amin and Thrift (2000: 8) further endorse the 'new' economic geography by rejecting a move of economic geography towards economics, in favour of a more sociocultural approach to the subdiscipline in order to explore what they identify as 'new economic knowledges'. These new knowledges are associated with the complex and multiple relations between the 'economic' and the 'cultural' (Lee, 2000). Although this thesis is firmly placed in context of the 'old' political economy, it still embraces the Cultural Turn and the resulting 'new' economic geography. As such, it follows what Wills and Lee (1997: xv, emphasis added) highlight in the context of the 'new' economic geography: 'the "cultural turn" has reshaped, rather than *replaced*, the traditional issues of enquiry (production, circulation and exchange)'. While the thesis provides a more traditional analysis of the economic landscape of tourism corporations, the author addresses the Cultural Turn via the recognition that firms are embedded in sociocultural networks.

This thesis has also been influenced by the retheorisation of retail geography to incorporate aspects of the Cultural Turn. According to Blomley (1995) and Crewe (2000), work in retail geography of the 1980s was mostly descriptive in nature, narrowly focused on store location and had ignored the importance of cultural processes and practices in retailing. This undertheorised state of retail geography was challenged by the recognition that 'consumer spaces can be at once material sites for commodity exchange *and* symbolic and metaphoric territories' (Crewe, 2000: 275; emphasis original). The author of this thesis posits that although tourism is no longer undertheorised, a retheorisation of tourism (i.e. in light of the Cultural Turn) would be of benefit to tourism research.

To borrow from Blomley (1995: 238), 'A [tourism] geography worthy of its name ... must take both its economic and its cultural geographies seriously'.

Apart from this 'new' retail geography (as characterised by the works of Wrigley and Lowe, 1995; Wrigley and Lowe, 2001), this thesis has benefited from Dicken's (1986, 1992, 1998, 2003b) substantial work on the changing processes within the global economy by focusing on the role of transnational corporations in order to '... analyse the processes shaping and reshaping this global map...' (Dicken, 2003b: 1).

Rather than viewing the relationship between tourism and economic geography as separate forces that need to feed off each other, according to Ioannides (1996: 220): 'Tourism can borrow from and concurrently enrich the study of economic geography'. There is a need to bridge the gap between tourism and economic geography by applying current concepts and theories of economic geography to the field of tourism. Keeping with the argumentation of Ashworth (1992: 5) about what constitutes a 'tourist urban geography', this thesis '... requires the development of a coherent body of theories, concepts, techniques and methods of analysis', which is provided by the 'new' economic geography.

Instead of '... repackaging prior research on the supply side of tourism ... [and presenting] material to a broader audience beyond those geographers who routinely specialize on tourism, travel and recreation' (Ioannides, 1995: 59), this thesis aims to be an innovative and exploratory study into the application of concepts from the 'new' economic geography (see Crang, 1997) to the tourism

production system and, more specifically, to integrated transnational tourism corporations.

1.2 Research aim and objectives

This thesis is based on the Cultural Turn and thus recognises that cultural and social processes are an integral part of economic systems and shape the economic landscape. The tourism production system has undergone a number of significant changes during the last two decades and will undoubtedly continue to evolve in the future, as it adapts to changing technological and competitive situations. It can be argued that tourism firms take a pivotal role in this restructuring of the tourism production system. Transnational operations of firms are not limited to large corporations. Scherle (2004), for instance, demonstrates in his research on cooperation between German and Moroccan tourism firms that small and medium-sized enterprises also engage in transnational processes. However, while a number of recent studies have focused on the position of small and medium-sized enterprises especially in regional development (Page *et al.*, 1999; Thomas, 2000; Thomas and Thomas, 2002) and some previous studies on large tourism firms (Britton, 1982a; UNCTC, 1982; WTO, 2002), integrated tourism corporations, in contrast, have not received the same attention (see Vorlauffer, 1993). This research therefore intends to contribute to a number of important debates in tourism research as well as economic geography by focusing on transnational, integrated tourism corporations.

As is the case with many theses, difficulties encountered in gaining empirical data (see Chapter Four) resulted only in a partial accomplishment of the main

aim and objectives. As a result, this thesis is not solely based on an empirical foundation in order to make a contribution to knowledge, but it is also founded on theory, which is then illustrated using corporate and destination case studies. Clark (forthcoming: 2) criticises this theory first approach as theory should be based and deduced from empirical data:

‘Whatever the reason, it seems entirely normal to begin with an observed problem and then move to analyse it in terms of its shape, scale and significance bringing to bear the theory at hand. ... For it is important to acknowledge that even if we begin empirically, we almost always end the story theoretically’.

However, although this thesis was intended to follow the path described by Clark (forthcoming) above, difficulties *en route* required a stronger focus on the theoretical basis. The thesis presented here is therefore exploratory in nature and analyses a new theoretical foundations for the economic geography of tourism.

1.2.1 Research aim

The aim of the study is to contribute to the knowledge of restructuring processes in the tourism production system and to analyse the implications of these socio-spatial practices and strategies of transnational, integrated tourism corporations in light of the ‘new’ economic geography using examples from Mallorca.

1.2.2 Research objectives

The research aim is addressed by four main objectives:

1. to add new conceptual foundations to tourism research by applying concepts of the 'new' economic geography;
2. to develop further understanding of the corporate globalisation in the tourism production system, with special emphasis on the emergence of transnational, integrated tourism corporations and their consequences on the economic landscape;
3. to analyse the socio-spatial practices of these corporations, incorporating an examination of the spatial structure of inter- and intra-firm networks and their embeddedness within local networks (extra-firm) and
4. to evaluate the role of the scales of regulation in the local embeddedness of transnational, integrated tourism corporations.

Firms and industries have to adapt to changing competitive environments across time and space. This practice of corporate restructuring is inherently linked to associated economic, social and cultural processes in production and consumption. This thesis seeks to analyse the corporate restructuring and spatial organisation of the tourism production system from an economic geography perspective, incorporating aspects of the Cultural Turn. This 'new' economic geography is characterised by the recognition of the importance of cultural and social forces in what constitutes 'the economic'. This thesis therefore draws from economic sociology by recognising that firms are not rational black boxes and acknowledging the embedded, social nature of the firm (see Chapter Three).

One aspect of the importance of locality within the global context of transnational corporations is the concept that these are embedded in specific local/regional social relations (between organisations, institutions or individuals) and social structure (Granovetter, 1985; Uzzi, 1997). Hence, embeddedness deals with linkages between businesses and the political, social and economic fabric of the societies they operate in (Pavlinek and Smith, 1998; Yeung and Li, 2000; Riley, 2000) and *vice versa*.

Bartlett and Goshal (1989) identify two main forces that influence the structure of TNCs and hence its linkages to the local economy: the operating environment of the industry and the firm's history. This point is further illustrated by Dicken *et al.* (1994: 34) using roots as metaphors of firm linkages:

‘At least in origin, TNCs are “locally grown”; they develop their roots in the soil in which they were planted. The deeper the roots, the stronger will be the degree of local embeddedness such that they should be expected to bear at least some traces of the economic, social and cultural characteristics of the local within their modes of operation’.

Apart from the mode of production, the extent of embeddedness will mainly depend on the history of the transnational organisation, its structure and the local conditions (Dicken *et al.*, 1994). Local embeddedness, therefore, is a double-sided coin: it reflects both the choices of the TNC, the existence of appropriate firms with which they interact (Dicken *et al.*, 1994) and the type of regulatory framework in place.

Of interest to this specific research project is not merely the influence of social relations on corporate decision-making, but also the opposite: how corporate interests affect the local context (social, cultural, economic, political etc.). Or as Dicken *et al.* (1994: 34) phrase it:

‘Although the question of the influence of the local milieu on TNC behaviour is important and merits further research, it is the extent to which TNCs do, or do not, participate in local economic and social networks’.

Regulatory systems are one of the structural local aspects that influence the involvement of TNCs in the local economy. On the one hand, traditional economists view capitalist markets as being in a stable equilibrium and hence there is no need for state (or other) intervention in the system (i.e. regulation). ‘The idea of self-regulating labour-market is a fiction’ (Peck, 1994: 149). Regulation theorists on the other hand, critique this position because in their opinion, capitalism ‘... develops through a series of ruptures in the continuous reproduction of social relations’ (Friedman, 2000: 61).

The currently-debated change in mode of production from Fordism to Neofordism is such a dynamic process that it requires a changing regulatory framework (Hudson, 2001). Ioannides and Debbage (1998b: 119) elucidate the distinction between Postfordism and Neofordism for the tourism production system, as there is no clear break between mass production (i.e. Fordism) and flexible production (i.e. Postfordism), instead the tourism production system ‘displays a complex and inchoate polyglot of production forms’. Because of this lack of clear distinction, Ioannides and Debbage (1998b) favour the term

Neofordism as it implies a change yet accommodates the varying levels of flexibility within the tourism production system. However, much of the academic dialogue on modes of production (i.e. the argument over Fordism, Postfordism and Neofordism) (Kumar, 1995; Hoogvelt, 2001) focuses only on the regime of accumulation (production and consumption) with little on the modes of regulation (see Peck and Tickell, 1992; Hudson, 2001). While the predominant view of globalist theorists on the 'hollowing out' of nation-states (Jessop, 1994) focuses on the upward movement towards supranational regulatory bodies, other academics prefer the term 'reregulation' as they see a transfer of regulatory power from national states to both supranational and subnational levels of governance (Dicken, 1994; Goodwin and Painter, 1996; MacLeod, 1999). Goodwin *et al.* (2005) use the term 'filling-in' to denote a transfer of power and the emergence of new or the reinforcing of old forms of governance. They highlight that restructuring does not necessarily entail a transfer of power away from the national scale, but that it is a dynamic political process leading to the (re)emergence of state or other regulatory organisations (Goodwin *et al.*, 2005). In the specific case of devolution in the UK, Goodwin *et al.* (2005: 432) contend that the process involved more than a mere restructuring from the national to the subnational scale: 'What one is witnessing is a very complex rescaling of governance, both vertically between scales and horizontally between institutions operating over the same territory'.

This process of reregulation could be an important link between the local and the global – a possible avenue for the local to contest the global:

'The concept of reorganisation is broader but does not denote the demise of national entities but rather the emergence of new and more

complicated structures of regulation involving complex links between the national, supranational and subnational'

(Hudson, 2001: 72).

1.3 Thesis outline

The thesis is divided into five parts of which this introduction is the first (see table 1.1). Part Two provides the conceptual and theoretical foundation on which this thesis is based. Part Three analyses the methodological approaches that informed the empirical data collection. The empirical findings linked to the theory discussed in the previous part are then presented in Part Four. The thesis is then concluded by Part Five, which analyses the theoretical and empirical contributions made by this piece of work, scrutinises the limitations and hence the validity of the thesis and provides a research agenda for the future.

Part Two supplies the context for the thesis through the examination of its theoretical background. In particular, it clarifies the relationship between economic geography and its possible application to the field of tourism. The two chapters underline the importance of an economic geographical approach to tourism, arguing that this is indeed worthy of further academic enquiry.

Table 1.1 Structure of the thesis

Part	Chapter	Content
One	1	Introduction, aims and objectives
Two	2 and 3	Conceptual and theoretical foundation
Three	4	Research approach for the study of the 'new' economic geography, thesis research methodology
Four	5, 6 and 7	Empirical findings
Five	8	Conclusions, limitations and research agenda

Source: author

Chapter Two offers an overview over the main paradigms that have influenced human geography, thus presenting the subdiscipline of economic geography as being based on a variety of approaches, ontologies and epistemologies. This perspective underlines how the current state of affairs in economic geography has emerged from the historical evolution of human geography in particular and the social sciences in general. It is necessary to provide such a wide range of different paradigms in order to conceptualise tourism within the recent Cultural Turn. Finally, a research agenda is proposed, incorporating the 'new' economic geography into tourism research.

Chapter Three offers an analysis of the firm as an institution within the economic system and its influence on the spatial and temporal structure of the economic landscape. It provides an overview of the three main institutionalist approaches, which have emerged from two different disciplines namely economics and sociology and highlights the main themes within the institutional analysis that are key for economic geography. Another significant topic covered in Chapter Three is the conceptualisation of the firm in economic geography and tourism research as socially and culturally embedded. This view combines the institutional approach with the embedded concept of firms in order to analyse the spatial and temporal processes that gave rise to the transnational, integrated tourism firms and the relationship between the socio-political and cultural structures and institutions that resulted in the current economic landscape of the tourism production system.

Part Three constitutes Chapter Four and focuses on the methodological implications of adopting the 'new' economic geography and thus perceiving the

economy as a dynamic, socio-spatial and differentiated economic landscape embedded in place-specific cultural contexts and social relations. It focuses on Clark's (1998) use of close dialogue as research method that positions the researcher in close proximity to the 'subject' and offers a pluralist view of the economy and it reviews Yeung's (2003) process-based methodological framework, which inform this research methodology to a large extent. The second part of the chapter follows the more conventional route of describing the research methodology employed for collecting and providing data for this thesis and explains the choice of case studies.

The current theoretical thinking on firms (discussed in Chapter Three) views firms not only as actors in economic networks but suggests that firms are also embedded in local networks of social and institutional relationships. Connections to places and their social and institutional environments therefore become an important level of analysis when researching transnational tourism corporations. The Balearic island of Mallorca, Spain, was used as a locational case study due to a variety of factors, such as its reliance on mass tourism and on the British and German market (Sastre, 2002), its historical connections with the leading European tourism corporations and their precursors (Bull, 1997) and, linked to this long standing relationship, the large number of foreign direct investments in Mallorca (hotels, destination agencies and car rental firms) as well as strategic alliances with local hotel groups. Due to the early and continued development of mass tourism, Knafour (1991) describes Mallorca as an ideal case study for mass tourism and Morgan (1991) even grants it indicator status for the detection of wide-ranging trends in mass tourism in general.

The devolution of governance in Spain during and following Franco's regime is another reason for choosing Mallorca as a case study. This offers the analysis of different regulatory scales, due to the interaction between national, regional and local governments and institutions in regulating tourism development. The author therefore considers Mallorca to be an appropriate example for analysing the transformation of economic structure and the embeddedness of large, transnational tourism corporations within local networks.

The empirically-informed chapters are the mainstay of *Part Four* and seek to clarify the restructuring of the tourism production system as well as its effects and implications on the embeddedness of firms and the role of the different scales of regulation.

Chapter Five is broadly based on the debates over the globalisation of industries and aims to highlight the importance of geography in the analysis of economic processes. This chapter demonstrates that the European tourism industry is clearly undergoing significant changes that are related to globalisation and internationalisation processes epitomised by the emergence of transnational, integrated tourism corporations. These processes of restructuring result in the uneven nature of geographic expansion of integrated tourism corporations in terms of scope and the international division of labour.

Chapter Six draws on the theory presented in Part Two, especially the socio-economic perspective of the firm as embedded in networks of social relations. This chapter aims to provide analysis of the social network constituting the firms' socio-economic network structures at various scales across different

types of relationship, thus shaping the economic landscape of the tourism production system presented in Chapter Five. It employs the notion of embeddedness as a way of placing the firm in the geographical space of Mallorca.

The regulatory scales of the tourism production system are analysed in Chapter Seven in relation to the restructuring of the tourism production system (Chapter Five) and the embeddedness of transnational, integrated tourism corporations in the regulatory networks of governance in Mallorca.

Part Five concludes the thesis with Chapter Eight presenting the theoretical contributions made to the literature of the economic geography of tourism. It lists the main limitations of the research, especially in relation to the methodological implications of the 'new' economic geography (Chapter Four). In particular, the changing perspective of the firm from a rational black box to a network of inter-, intra-firm and extra-firm networks has major consequences beyond the close dialogue method proposed by Clark (1998). Finally, the thesis draws to a close by setting out an agenda for future research based on the findings, limitations and gaps of this research project.

Part Two

***CONCEPTUAL AND
THEORETICAL
FOUNDATION***

Chapter 2: Tourism research in context of the 'New' Economic Geography

2.1 Introduction

The 'new' economic geography does not imply that there has been a clear break from the 'old'; instead, the first aim of this chapter is to give an overview of the processes of disciplinary change and the adoption of paradigms. Second, the main paradigms influencing human geography are discussed in order to convey the diverse nature of both geography and, more specifically, economic geography and to present the argument that the Cultural Turn is indeed a new paradigm in human geography. Third, the Cultural Turn in economic geography is firmly placed within the historical development of the discipline and parallels are drawn to trends in the economic geography of tourism. As Wills and Lee (1997: xvii) put it: 'there is much connecting the threads of economic enquiry past and present'. This chapter highlights the progress of the economic geography of tourism in context of the wider debates in human and specifically in economic geography dealing with three aspects of the Cultural Turn: the determination of culture by the economy; the production, circulation and consumption of cultural materials and the embeddedness of the economy in the cultural sphere. The economic geography of tourism has largely neglected the Cultural Turn and has thus lacked a close relationship with current trends and developments in the wider subdiscipline of economic geography (Ioannides, 1995; Ioannides and Debbage, 1998a). This chapter thus covers objective 1 as set out in the aims and objectives of the thesis: 'To add a new conceptual foundation to tourism research by applying concepts of the "new" economic geography'. The first section of this chapter focuses on the conditions of

disciplinary change that allow and are conditional for the adoption of new paradigms.

2.2 Disciplinary change and paradigms

Standing on the shoulders of Giants.
Isaac Newton, 1676

This quote by Newton implicitly asserts that knowledge is not solely based on the individual mind, but is inherently shaped by previous research and experiences (successful or not) of others. However, it does not elucidate the process of choosing the giants (paradigms), which are used as foundation or why some giants are ignored or left out. Academic disciplines are rarely static, since it is their aim to push the boundaries of knowledge. But disciplines are not just about accumulating knowledge, they are continuously evolving with the emergence of new ontologies, epistemologies, ideas and avenues of research and the disappearance of some that may seem antiquated or may possibly not fit the new prevailing paradigm(s). Disciplines and individual researchers stand on several giants (paradigms) and their composition will vary over time. David Harvey's academic journey is a prime example of a change of paradigm as only four years after publishing *Explanation in Geography* (Harvey, 1969) – a book which is not only heavily based on the quantitative revolution in Human Geography but endorses it wholeheartedly – he wrote *Social Justice and the City* (Harvey, 1973) thus making the shift to a Marxist analysis of Urban Geography. In hindsight, Harvey (2006: 187) freely admits to being torn during the period of writing *Explanation in Geography* between the scientific scrutiny of positivism and the urge to expand knowledge beyond its boundaries:

'On the one hand, the political, intellectual and hence professional project pointed toward the unity of all forms of knowledge under the

umbrella of positivism and toward the rational application of such knowledge to the general task of social betterment. On the other hand, I still had that lust to wander and diverge, to challenge authority, to get off the beaten path of knowledge into something different, to explore the wild recesses of the imagination as well as of the world’.

This chapter briefly outlines the conditions and general reasons for disciplinary change before analysing the changes in Human Geography since the 1950s. This historical overview of disciplinary change is relevant to this thesis as it demonstrates the implications of changing ontologies and epistemologies on the methodological framework underpinning the new paradigm. This discussion also demonstrates the reasons for the engagement across the social sciences with the Cultural Turn. Special emphasis will therefore be placed on the Cultural Turn, its impacts for economic geography and in particular how tourism research has employed concepts of this ‘new’ economic geography.

2.2.1 Disciplinary change

Although disciplinary change involves a break from traditional thinking, novel ideas are not the only necessary factor as they do not automatically lead to an accepted change in the discipline. Instead, new research agendas need to be supported and followed by a critical mass of academics otherwise these creative agendas remain on the fringes of the academic mainstream or the research ‘eventually ends up as nothing more than the silt that accumulates in the far corners of university libraries’ (Scott, 2000: 484). The reason behind so-called ‘failures’ might not be just bad or insignificant science, but the necessary conditions for disciplinary change might not have been present.

There are two competing views on disciplinary change: a continuous evaluation of methods in order to make small adjustments when and where necessary in order to avoid large scale changes that would lead to confusion (Popper, 1968); the opposing view is epitomised by Kuhn (1996) who contends that real disciplinary change is based on revolutions after which a sufficiently large group of academics follow a new paradigm.

Kuhn (1996) analyses disciplinary change or revolution for the natural science in a very positivist fashion: change occurs because normal science fail to explain certain anomalies and attempts at solving the anomalies lead to a new paradigm. Kuhn (1996) defines a paradigm as involving two characteristics: the uniqueness to attract academics that were following the old paradigm and the vagueness necessary to include a number of problems for further research. Kuhn's (1996) view of paradigm change is, however, contested as it fails to address a number of issues within the process.

Johnston (1978), for instance, proposes a model of academic change in the social sciences, which focuses less on the necessary steps of the process but rather on the development of a new school of thought. He states that academic disciplines are influenced by their external environment, a change in society (in which academia is embedded in) then results in disciplinary change as a minority embraces and adapts to the changing new environment. This eventually creates a new school of thought within the discipline, frequently linked to a generational conflict. The paradigm change is accepted and departments realise the necessity to educate students in the new paradigm. Therefore, young academics are hired and 'are coopted into the career system'

(Johnston, 1978: 201). Eventually proponents of the new paradigm come into positions of influence within departments and academic journals, thus pushing the 'dated' paradigm out of teaching, research and dissemination. Johnston (1978) terminates his model on a rather morbid note that the new school of thought dominates completely as die-hard opponents to the change either retire or die and no longer resist the paradigmatic change.

While change is generally continuous, changes of paradigms or theory in a discipline can seem quite drastic and resistance towards these changes become apparent. The process of change described above is of course steeped in politics according to Johnston's (2005: 3) cynical yet plausible views that academics '... have to "out-manoeuvre" opponents pressing alternatives in the contest for disciplinary "hearts and minds", in order to secure resources necessary to their own project'. Johnston (2005) offers six possible strategies that can be deployed by non-changers: denigration, critique, dismissal, silence, accommodation and unity. These responses are not only different in terms of their positive or negative response but they vary in severity and their level of engagement towards the proposed paradigm change. Arguably the worst scenario for an academic is silence, as the idea is dismissed out of hand with no debate surrounding it; it is basically not deemed important enough to warrant any kind of response or discussion.

Harvey (1973) also adheres to the rather cynical view on intellectual revolution/change but adopts a more positive attitude towards disciplinary change by following Johnson (1971), who offers five characteristics of successful new strategies. First, the new theory has to challenge the *status quo*

– that is the current mainstream thinking. Second, it has to be new, yet still be able to incorporate the elements of the currently prevailing theory that are not readily dismissible. Johnson (1971) suggests the adoption of new terminology for old concepts and ‘to emphasize as crucial analytical steps that have previously been taken as platitudinous...’ (quoted in Harvey, 1973: 123). Third, the theory should be difficult enough for established academics to find it too tedious to study, thus leaving themselves open for criticism of ‘missing the boat’ and not being in touch with new developments in the disciplines, but at the same time difficult enough to challenge emerging academics, yet easy enough for them to engage in the research. Fourth, the new methodology has to be more attractive to scholars than the orthodox – this requires choosing the correct methodology to fit the problems or anomalies of the previous paradigm. It has to be remembered that while philosophy and the use of a certain methodology are linked to a certain extent, they are not identical. Data, whether gathered via quantitative or qualitative methods, can be analysed using a variety of ontological and epistemological standpoints (Kitchin, 2006). Although, quantitative methods were still relevant, appropriate and indeed used after the demise of the positivist period of the quantitative revolution, qualitative methods did experience a revival as new methodologies had to be adopted to deal with the capitalist mode of production as *the* structural force behind those problems. And fifth, the new theory should consist of an empirical component to be able to measure change.

Following the thoughts of Johnson (1971) and Harvey (1973: 120), paradigms are defined in this thesis as being ‘a set of concepts, categories, relationships and methods which are accepted throughout a community at a given point in

time'. Harvey (1973) offers a succinct demonstration that the disciplinary changes within geography were following the route set out by Johnson (1971).

2.2.2 The main paradigms informing human geography

While some of these points made in respect to disciplinary change ring true of the changes of the last few decades in human geography, the author does not necessarily want to subscribe to such a defeatist/cynical attitude, but rather analyse the reasons for the more 'recent' change: the Cultural Turn and its implications for the subdiscipline of economic geography and more specifically for the economic geography of tourism. What all these models demonstrate is the time-lag between the conception of the problem, the idea and the acceptance of the new paradigm. Acceptance is also never universal, so a variety of paradigms overlap at any one time, although usually older paradigms lose their influence over the discipline while the new paradigm gathers momentum and popularity. However, this is not to say that the older paradigms have lost all their influence over the discipline of Human Geography, although scholars will arguably differ on the weighting of their authority. Figure 2.1 shows the main paradigm changes that Human Geography has undergone since WWII. The following section will chart the development of geographical tourism research in context with the disciplinary and paradigm changes in the larger Human Geography. While Hall and Page (2002) offer a comprehensive analysis of changes in geographical tourism research, only three changes will be analysed in detail in this thesis in order to facilitate the argument presented in this chapter: the quantitative revolution, critical geography and in more detail the Cultural Turn.

To put the following section into context, it has to be said that tourism research is inherently multidisciplinary (Mowforth and Munt, 2003). Focusing on the changes in geographical research on tourism somewhat limits the plethora of topics and paradigm changes that would need to be addressed. However, this also places this thesis squarely into the geographical camp and thus demands a close contextualising within current trends especially in economic geography.

2.2.2.1 Quantitative revolution and positivism

The first major change in geographical research after WWII was a move from a rather descriptive regional approach in which geographers specialised on regional differences towards a more empirical and specialist geography. Rather than being regional specialists in all aspects of geographical inquiry (according to Johnson, 2006) there were even close links between human and physical geographers at that time), geographers now specialised on a particular disciplinary topic, which was analysed across time and space. While this represented a significant change in the orientation of geographers towards a new theoretical understanding and the adoption of specialist research agendas, the main difference was what has been called a 'quantitative revolution', the application of the 'scientific method' (the method previously only employed in the natural sciences) to the analysis of human processes.

Figure 2.1 Main paradigms in Anglo-American Human Geography

	Quantitative Revolution	Critical Geography	Cultural Turn
Main period of change	1950s – 1960s	1970s – 1980s	1990s – present
Principal Paradigm(s)	Positivism	mainly Realism, Marxism and Postcolonialism	Marxism, Poststructuralism and Feminism
Aims	Application of the scientific method to Geography, shift from descriptive regional geography to empirical analysis.	Counter the previous positivist approach,	The rise in importance of the social and the cultural, which permeate all human activities and processes.
Techniques	Quantitative	Mostly Qualitative	Mostly Qualitative
Examples in tourism	Robinson (1976)	Britton (1991)	Crouch (1999)
Main Tool(s)	Modelling	Political economy	Same as critical geography but including deconstruction and non-representational theory

Sources: with information from Harvey (1973), Crang (2000), Barnes (2001), Aitken and Valentine (2006), Johnston (2006), Kitchin (2006)

The scientific method consists of four steps: the observation and description of a phenomenon or several phenomena; the formulation of a hypothesis to explain the phenomena; the prediction of new outcomes related to the phenomena or of the existence of other related phenomena and finally the testing of the predictions. The hypothesis is then accepted or rejected according to the results of the tests. This involved the realignment of academic enquiry from descriptive to explanatory studies, from locally valid results to general laws and from interpretation to prediction (Kitchin, 2006) and lead, for instance to the formulation of the First Law of Geography: 'Everything is related to everything else, but near things are more related than distant things' (Tobler, 1970: 236).

The environmental context of WWII and the Cold War in which the natural sciences played a significant role was the background for the disciplinary change towards a more 'scientific' (i.e. empirical) research. Hence emphasis was placed on statistical methodology and mathematical modelling in order to find explanations for the structuring and organisation of space: 'Human geography was to become a spatial science' (Johnston, 2006: 7). This new spatial science involved the formulation and testing of models to explain spatial behaviour through new techniques (use of computers was on the rise) and complex statistical tests coupled with a new theoretical understanding of space and location (Barnes, 2001). The Quantitative Revolution also required the adoption of different working practices with geographers moving 'from a field-based, craft form of inquiry to a desk-bound, technical one in which places were often analyzed from afar and frequently from the perspective of an instrumental logic' (Barnes, 2001: 553). Barnes (2001) notes that computers, in particular, were instrumental for this distancing from the 'field'.

While tourism research was already undertaken in the anglo-american realm in the 1920s and 30s, mainly focusing on economic impacts, according to Hall and Page (2002) research in the UK on tourism was barren before the 1960s with the notable exception of Gilbert (1939, 1949). Butler (2004) offers a personalised view of geographical tourism research written in English, he categorises tourism research into three eras. The descriptive era until 1950 was mainly concerned with the description of resorts in the UK and with regional economic reports in the US (as mentioned by Hall and Page, 2002). Butler (2004) then describes the time period from 1951 to 1980 as focused on three themes: area studies, man-land tradition and spatial analysis. In contrast to the previous era, the contemporary era is portrayed by Butler (2004: 150) as offering 'incredible diversity'.

Hall *et al.* (2004) offer a brief account of key geographical issues from 1976 onwards and highlight the relative significance of place and environment in tourism research as geographical keywords in journal abstracts, whereas history and heritage form the majority of social science keywords since 1976. However, Hall and Page (2002) offer the most detailed exploration of the history of geographical tourism research and analyse whether and how key themes and approaches in geography have been adopted in tourism geography. They contend that researchers and geographers only took some interest in tourism from the 1960s onwards. This research was in part influenced by the regional science approach (Hall and Page, 2002). However, in the 1970s Zelinsky and Williams (1970: 549) lamented the relative lack of interest in the research subject:

'In view of its great and increasing economic import, the probable significance of tourism in diffusing information and attitudes and its even greater future potential for modifying patterns of migration, balance of payments, land use and general socio-economic structure with the introduction of third-generation jet transport and other innovations in travel, it is startling to discover how little attention the circulation of tourists has been accorded by geographers, demographers and other social scientists'

(cited in Hall and Page, 2002: 9).

Due to limited interest in tourism research at the time and, more generally, the plural trait of tourism research, the quantitative revolution did not have as dramatic an effect on tourism research as experienced in the wider field of human geography. Despite – or possible because – of this late entry of tourism as a topic of academic enquiry, the demarcation between paradigms is a lot more murky than even in the wider subject of geography. Table 2.1, taken from Hall and Page (2002: 16-17), presents the approaches to geography, the key concepts and paradigms and their applications in key texts of tourism and recreation research. It clearly demonstrates the pluralism that is characteristic of the tourism academy (not only in multidisciplinary research), as older paradigms continue to be popular.

Table 2.1 Geographical approaches and their relationship to the study of tourism and recreation

Approach	Key concepts	Selected research topics
Spatial analysis	Positivism, locational analysis, maps, systems, networks, morphology	spatial structure: Fesenmaier and Lieer (1987) spatial analysis: Smith (1983), Wall <i>et al.</i> (1985), Hinch (1990), Ashworth and Dietvorst (1995) tourist flows and travel patterns: Williams and Zelinsky (1970), Corsi and Harvey (1979), Forer and Pearce (1984), Pearce (1987, 1990, 1993, 1995) Murphy and Keller (1990), Oppermann (1992) gravity models: Malamud (1973), Bell (1977) morphology: Pigram (1977) regional analysis: Smith (1987)
Behavioural geography	Behaviouralism, behaviourism, environmental perception, diffusion, mental maps, decision-making, action spaces, spatial preference	mental maps: Walmsley and Jenkins (1992), Jenkins and Walmsley (1993) environmental cognition: Aldskogius (1977) tourist spatial behaviour: Carlson (1978), Cooper (1981), Debbage (1991) tourist behaviour: Murphy and Rosenblood (1974), Arbel and Pizam (1977), Pearce (1988a) environmental perception: Wolfe (1970) recreational displacement: Anderson and Brown (1984)
Humanistic geography	Human agency, subjectivity of analysis, hermeneutics, place, landscape, existentialism, phenomenology, ethnography, lifeworld	placelessness of tourism: Relph (1976) historical geography: Wall and Marsh (1982), Marsh (1985), Towner (1996)
Applied geography	Planning, remote sensing, Geographic Information Systems (GIS), public policy, cartography, regional development, carrying capacity	planning: Murphy (1985), Getz (1986), Dowling (1993, 1997), Hall <i>et al.</i> (1997), Hall (2000) regional development: Coppock (1977a, 1977b), Pearce (1988b, 1990a, 1992a) tourism development: Pearce (1981, 1989), Cooke (1982), Lew (1985), Murphy (1985) indigenous peoples: Mercer (1994), Butler and Hinch (1996), Lew and van Otten (1997) rural tourism and recreation: Coppock and Duffield (1975), Getz (1981), Glyptis (1991) Pange and Getz (1997), Butler <i>et al.</i> (1998) urban tourism and recreation: Ashworth (1989, 1992), Law (1991, 1993, 1996), Page (1995), Hinch (1996), Murphy (1997) health: Clift and Page (1996) destination marketing: Dilley (1986), Heath and Wall (1992) place marketing: Ashworth and Voogd (1988), Madsen (1992), Fretter (1993) public policy and administration: Cooper (1987) Pearce (1992b), Jenkins (1993), Hall (1994), Hall and Jenkins (1995) tourism impacts: Pigram (1980), Mathieson and Wall (1982), Edington and Edington (1986), Edwards (1987)

Table 2.1 continued

Approach	Key concepts	Selected research topics
Applied geography cont.		destination life cycle: Butler (1980), Cooper and Jackson (1989), Debbage (1990), Agarwal (1994) attractions: Lew (1987) second homes: Aldskogius (1968), Coppock (1977), Gartner (1987) GIS: Kliskey and Kearsley (1993), Elliott-White and Finn (1998) national parks: Nelson (1973), Olwig and Olwig (1979), Marsh (1983), Calais and Kirkpatrick (1986), Cole <i>et al.</i> (1987), Davies (1987), Hall (1992), McKercher (1993c) heritage management: Gale and Kacobs (1987), Lew (1989), Ashworth and Tunbridge (1990, 1996), Hall and McArthur (1996, 1998) outdoor recreation management: Pigram and Jenkins (1999) sustainable development: Butler (1990, 1991, 1992, 1998), Pigram (1990), Ashworth (1992), Cater (1993), Dearden (1993) McKercher (1993a, 1993b), Cater and Lowman (1994) Ding and Pigram (1995), Murphy (1994), Mowforth and Munt (1997), Hall and Lew (1998) ecotourism: Weiler (1991), Eagles (1992), Cater (1993), Cater and Lowman (1994), Blamey (1995), Weaver (1998), Fennel (1999), Page and Dawling (2001)
'Radical' approaches	Neo-Marxist, analysis, role of the state, gender, globalisation, localisation, identity, postcolonialism, postmodernism, role of space	political economy: Britton (1982), Ley and Olds (1988) social theory: Britton (1991), Shaw and Williams (1994) semiotic analysis: Waitt (1997) place promotion and commodification: Ashworth and Voogd (1990a, 1990b, 1994), Kearns and Philo (1993), Waitt and McGuirk (1996), Chang <i>et al.</i> (1996), Tunbridge and Ashworth (1996) cultural identity: Byrne <i>et al.</i> (1993), Squire (1994) gender: Adler and Brenner (1992), Kinnaird and Hall (1994), Aitchison (1997, 1999), Aitchison <i>et al.</i> (2000) 'new cultural studies': Crouch (1999), Aitchison <i>et al.</i> (2000)

Source: Hall and Page (2002: 16-17)

While human geography has in the most part progressed from its regional fixation, regional concepts still seem to be an important avenue of research for tourism research, as illustrated by regional texts on Europe (Williams and Shaw, 1988; Hall, 1991; Montanari and Williams, 1995), Australia (Hall, 1995), the Pacific (Hall and Page, 1996; Hall, 1997; Hall *et al.* 1997) and the Caribbean (Wilkinson, 1997; Duval, 2004). The importance of applying concepts to real life problems in tourism research has also meant that political and administrative boundaries have, to some extent, been limiting geographers to regional analyses.

However, spatial analyses of tourism have not been reduced to regional science, but have included models and the study of tourist flows and patterns. While the definition of tourism is contested in terms of motivation for and duration of the trip, space is an integral component as tourism involves spatial movement from the home environment (origin) to the destination (Pearce, 1989). Early research on tourism has therefore been heavily influenced by the spatial analysis of movement or mobility. Pearce's (1987, 1995) tourism textbooks, in which he firmly positions models, patterns and flows at the centre of attention, are indicative of such a spatial approach. This is apparent in the first sentence of his introduction:

‘Tourism is essentially about people and places, the places one group of people leave, visit and pass through, the other groups who make their trip possible and those they encounter along the way’

(Pearce, 1987: 1).

He continues to state that: 'An appreciation of the geographical dimensions of tourism and the adoption of a spatial perspective can provide valuable insights into this phenomenon...' (Pearce, 1987: 2). This spatial perspective referred to by Pearce (1987) has centred on three main aspects in tourism: the movements of tourists across space (tourist flows), such as Pearce's (1987) study on European package tourism, the spatial structure of the tourism system (Britton, 1980) and – on a more developmental approach – the relationships between the origin and destination (or in development terms, the core and periphery) (Murphy and Andressen, 1988). Spatial analysis of tourism is, however, not a thing of the past, as recent studies by Bégin (2000), Bowden (2003), Dickey and Higham (2005) and Nepal (2005) demonstrate. These recent studies also fall into two of the three categories of spatial analysis outlined above: tourist flows (Bowden, 2003) and the spatial structure of the tourism system (Bégin, 2000; Dickey and Higham, 2005; Nepal, 2005). Geographers are also increasingly making use of new technologies and associated methods as is shown in Dickey and Higham's (2005) use of GIS to analyse the spatial distribution of ecotourism businesses in New Zealand and, on a micro-scale of analysis, to track pedestrian (or tourist) movement in cities via cell phone tracking devices (Shoval and Isaacson, forthcoming). These new technological developments will likely prolong the popularity of spatial science in tourism research.

Coupled with Shoval and Isaacson's (forthcoming) work on advance tracking technologies and the use of these to track tourists (over time and space) in the old city of Acco, Israel, there is a renewed interest of especially Israeli geographers in 'objectivity' and a resulting shift towards empirical research and

the construction of models to explain and predict the spatial patterns of tourism (tourist movement [Shoval and Isaacson, forthcoming], tourist attractions and characteristics of tourists [Shoval and Raveh, 2004] and the spatiality of the average room rate of hotels [Shoval, 2006] in cities). In their paper on tourist attractions in tourist cities, Shoval and Raveh (2004) present a spatial model of tourism consumption of attractions in large cities based on the co-plot method of multivariate analysis. This trend has led to a strengthening of empirical, quantitative and statistical research in tourism and underlines the temporal coexistence of contrasting paradigms. The following section will analyse the shift from the quantitative and spatial approach to geographical thought to a more critical geography.

2.2.2.2 Critical geography and political economy

‘... there is a clear disparity between the sophisticated theoretical and methodological framework which we are using and our ability to say anything really meaningful about events as they unfold around us. There are too many anomalies between what we purport to manipulate and what actually happens’ (Harvey, 1973: 128).

Critics, such as Harvey (1973), argued that positivism was not only unable to answer the questions and solve the pressing problems of the late 60s and early 70s, by disregarding and rejecting the importance or even existence of social and political processes in the formation of space, but there was no room in the Positivist approach to consider the necessary questions (Kitchin, 2006). Scott (2000) demonstrates the link between contemporary issues and political problems with these new research topics, as the civil rights movement in the US

influenced Harvey (1973) and Dear and Scott (1981) to think about capital and space in urban settings and uneven development at different spatial scales and a general decline of the main manufacturing regions in Europe and the US (notably the Midlands in the UK, the Ruhrgebiet in Germany and the Midwest in the US) lead to an increase in research on regional decline, labour issues and industrial restructuring. The underlying motivation for adopting this new research agenda in large parts of the social sciences was a perceived failure of capitalism to address and solve these *social* problems. Or as Dear and Scott (1981: 4) posit in the context of urban research:

‘... modern urban phenomena are comprehensible only in the context of some prior analysis of the production and reproduction relations of capitalism. In short, urbanization is decipherable only as a mediated outcome of the social dynamics and imperatives of the capitalist mode of production in specific conjunctural circumstances’.

The isolation of spatial forms and structures from social processes that was providing the ‘objectivity’ during the Quantitative Revolution led to a shift from modelling and pure spatial analysis. The new attention on the relationship between social processes and the spatiality of human practice (Harvey, 1973) challenged the presumed ‘neutrality’ or ‘objectivity’ of neoclassical positivism (or indeed any philosophical research approach) in the regional sciences and influenced many scholars to turn towards a more critical geography that did not merely describe and predict but that could also provide society with a normative goal, i.e. what should be (Chisholm, 1971). Critical geography, however, is not a homogenous movement and followers are not united in the use and application of epistemology and methodology; rather, the binding ingredient is

their commitment ‘... to the promotion of progressive social change and to the development of a broad range of critical theories and their application in geographical research and political practice’ (Painter, 2000: 126). It therefore incorporates a number of left-wing approaches (such as political economy, poststructuralism, feminism and postcolonialism) to the study of human geography and more specifically the analysis of inequalities between people and space (Aitken and Valentine, 2006). For the purpose of positioning tourism research in the wider processes of change within the social sciences and more specifically human geography, the discussion in this section on critical geography will focus on political economy, the dominant approach towards a critical geography.

Echoing the sentiments disclosed by Harvey (1973) in his critique of the Positivist philosophy underpinning the spatial science approach of geography during the Quantitative Revolution, Hall and Page (2002: 15) come to a similar conclusion in their review of geographical tourism research:

‘... while conventional spatial science may yield useful information, it does little to promote an understanding of the processes by which outcomes at given points of time are actually reached, nor does it do much to connect the geography of tourism and recreation to wider debates and issues in the social sciences’.

However, the stimulus for a more critical analysis of tourism was only given in the late 1970s, epitomised by the influential texts of de Kadt (1979) *Tourism: Passport to Development?* and Young (1973) *Tourism: Blessing or Blight?*. Both critically analyse the advantages and disadvantage of tourism by focusing

on tourism from the perspective of development studies. Tourism research was first introduced to political economy by Britton (1982a, 1982b) through studies of tourism to Fiji. Tourism researchers realised the importance of political economy as they tried to uncover the capitalist structures that were driving not only tourism development, but also inequalities engrained in the system of uneven development and to position tourism in context to the capitalist system of accumulation. A seminal paper by Britton (1991: 475), for instance, calls for a move from mainly descriptive studies in the tradition of regional geography and spatial analysis towards a re-theorisation of tourism geography via the integration of critical theory and political economy:

‘... we need a theorisation that explicitly recognises and unveils, tourism as a predominantly capitalistically organised activity driven by the inherent and defining social dynamics of that system, with its attendant production, social and ideological relations’.

Influenced by the writings of David Harvey, Britton's (1991) seeks an analysis of the structural conditions that tourism operates in, a basic characteristic of political economy. Tragically, Britton died before completing the paper (it was finished by his colleagues at the University of Auckland) and could not fulfil the potential for tourism research that he identified in *Tourism, capital and space*. Britton's appeal for a more critical geography of tourism and to position tourism firmly within the context of capitalist society has been followed and echoed by a number of tourism geographers, most notably Shaw and Williams (1994, 2002), Ioannides (1995), Ioannides and Debbage (1998c) and Ioannides (2006). Two avenues for research that Britton (1991) highlighted have, in particular, become key areas in the economic geography of tourism: the role of tourism in

constructing symbolic and cultural capital and thus increasing investment value and the commodification of place and experience (Shaw and Williams, 2004; Williams, 2004).

Bianchi (2002: 265), in turn, applies a historic-geographical approach of political economy to analyse the structures governing tourism development, or in his own words '... the systemic sources of power [undefined] which serve to reproduce and condition different modes of tourism development'. He posits that capital restructuring and economic globalisation have resulted in a changing configuration within the tourism production system thus requiring a detailed examination of relationships between all the actors in the system in order to unveil the impacts of the 'transnationalisation' of the tourism system.

Mosedale (2006) offers a more nuanced reading of the political economy of the tourism system by analysing the relationships between all the major stages of the production system and stresses the influence exerted by the inherent structure and organisation of the tourism sector on local economic development. Through the use of commodity chain analysis, he demonstrates that the relationships between the actors of the tourism production system 'are constantly re-negotiated as powers shift with the entry of new actors, mergers and acquisitions (M&A) and changing tourist preferences' (Mosedale, 2006: 455). In the case of St. Lucia, vertical integration coupled with the island's dependence on airlift and the lack of governmental support to retain charter airlines resulted in an amplification of pre-existing governance structures. Despite the island status of St Lucia, the author contends that the conclusions

are relevant for other destinations, as air travel is a key component of typical mass tourism packages.

Ioannides and Debbage (1998c: 8) also follow Britton's (1991) call to place tourism within the context of capitalist production with their emphasis on a supply-side of the tourism production system, thus encouraging the subdiscipline of economic geography: '... the principal value of this book rests in its attempt to introduce and legitimize the study of tourism in the eyes of economic geographers and business practitioners'. This is a reiteration of an earlier paper by Ioannides (1995: 64) in which he relates characteristics of the tourism production system to the relevant theories of economic geography in order to generate interest from economic geographers that do not 'routinely specialize on tourism, travel and recreation'. While these two texts by Ioannides (1995) and Ioannides and Debbage (1998c) offer an important impetus by emphasising the role of economic geography in tourism research, they fail to properly address the opportunities presented to the economic geography of tourism through the Cultural Turn in the social sciences, which resulted in a major (re)constitution of economic geography (Crang, 1997).

While Britton's (1991) paper has been influential for tourism research and his research agenda is still pertinent to this day, there is a need to mirror or at least acknowledge the progress made in economic geography (i.e. the Cultural Turn), in order to place tourism in the centre of economic geography (a call by Ioannides and Debbage, 1998a). This does not imply that political economy approaches to tourism research are outdated and inconsequential in the current academic climate. Instead, we should keep sight of hard-won theoretical

insights (and continue working in that arena) and simultaneously re(constitute) them in the new, innovative economic geography (Crang, 1997), thus realising the potential handed to economic geography with the Cultural Turn. As contended in this thesis, this potential has yet to be realised in tourism research. The following section will offer an overview of the Cultural Turn within the wider subdiscipline of economic geography and offer a new research agenda based on the feminist and poststructural influences inherent by this new paradigm.

2.2.2.3 The Cultural Turn

Similar to critical geography, the Cultural Turn does not have a unified voice, but is a cacophony of different intonations of the same basic tune. As Crang (2000: 142) states,

‘The Cultural Turn is not a coherent theoretical development within the subject. Instead it has both evoked and shaped looser shifts in subject matters, approaches, sub-disciplinary and inter-disciplinary affiliations and intellectual politics. Therefore, just what it is that is cultural about these Cultural Turns needs to be unpacked, disaggregated and explicitly debated by proponents and opponents alike’.

The Cultural Turn encompasses a multitude of different approaches to research which are all based on the realisation that the cultural dimension has been neglected in the political economy approach to the study of social, economic and political processes. The Cultural Turn is therefore a distinct change from the previous paradigm as it occurred due to the limitations of the dominant paradigm which failed to provide explanations for significant issues of social life.

In order to supply answers to unresolved questions, the Cultural Turn resulted in a strengthening of cultural geography, mainly via the general acceptance of Cultural Studies as an academic discipline and as a legitimate area of research. This took place concurrently with the recognition of the importance of the cultural within other subdisciplines of human geography and the emergence of cultural industries in the larger society.

The Cultural Turn, the latest paradigm to be accepted in economic geography has its roots in the emergence of cultural studies and the realisation that culture is an integral part of everyday life as it transcends all social processes, including – but not limited to – the economic. The subdiscipline of economic geography has probably been most reflective in its application of the Cultural Turn and has critically engaged with this widely uncritically accepted intellectual change within the social sciences. Numerous interventions and responses created a lively debate on the dangers and/or benefits of the Cultural Turn for economic geography.

This section will talk about the inherent risk of new approaches as outlined in a number of responses to Amin and Thrift's (2000) paper on the state of economic geography, notably Rodríguez-Pose (2001) and Martin and Sunley (2001). Although Martin and Sunley (2001: 152) agree with the general outline of Amin and Thrift's (2000) intervention in *Antipode*, they warn of throwing out the baby with the bathwater:

‘Our worry is that the cultural emphasis urged by Amin and Thrift and several other economic geographers, is being championed too

uncritically and that the claims being made for the explanatory and policy superiority of this reorientation are excessive'

Martin and Sunley (2001) fear that the Cultural Turn has led to an exclusion of other approaches to the research of the economic, rather than seeing it as yet another dimension of economic geography. And that the uncritical adoption of the Cultural Turn will lead to a thinning of theory as it is based on '... dense, highly jargonised "discourses" taken from the latest cultural or social theory or on loose assemblages of ill-defined concepts, fuzzy metaphors, or mere neologisms' (Martin and Sunley, 2001: 153). Concepts and terms (what they call 'jargon') are uncritically assimilated from cultural studies or other fields of research and research is being focused on discourses rather than testing of theories.

Rodríguez-Pose (2001) also laments the extreme turn of economic geography towards the cultural (liking the debate to the discussions of the 1970s between quantitative and qualitative methods) because he does not accept that economic geography is indeed in crisis as diagnosed by Amin and Thrift (2001). Instead, Rodríguez-Pose (2001) suggests the need for a systematic consolidation of case studies coupled with the testing of theories using quantitative methods. Alliances with economists, sociologists and political scientists are thus necessary to build these foundations for the 'new' economic geography. There has been a polarisation of thoughts on the value of this disciplinary change as some are staunch proponents of the Cultural Turn (Jackson, 1991) whereas others are sceptical of its impact especially on the

cost of other approaches, such as political economy (Sayer, 1994; Barnes, 1995).

An analysis of the 'economic geography' entries in the different editions of the *Dictionary of Human Geography* (Johnston *et al.*, 1986, 1994 and 2000) demonstrates the changing acceptance of the Cultural Turn for the subdiscipline. While economic geography was seen as '... firmly asocial' (Lee, 1986: 117) in 1986, the following edition in 1994 included strong references to the cultural in realising the construction of social relations, the influence of value systems on production and consumption and the discourses surrounding value systems. Yet still, Lee (1994: 148) deems that '...economic geography remains fragmented and asocial'. Not until the fourth edition does Lee (2000: 196, emphasis added) fully acknowledge the importance of the Cultural Turn for economic geography:

'Taking economies seriously, it seems, requires the *transcendence of economics*... new economic geography will be polycentric... in recognizing multiple and contested economic geographies ... and will be driven by the refiguring of conventional notions of the economic'.

The Cultural Turn has accelerated the move of economic geographers outside of their comfort zone, i.e. they have been compelled to reconsider the artificial boundaries of 'the economic'. 'Then a whole new world moves into view' (Thrift and Olds, 1996: 311). In contrast, economic geographers of tourism have been somewhat slower to problematise the entanglements of the economic and the cultural, which has been at the forefront of new research agendas of the 'new'

economic geography. This is in keeping with a general reluctance to engage with new disciplinary developments as identified by Hall and Page (2002: 6):

‘The preoccupation with building and testing models in human geography and their application to tourism and recreation ... has largely mirrored trends in the main discipline, while new developments in behavioural geography, humanistic geography and, more recently, cultural geography have only belatedly begun to permeate the consciousness of tourism and recreation geographers’.

Although this changing paradigm towards cultural geography in tourism research is apparent in contributions by Crouch (1999), the economic geography of tourism has not followed suit and is still lacking a critical engagement with the Cultural Turn.

While Ioannides and Debbage (1998a: 9) should be commended for bridging the gap between tourism research and economic geography ‘... to make use of the substantial corpus of theories and methods already available to economic geographers’, a theoretical engagement of the tourism economies with the cultural is necessary and long overdue. With the substantial change brought to the subdiscipline of economic geography via the Cultural Turn, it has become necessary to re-conceptualise tourism research through the inclusion of the cultural perspective of the economy and *vice versa*. Needless to say that this change is already taking place (see for instance Debbage and Ioannides, 2004). However, although Debbage and Ioannides (2004) address the Cultural Turn in a later paper, they neglect some important aspects.

While proponents of the Cultural Turn agree that the economic should not be seen in isolation from cultural processes, the divergences in approaches among them are due to different perceptions about the type of relationship between the cultural and the economic. Aside from the view that the economic and the cultural are dialectically opposed (taken by challengers of the Cultural Turn), Crang (1997) categorises these differences into four alternative views that differ in the type/depth of relationship: first, that the economic influences the cultural; second, the economic is embedded in the cultural; third, cultural media such as symbols, signs and discourses represent the economic and finally, fourth, the economic involves the production, circulation and consumption of cultural materials. Bourdieu (1993) argues that there are numerous rationalities for the economies of cultural materials, this view is mirrored by Lash and Urry (1994: 64):

‘economic and symbolic processes are more than ever interlaced and interarticulated; that is, ... the economy is increasingly culturally inflected and ... culture is more and more economically inflected. Thus the boundaries between the two become more and more blurred and the economy and culture no longer function in regard to one another as system and environment’.

In the following few paragraphs the author discusses this question of determination that Crang (1997) identified and relates these approaches in light of examples from tourism.

2.2.2.3.1 Determination of culture by the economy

Thrift and Olds (1996) in their review of the 'new' economic geography, conjure the Christmas spirit to demonstrate the entanglement of culture and economy. They contend, 'Christmas is a cultural event of immense economic significance – or an economic event of immense cultural significance' (Thrift and Olds, 1996: 311). Christmas is a stimulus for economic growth, not only for Christian countries which benefit from increased consumption but – albeit on a different scale – the economic effects of this cultural event transcend the areas where Christmas is celebrated, as seasonal products such as Christmas decorations are produced in developing countries offering cheap labour.

While there are regional differences in economic growth depending on the dominance of Christianity, there are also cultural differences across regions, some merely involving the symbols associated with Christmas, the social activities during the Christmas period, others involving differences in the commercialisation of Christmas. In the Netherlands and in Flanders, for instance, the consumer fest of 'gift giving' is not Christmas but *Sinterklaas* (Saint Nicholas). On December 5th, *Sinterklaas* brings presents to every child that has been good in the past year, although in practice every child receives a present. It is a major celebration as *the* occasion for gift-giving and ensures the enjoyment of Christmas and the rest of the festive season.

However, the cultural differences surrounding Christmas or the festive season have been fused, which is especially apparent when examining the symbols commonly associated with Christmas: the Christmas tree is a German tradition; Christmas cards are typically British; the red frock of Father Christmas is said to

be the making of the US corporation Coca-Cola; etc. Many of these elements, although symbols of the cultural event, also have an economic side to them. Not only symbols are being assimilated, but in recent years Christmas has been pushed by shopkeepers in the Netherlands as another gift-giving festival, with some success, albeit especially for young children, *Sinterklaas*' eve is still much more important than Christmas. This is an example of the economic influencing the cultural.

There has even been some merging of religious cultures, either for reasons of political correctness or due to an increasing number of families of mixed faith. In recent years, an amalgam of Christmas and Hanukkah has emerged — dubbed 'Chrismukkah', with a reconstitution of a typical Christmas symbol, the Christmas tree into the 'Hanukkah bush'. There are several reasons behind this hybrid construction of Chrismukkah. First, it is a re-working of identity for children that live in a cultural limbo of mixed faith households. There were 5.2 million Jewish people in the US in 2004, about a third married to a non-Jew partner. Half of those that got married since 1996 chose non-Jewish spouses (Gledhill, 2004). Second, this cultural amalgam has partly been driven by the economic with the sale of Chrismukkah paraphernalia, such as

'... Chrismukkah cards, featuring a white-bearded Chrismukkah Man in a red cap, a reindeer with an eight-branched menorah for antlers, a kosher fruitcake, a shalom dove and with the greeting "Merry Mazeltov". There is also an "Oy Joy!" collection of Chrismukka souvenirs'

(Gledhill, 2004: 21).

Third, the combination of the two religious holidays is based on western cultures' obsession with political correctness. New York's Loews Hotel, for instance, has put on a special Chrismukkah menu to be especially politically correct towards members of both the Christian and the Jewish faith (O'Konowitz, 2005). And finally, rather ironically, this new cultural fusion is also seen by some as a protest towards the commercialisation of the traditional Christmas (Toronto Star, 2005). Some commentators (Heffernan, 2004: Section E, 1), however, view the construction of Chrismukkah rather more cynically as '... a cumbersome coinage and new made-for-merchandising gimmick that tends to bring people of all traditions together in a spirit of seasonal annoyance'.

Thrift and Olds' (1996) aim with their 'Christmas Carol' was to demonstrate that cultural (in this case also religious) events, such as Christmas influence the economic. These cultural events are subject to regional differentiations and thus result in different consumption practices with wide ranging effects. In contrast, Gibson and Kong (2005) conjure a different scenario in order to demonstrate their vision of a crossdisciplinary perspective towards the interplay between culture and economy without privileging one over the other. They use weddings as examples of what they call 'cultural-economic events'. Note that the focus of attention here is the wedding as an event, not the institution of marriage. While regional differences exist in this cultural event, such as who is supposed to be giving gifts (in most Western countries, guests are expected to present gifts to the married couple, whereas in others the opposite is the case), rituals and traditions of the ceremony and the ensuing celebration, Gibson and Kong (2005) argue that a cultural economy has emerged that is associated to cultural events. In their example of weddings, a whole industry has been created

around the organising and management of the wedding, with magazine writers, photographers, designers, florists, bakers and many more specialising on that special day. A prime example is the emergence of specialist gay marriage planners and organisers with the introduction of same-sex marriages or rather 'civil partnerships' in the UK in 2004. The government estimates that 22,000 homosexual couples will register their partnership by 2010 (McLean, 2005), but industry insiders go so far as to anticipate 30,000 civil ceremonies in 2006 alone (BBC News, 2005).

It is quite telling for the standing of tourism within the subdiscipline of economic geography that these two specific examples used by Thrift and Olds (1995) and Gibson and Kong (2005) to discuss the implications of the 'new' economic geography, are closely linked to tourism, which both sets of authors ignore. The failure by Thrift and Olds (1996) and Gibson and Kong (2005) to mention tourism is symptomatic of the standing of tourism research within economic geography. Since at least parts of the Christmas season are public holidays in most predominantly Christian countries, it is an important time to go on holidays, either to visit friends and relatives (VFR) or in the northern hemisphere to escape the winter weather. More ominous is the omission of tourism in the account by Gibson and Kong (2005) of the cultural economy associated with weddings, as tourism is an integral part of this cultural event, both before (stag and hen trips) and afterwards (honeymoon). In recent years the number of British stag and hen nights that have been organised away from the home town and even abroad has increased. Britons alone have spent £430 million in 2005 on stag or hen trips abroad and an average of £551 per person per trip (William, 2006). Similarly to weddings, firms have specialised on the

trend towards international stag and hen trips, offering specialised packages to favourite party haunts such as Amsterdam, Barcelona, Edinburgh but also to more distant destinations such as Tallinn, Riga, Vilnius, Prague and Budapest.

After the wedding ceremony, the honeymoon is a key event, often spent on holiday especially in exotic locations. Businesses (operators and hotels) and destinations (e.g. Las Vegas) specialise not only on the honeymoon but on the actual wedding as well. For instance, the Caribbean hotel chain Sandals not only specialises on couples-only, all-inclusive resorts, but they also provide wedding packages for their guests. The basic wedding package (free if you stay for seven or more days) includes all the necessary preparations for obtaining a marriage licence, a personal wedding consultant, a bouquet and boutonniere, champagne reception for the couple, one 5"x7" wedding photograph, a honeymoon dinner and a continental breakfast in bed and last but not least 'Just Married' t-shirts for the bride and groom who want to celebrate in style (Sandals, no date).

The reason behind the discussion of these two cultural (religious) events was to position the economic within the cultural and *vice versa* and to demonstrate the influence of resulting regional differences on production and consumption. 'In essence, this recognizes that economic relationships are infused with culturally symbolic processes, which are expressed differently in different cultural systems and which are therefore necessarily territorially embedded' (Shaw and Williams, 2004: 13). This statement by Shaw and Williams (2004) does not do justice to the deep lying repercussions that the Cultural Turn has had for economic geography and the discussions and debates that have been

generated within the subdiscipline. So, in response to Shaw and Williams (2004), tourism research needs to go beyond the mere realisation that the economy is influenced by the cultural, thus resulting in territorial differences. The Cultural Turn implies more than that; not only does it entail a significant change in how we view the characteristics of economic processes, but also what is economic about these processes (Gibson-Graham, 1996; Massey, 1997). Thus Massey (1997: 35) contends that the term 'the economic' is itself socially constructed and needs to be deconstructed in order to arrive at an understanding of the economy.

More important, though, is another aspect of the 'new' economic geography that both Thrift and Olds (1996) and Gibson and Kong (2005) fail to mention: the re-conceptualising of 'the economic'. The emergence of the Cultural Turn and the resulting 'new' economic geography has confronted previous conceptions of the economy and what constitutes the economic as the incorporation of cultural viewpoints offer multiple and fluctuating understandings. However, there is a difference between discovering the cultural economy as a new research avenue and setting up a new research agenda for economic geography. The remainder of this chapter analyses the current thinking of economic geographers on the importance of the cultural in the form of production and consumption, before turning towards feminist and poststructuralist approaches in an effort to infuse theory and significance to a new research agenda which fully embraces and is immersed within the Cultural Turn.

2.2.2.3.2 Production, circulation and consumption of cultural materials

In the classical political economy approach to economic geography, production and distribution were the main focus of attention, with consumption taking a lesser role. With the Cultural Turn, consumption has become more prominent within the 'new' economic geography and especially sociology. Tourism research has also been quick in realising the importance of the links between production and consumption, due to their spatial and temporal fixity (Urry, 1990). Tourism is different to manufacturing in the fact that consumption and production are not only linked but occur simultaneously and at the same place; they are spatially and temporally fixed. In this section, the author aims to balance the pendulum, thus positioning production and consumption firmly in relation to each other: 'why, what and how tourists consume?' now seems an important part of explaining and analysing economic processes.

The main criticism that Urry (1994) levies against the sociology of consumption is its focus on the material as the object of consumption. Instead he focuses his attention on the analysis of the consumption of services and more specifically tourism, as these are gaining importance in Western economies and raise challenging questions of 'interpretation and explanation'. As mentioned earlier in this chapter, consumption has been one of the areas in which the Cultural Turn has managed to influence tourism research due to the close links (spatial and temporal) with production (see the following for reviews: Aitchison, 1999; Ateljevic, 2000; Shaw *et al.*, 2000; Shaw and Williams, 2002 & 2004).

Smith (1994), however, states that rather than an assemblage of different services (i.e. components) provided while on holiday, it is the overall experience

(i.e. the act or performance of consumption) that is sold to the client. This experience entails the consumption of specific signs or markers (MacCannell, 1976); these can be of material objects, people or places, which through consumption take on meaning. Turning the purchase of the tourism product into an experience needs an input of work from the tourist (Urry, 1994). A package tour is more commodified than a tour that has been organised by the tourist him/herself, since the human labour needed to plan has been purchased thus distancing the consumer from part of the production. In a similar vein, Shaw and Williams (2004) group four types of holidays (camping, urban, mass and second home) according to their level and type of commodification (see figure 2.2). Direct commodification can only occur when property rights are owned and entrance fees can be charged.

The higher the level of commodification, the less the tourist is involved in the production process and hence less work is needed to transform the product into an experience. Consumption therefore plays an integral role and cannot always be (nor should it be) easily separated from production. This is very apparent when the experience is not based on individual but collective consumption, for instance the creation of 'atmosphere' at sporting events or the 'ambience' in a particular trendy bar or club (Urry, 1994).

Figure 2.2 Categorisations of commodification

Tourist Type	Travel	Accommodation	Recreation	Material souvenirs	Labour	Commo-dification
Individual (camping)	● cycling	● camping	○ walking	○ sketching	↑	↑
Individual (urban)	● car	□ hotel	⊗ heritage site	□ traditional crafts	↑	↑
Mass (beach)	□ flight	□ hotel	● beach activities	□ factory facts	↑	↑
Second-home (rural)	● car	● second home	● house-based activities	● own-production	↑	↑

⊗ direct commodification	□ indirect commodification
● partly commodified	○ non-commodified

Source: Adapted from Shaw and Williams (2004: 26)

Source: adapted from Shaw and Williams (2004: 26)

Lash and Urry (1994) build on Marx's (1971) circuits of capital (Marx identifies four types of capital: money, commodities, the means of production and labour), but contend that the objects involved in these circuits of capital are increasingly becoming immaterial as signs and symbols gain importance in consumption. While they recognise that material objects are still in circulation, these objects possess an 'increasing component of sign-value or image embodied *in* material objects' (Lash and Urry, 1994: 4, emphasis original). MacCannell (1976) suggested that the tourism product attains significance beyond the importance of labour by embodying a symbol, life style or other symbolic significance to the consumer (Shaw and Williams, 2004). The tourist (consumer) turns the services and experiences into signs 'by doing semiotic work of transformation' (Lash and Urry, 1994: 15). 'Authenticity' is therefore conceptualised as relative and no longer necessarily sought after, such that the consumption of signs and symbols of 'the real' are sufficient (Pretes, 1995; Meethan, 2001).

The economic then becomes the production and circulation of signs, which are closely linked to the cultural. Sign-value is usually conferred to material objects via 'branding', this however does not merely involve yet another production process, but the successful act of infusing an object with sign-value involves the participation of producer and consumer (Lash and Urry, 1994). This represents a point of contact between production and consumption, thus reducing the dichotomy between the two processes. Instead, production and consumption are seen as counterparts that are being reworked in a Circuit of Culture which covers stages of production, representation and consumption (Johnson, 1986). There is a need for feedback or implicit dialogue between production and consumption in order for material objects and, in the case of tourism, services (experiences) to represent the desired sign-value. To analyse the cultural meaning of texts, objects, ideas, products etc. one needs to take the cultural processes into account that influence the abstract significance society attributes to it (Du Gay *et al.*, 1997), such as identity and the social regulation of these relationships (see figure 2.3).

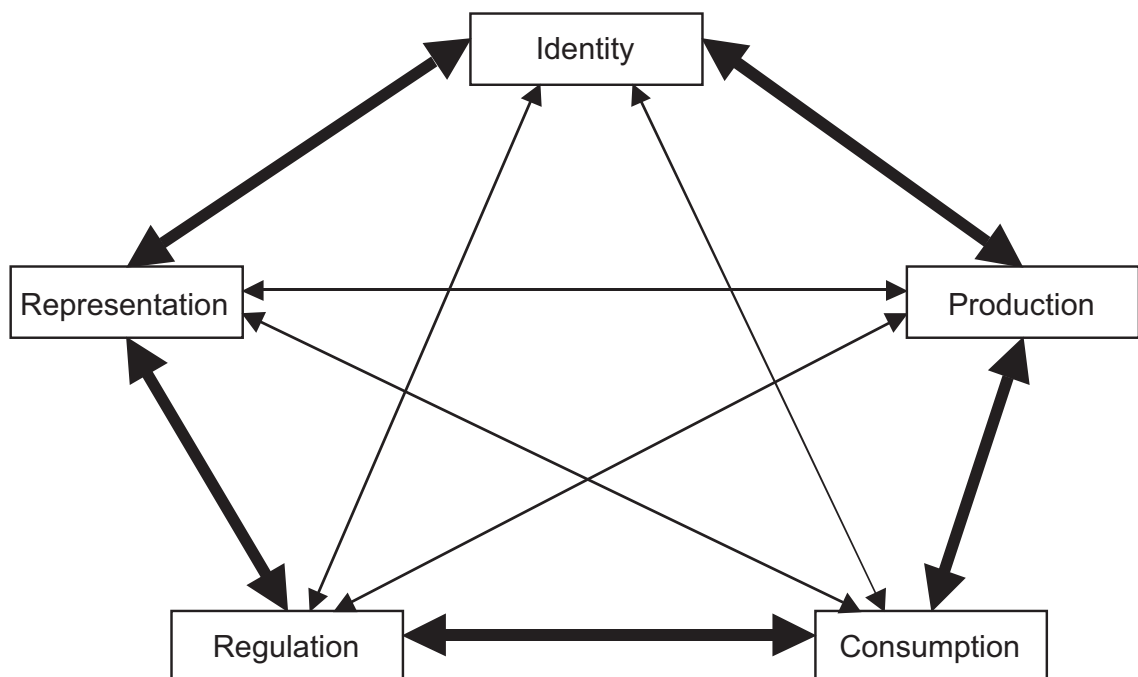
The representation of the product in society, e.g. in advertising, media etc., is an important influence on the construction of social identities that are associated with the particular product. Production and consumption frame the commodification of the product and are also integral to the construction of identities within the processes of production and consumption (e.g. host – guest). Because some products have an impact on cultural life beyond the consumer, social regulations are in place to limit negative impacts of consumption and production: 'A cultural artefact ... has impact upon the regulation of social life, through the ways in which it is represented, the

identities associated with it and the articulation of its production and consumption' (Woodward, 1997: 2-3).

This view of the Circuit of Culture (Johnson, 1986) acknowledges the importance of the consumer in the attribution of sign-values and goes beyond the dichotomy of production and consumption. It realises that through the constant renegotiation of representation at different levels, there are a multitude of meanings of tourist experiences, which depend on the cultural interpretation of the tourist (consumer) (Ateljevic, 2000).

Ateljevic and Doorne (2003) have combined the idea of the Circuit of Culture, that is the changing meanings of commodities in the sense of Appadurai's (1986) concept of the 'social life of things', with commodity chain analysis, which follows the life of a commodity through its production and subsequent consumption.

Figure 2.3 The Circuit of Culture



Source: adapted from Du Gay *et al.* (1997)

Through tracing the journey of Chinese tie-dye fabrics, purchased by a tourist from New Zealand, from production and initial consumption in China to the recipients of the gifts in New Zealand, Ateljevic and Doorne (2003) demonstrate the social relations of production and consumption as they follow the path of the fabric and unveil the re-creation of meaning set on the object and thus the importance of the cultural context in consumption.

The Circuit of Culture presented above demonstrates the complex nature and entanglement between production and consumption which offers a plethora of potential research avenues for economic geography in tourism. In his book *Consuming Places*, Urry (1994) reiterates some key elements from his earlier seminal book on 'the tourist gaze' (Urry, 1990). Two of these elements are crucial for understanding the role of consumption for the 'new' economic geography of tourism, first, the anticipation of places, which influences the choice of holiday destination, is socially constructed through 'a variety of non-tourist practices' (Urry, 1994: 132) created by media such as magazines and books, films and documentaries, music, videos etc and second, not only is there an industry creating 'wants', but also according to Urry (1990 & 1995) there is another industry that generates and reproduces objects for the tourists to gaze upon. This means that not only does the economic influence the direction of the gaze, it actively creates something 'worthwhile' of catching the tourist gaze. These 'worthwhile' objects are:

'located in a complex and changing hierarchy. This depends upon the interplay between, on the one hand, competition between different capitalist and state interests involved in the provision of such objects

and on the other hand, changing class, gender and generational distinctions of taste within the potential population of visitors'

(Urry, 1995: 133).

Shaw and Williams (2002, 2004) highlight two areas of tourism consumption that are of particular importance to the economic: shifting patterns of consumption and their effect on production and new spaces of consumption. These are going to be focal points in the next few paragraphs.

The shift in emphasis from production to consumption experienced in academia has been a reaction to the rise of the power of the consumer in the 'real world' (Lee, 1993). While Fordism is all about ease of production (tour packages for the masses coming off the assembly lines), the balance of power in Post-Fordist and what Ioannides and Debbage (1998b) call neo-Fordist modes of production and consumption has shifted towards consumer choice. Post-Fordism and Neo-Fordism are reactions to these new consumer demands of more flexibility and individualisation (see table 2.2 for the characteristics of the different modes of production and consumption in tourism). However, they differ markedly in their production structure. Post-Fordist production represents a clean break from Fordist production with small-scale firms offering individually tailored packages focusing on niche products, whereas in Neo-Fordism the large firms of Fordist times have adapted their production to become more flexible and appear to be more individual, thus taking advantage of economies of both scale and scope. Despite this tidy categorisation of mode of production and consumption in the literature, the different modes of production coexist over time and space (Shaw and Williams, 2004; Ioannides and Debbage, 1998b).

The analysis of mode of production and consumption in the mass tourism resort of Cancun, Mexico by Torres (2002) demonstrates that although Cancun was designed as a Fordist tourism resort for mass consumption and primarily caters to the 'fordist tourist', there are emerging trends of post-Fordist and neo-Fordist consumption and production (see table 2.3 for the characteristics of Post-Fordist consumption in tourism).

Debbage and Ioannides (2004) and Shaw and Williams (2002, 2004) have been influential in increasing the standing of the economic geography of tourism via their focus on the supply-side and production-consumption respectively. However, the author posits that tourism researchers in general and economic geographers specifically need to fully embrace the potential or the widening research agenda offered by the Cultural Turn.

Table 2.2 Characteristics of different modes of production and consumption

Fordist tourism	Post-Fordist tourism	Neo-Fordist tourism
Mass tourism	Specialised/ individualised/ Customised niche market tourism	Niche market mass tourism
Mass production	Customisation	Mass customisation
Inflexible/Rigidity	Flexibility	Flexible specialisation
Undifferentiated products	Product differentiation	Product differentiation
Concentrated number of large firms	Multitude of smaller firms	Continuity of Fordist market structures
Economies of scale	Economies of scope	Economies of scale and scope
Largely producer-driven	Consumer-driven	Consumer choice
Collective consumption	More individualised consumption	Collective and individualised consumption
Undifferentiated consumers	Individual	Collective
Inexpert consumers	Savvy consumers	Savvy consumers

Source: adapted from Torres (2002:90)

Table 2.3 Characteristics of Post-Fordist consumption in tourism

Post-Fordist consumption	Tourist examples
Consumers increasingly dominant and producers have to be much more consumer-oriented	Rejection of certain forms of mass tourism (holiday camps and cheaper package holidays) and increased diversity of preferences
Greater volatility of consumer preferences	Fewer repeat visits and the proliferation of alternative sights and attractions
Increased market segmentation	The multiplication of types of holiday and visitor attractions based on life-style research
The growth of a consumers' movement	Much more information provided about alternative holidays and attractions through the media, thus creating a savvy consumer
The development of many new products each of which has a shorter life	The rapid turnover of tourist sites and experiences because of rapid changes of fashion
Increased preferences expressed for non-mass forms of production/consumption	The growth of 'green tourism' and of forms of refreshment and accommodation which are individually tailored to the consumer (such as country house hotels)
Consumption as less and less 'functional' and increasingly aestheticised	The 'de-differentiation' of tourism from leisure, culture, retailing, education, sport, hobbies

Source: adapted from Urry (1994: 151).

2.2.2.3.3 Economy is embedded in the cultural

Crang's (1997) last approach towards engaging with the Cultural Turn in economic geography is the view that the economy and hence economic institutions are firmly embedded in the cultural. This point of view situates the economic squarely in the context of cultural place at various scales such as the individual, the firm, region, nation-state etc. and analyses the embeddedness of economic practice and of its organisations. This is a research avenue that yet needs to be examined in tourism research and this thesis aims to provide an indication of the relationships between economic organisations (the firm, see Chapter Three) and the political, social and economic fabric of the societies they operate in (Yeung and Li, 2000; Riley, 2000; Pavlinek and Smith, 1998) and *vice versa*. In the following chapters, the author aims to demonstrate the challenges presented to scholars trying to elucidate the murky relationships between firms (the economic organisation) and their environment (the social, cultural, political and economic).

2.3 Conclusion

This chapter has sought to provide an overview over the main paradigms influencing human geography and tourism research. Although only alluded to in earlier work by Shaw and Williams (1994 and 2002), the most recent paradigm (the Cultural Turn) has gained popularity in recent publications on the economic geography of tourism (Debbage and Ioannides, 2004; Ioannides, 2006). As illustrated and explained above, the discipline of cultural studies has been a major influence on the Cultural Turn in economic geography in recognising that the cultural plays an integral part in economic processes and *vice versa* (although the level of influence of the processes are still contested). However, this chapter argued that the Cultural Turn in economic geography comprises more than the acceptance of the cultural, as especially poststructuralism has played an important role in widening research agendas. Although research in the economic geography of tourism has realised that different modes of production (pre-Fordism, Fordism and Postfordism) are present in the current economy (see Ioannides and Debbage, 1998b; Shaw and Williams, 2002) and thus Neofordism is a more appropriate term (Ioannides and Debbage, 1998b), scholars have not looked beyond capitalism towards the economy being constituted of multiple economies within one system of exchange. Clearly, the Cultural Turn offers the economic geography of tourism a plethora of new research avenues. It is, however, imperative that tourism research is set on strong theoretical foundations. The recognition of the importance of culture and social relations on the economy has wide-ranging implications for the analysis of economic processes. The following chapter, for instance, considers the consequences of subscribing to the Cultural Turn on researching the firm and of

the changing perception from a black box to a space where social and economic processes interact to produce the outcome of economic action.

Chapter 3: Towards a ‘new’ economic geography of tourism

3.1 Introduction

In the previous chapter, the author aimed to analyse the disciplinary changes that influenced tourism geography and demonstrate the implications of differences in ontological and epistemological perspectives. At the same time, an analysis of the economic geography of tourism has revealed lacking engagement with the opportunities offered through the Cultural Turn. The argument presented in this chapter is that the Cultural Turn has fundamentally altered the research focus of economic geography. In order to support the argument an overview of the institutional approaches is provided, before turning to a detailed analysis of the main perspectives of the firm. The author finally argues for a socio-economic approach to the study of the firm.

3.2 Institutions, firms and networks

The Cultural Turn in economic geography has resulted in a changing perspective on the importance of institutions in the spatial and temporal structure of the economy: ‘... the form and evolution of the economic landscape cannot be fully understood without giving due attention to the various social institutions on which economic activity depends and through which it is shaped’ (Martin, 2003: 75). Philo and Parr (2000: 513), in an editorial for a special issue on institutional geographies, provide no definition of the term in order ‘to arrive at a point where we end up seeing “institutions” of all possible varieties less as prior, stable, fixed entities and more as made, dynamic, fluid achievements’. While the author is in agreement with the flexible nature of institutions, a precise

definition is warranted for this thesis as applied to the economic system. Institutions, in this context, are defined as the social, political and economic structures, customs and rules that regulate economic activity (North, 1990). Although North (1990) refers to institutions as 'structure' in the first instance, he later makes a clear distinction between institutions and organisations (e.g. firms, political and economic bodies). He draws this distinction in order to be able to focus on organisations as 'agents of institutional change' and places the emphasis on the relationship between organisations and institutions. In contrast to the dichotomy of institution and organisation, Williamson (1985: 273) leaves no doubt that he considers firms to be institutions: 'There is virtual unanimity for the proposition that the modern corporation is a complex and important economic institution'. The question for this thesis is not so much whether or not firms are institutions; instead the focus is on the linkages between economic actors (be they institutions, organisations or both). It is widely recognised in economic geography that firms are set in the wider context of social relations (see for example Schoenberger, 1997; Barnes and Gertler, 1999). Yeung (2000: 301) reinforces this pluralistic view: 'the firm ... goes beyond being an economic entity; it is also a sociospatial construction embedded in broader discourses and practices'. This demonstrates the importance of institutions within a network of social relations. This chapter will discuss the importance of institutions and their geographical constitution through a discussion of institutional approaches to economic geography, before focussing on the embeddedness of firms as being 'necessarily geographical; place and space enter into the very constitution of the industry' (Barnes, 1999: 15).

Far from being 'external interferences' or state-centred, institutions are embedded in social networks (Peck, 2000: 62) and may be formal (e.g. organisations) or informal (e.g. cultural value systems) (Philo and Parr, 2000).

3.2.1 Some Institutional Approaches

The importance of institutions in tourism research was recognised early on by Britton (1991: 453-454) who, from a political economy perspective, called for increased attention towards the role of '...all the social institutions designed to create, coordinate, regulate and distribute exchange values: enterprises, industries, markets, state agencies'. The institutionalist point of view posits that institutions play a key role in the configuration of economic processes and are thus responsible for the resulting structural and spatial characteristics of the economy. Institutional factors operate at all levels and scales of the economy ranging from firms, to markets, states and transnational organisations such as the IMF or the WTO (Martin, 2003). The question that remains to be answered then is how an institutionalist approach to economic geography differs from the traditional Marxist approaches? While economists base their theories on rational choice, traditional Marxists in contrast, focus on class relations within capital accumulation, contesting the rational choice through structural determination. They posit that socio-political and cultural structures are determined by wider capitalist economic processes. The institutional approach, in contrast to a traditional Marxist approach, has been influenced by the Cultural Turn and recognises that the institutions – of which the capitalist economic system is constituted – are also influenced by social and cultural factors. It is these systems (formal or informal) governing the relationship between the socio-political and cultural structures and institutions and how they interact to

create the economic landscape that is the aim of the institutional approach. In the words of Martin (2003: 79, original emphasis):

‘... economic activity is *socially and institutionally situated*: it cannot be explained by reference to atomistic individual motives alone, but has to be understood as enmeshed in wider *structures of social, economic and political rules, procedures and conventions*’.

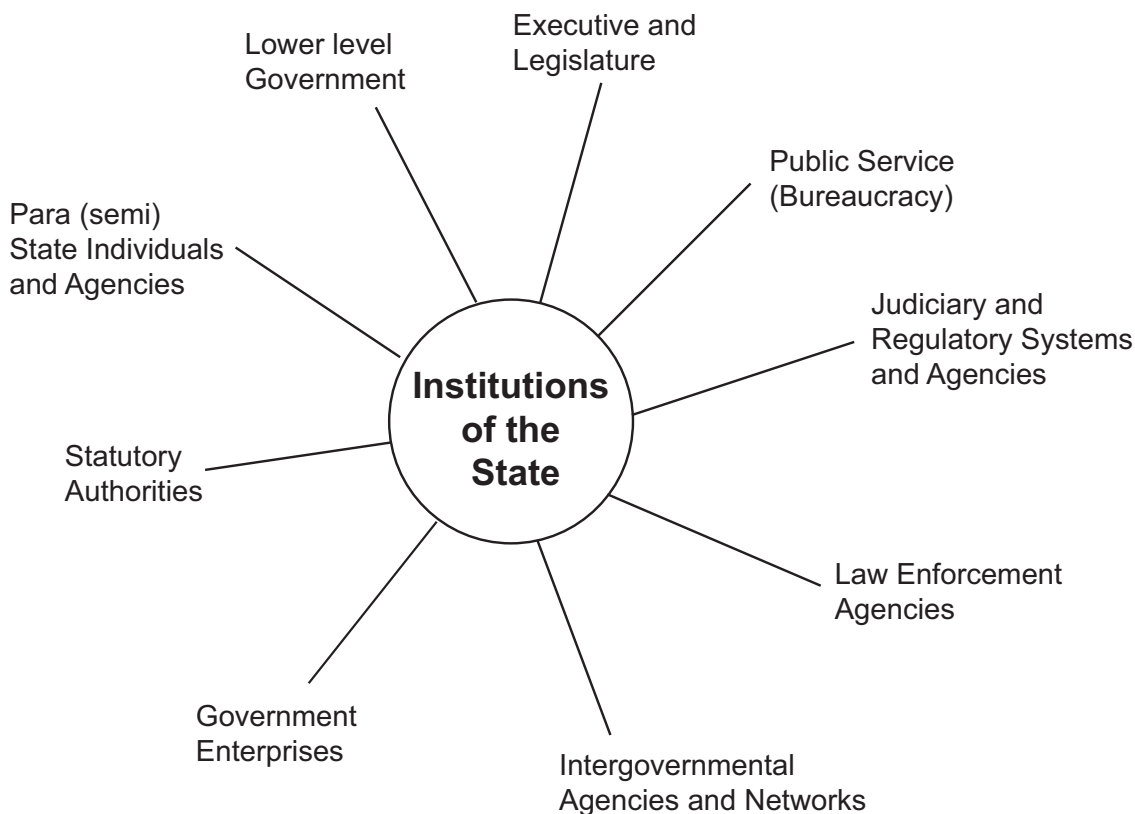
Economic geography is concerned with analysing the spatially and temporally differentiated results of economic development (mostly capitalist) with special emphasis on the analysis and explanation of uneven development. The institutional turn in economic geography has been influenced by advances in institutional and evolutionary economics and economic sociology, which stress that institutions (whether markets, firms or governmental and non-governmental agencies and organisations) are an integral part of the economy and that economic life is socially embedded (Amin, 1999). Applying an institutional approach to economic geography then implies the analysis of how institutions influence and are influenced by the forces of capitalist economic development. The institutional approach does not reject the predominantly structural theories of uneven development but aims to uncover and highlight ‘... the ways in which institutions shape these forces from place to place and in doing so influence their outcomes in different places’ (Martin, 2003: 79). This is why the temporal and spatial context is an important addition to the approaches from economists and economic sociologists, as it ‘... specifies the templates, possibilities and constraints of economic activity in different settings, through the instituted modalities of these settings’ (Amin, 2001: 1238).

Hall and Jenkins (1995) offer the most comprehensive overview of institutions and institutional organisation in tourism (this overview was then refined by Hall (1997)). However, they provide the institutional overview from the perspective of tourism public policy (see figure 3.1), thus favouring state institutions over non-state institutions such as local business associations, consumer groups or the family:

‘The institutional arrangements for tourism influence the process which the policy agenda for tourism is shaped, the way in which tourism problems are defined and alternatives are considered and how choices are made and decisions and actions taken’ (Hall and Jenkins, 1995: 19).

As previously stated, institutionalism has emerged from two different disciplines namely economics and sociology. It is therefore not surprising that disciplinary thought has shaped the approaches taken towards the analysis of institutions. Table 3.1 gives an overview of the three main institutionalist approaches: the rational choice favoured by economists, sociological institutionalism and historical institutionalism. While there are a number of differences between these three institutionalist approaches, the main distinctions lie in their readings of institutions, their role and functions and their reaction towards change.

Figure 3.1 State institutions relevant for tourism



- *Executive and legislature*: e.g. systems of government, heads of state, government and opposition, minister responsible for tourism.
- *Public service (bureaucracy)*: e.g. government departments (and their staff), Departments of Tourism, tourism bureaucrats.
- *Judiciary and regulatory systems and agencies*: courts of law.
- *Law enforcement agencies*: armed forces, police, customs.
- *Intergovernmental agencies and networks*: committees, councils, conferences, networks and partnerships (formal and informal).
- *Government enterprises*: trading banks, essential services (e.g. communications and transport), statutory travel and tourism promotion organisations.
- *Statutory authorities*: central banks, educational institutions (schools and higher education).
- *Para (semi) – state individuals and agencies*: media, interest groups, trade unions, peak industry bodies, tourism associations.
- *Lower levels of government*: state/provincial and local/regional governments.

Source: Hall and Jenkins (1995: 20).

3.2.1.1 Rational choice institutionalism

Rational choice institutionalism views institutions as organisations that minimise transaction costs and are economically efficient. Access to information (such as information on prices, markets, labour, costumers, regulations etc.) is seen as the vital factor in minimising transaction costs. By providing these types of information and a framework that permits economic actors to engage in economic activity, institutions help reduce transaction costs and improve the economic efficiency of transactions. Institutional behaviour and strategies are influenced by market forces and changing prices and transaction costs and decisions are taken rationally according to these factors (see Williamson, 1985; Hodgson, 1988; North, 1990). Changes in institutional form and organisation are therefore due to competitive selection within the local, regional or national market. The clustering of industrial activity in one area facilitates and encourages the formation of relevant local institutional structures, such as specific labour unions, business associations, labour and marketing agencies and research centres.

3.2.1.2 Sociological institutionalism

Economic sociologists dispute that institutional behaviour is only determined by rational choice but posit that institutions are inherently cultural organisations: 'Institutions are interpreted as culturally based social repertoires, routines and networks of trust, cooperation, obligation and authority. As such, they provide cognitive frameworks or templates of meaning through which economic identities and action are legitimized' (Martin, 2003: 82).

Table 3.1 Alternative approaches to institutional analysis and their application in economic geography

Perspective	Main focus	View of institutions	Theoretical basis	Account of institutional change	Geographical applications
Rational choice institutionalism	Understanding how institutions generate particular organizational forms under capitalism.	Institutions structure individual actions through constraint, information, or enforcement. Institutions judged according to whether they reduce transactions costs and increase economic efficiency.	Transaction costs economics, agency theory, contract theory, property rights.	Constantly changing as outcome of market behaviour (relative price changes and changes in transaction costs). Evolutionary trajectory determined by competitive selection.	Spatial agglomeration and localisation of economic activity creates specialised institutions, which lower transaction costs.
Sociological institutionalism	Understanding the economy as a socio-institutionally embedded system.	Institutions as culturally specific social networks of trust, reflexive co-operation and obligation, which underpin economic behaviour and relationships.	Network theory (institutions as congealed networks), organisation theory, group theory and cultural theory.	Institutional change as process of social construction around new logics of social legitimacy or new shared cognitive maps.	The role of locally specific formal and informal networks of trust, cooperation and knowledge transfer ('untraded interdependencies') in fostering the local embeddedness of firms.
Historical (evolutionary) institutionalism	Understanding the role of institutional evolution in the historical dynamics of the capitalist economy.	Institutions as systems of social, economic and political power relations, which frame the regulation and coordination of economic activity.	Eclectic, drawing on a range of heterodox frameworks, including post-Keynesian and evolutionary economics, regulation theory, long-wave theory and comparative politics.	Durable over long periods, built up through slow accretion and subject to hysteretic path dependence and lock-in. Long-run evolution is episodic as result of interaction with economic development.	The nature and evolution of local institutional regimes and their role in the social regulation and governance of local economies.

Source: Martin (2003: 83)

The economy is therefore a socio-institutionally embedded system (Granovetter, 1985; Granovetter, 1993; Zukin and DiMaggio, 1990) and economic action and institutions are constructed through the activation of social networks, which operate within the current and historical cultural, social and political conditions (Granovetter and Swedberg, 1992). The importance of networks and social actors within institutions challenges the view of institutions as asocial organisations following rational behaviour. As Martin (2003: 84) puts it: 'The socio-institutional embeddedness of the capitalist economy permits actors to circumvent the limits of pure rationality and the interactions of anonymous markets'.

3.2.1.3 Historical (evolutionary) institutionalism

In response to a lack of explanation of institutional change as the main limitation in Granovetter's (1985) theory of embedded institutions, the historical institutionalist approach takes a more holistic view of institutions, as 'systems of social, economic and political power relations' (Martin, 2003: 83) and addresses the missing link of institutional change. The focal points of this institutionalist approach are threefold: first, the evolution of institutions in context of the historical development of the capitalist economy; second, the institutional transformations in institutional regulation and governance according to path-dependent incremental change and third, major institutional reorganisation during periods of changing modes of production and consumption when institutions have not adapted to changing conditions. Martin (2003: 85) draws attention to this changing institutional organisation following altered economic development: 'Alternatively, economic developments may "outgrow" particular

institutions, rendering them obsolete or inefficient, again stimulating the search for new institutional forms and structures more appropriate to the new economic conditions...' (Martin, 2003: 85).

3.2.2 Institutionalism and economic geography

Martin (2003) highlights four current key themes within the institutional analysis of economic geography: the role of different types of institutions, the evolution of the economic landscape, the cultural foundations of the economy and the social regulation and governance of economies. The following section will examine these four themes.

3.2.2.1 The role of the different types of institutions

This research area of institutional economic geography is concerned with the institutional regime of the economy, which can be categorised into the *institutional environment* and the *institutional arrangements*. On the one hand the institutional environment refers to informal structures such as social norms, conventions and customs as well as officially formalised laws and regulations (e.g. competition, labour, trade, contract laws etc.) controlling socio-economic behaviour. Institutional arrangements, on the other hand, represent the organizational forms, which arise as a result of and are regulated by the institutional environment.

'What economic organizations come into existence and how they function and evolve, are fundamentally influenced by the institutional environment. But equally, in the course of their operation, institutional arrangements (economic-political organizations) not only reproduce but also modify the institutional environment'

(Martin, 2003: 80).

Institutional economic geography is concerned with the temporal and spatial variations of these relationships between the institutional environment and the institutional arrangements and its effect on the economic landscape.

3.1.2.2 Evolution of the economic landscape

By its nature, institutions are designed to provide the structural framework that guarantees that the basic conditions of economic exchange are not altered and thus enables social economic processes and activity over time and space. However, most would agree that present-day institutions have evolved from previous types of institutions that were probably put in place for a similar, yet different, reason. This view of an evolutionary process shaping the institutional framework to economic life, considers institutions as 'carriers of history' (David, 1994). Institutions

'... evolve incrementally, connecting the past with the present and the future; history in consequence is largely a story of institutional evolution in which the historical performance of economies can only be understood as a part of a sequential study...'

(North, 1991: 98; quoted in David, 1994: 207).

History matters in the functioning of economic life, as institutions – the guardians of the system – are path-dependent. Decisions and strategies undertaken by institutions are not just a reaction to contemporary conditions but they are dependent on the entire series of previous decisions and their resulting outcomes. This institutional history (as all history) is place-specific as relationships between economic agents, institutions and structures unfold in particular places.

‘Institutions are important carriers of *local* economic histories. Different specific institutional regimes develop in different places, these then interact with local economic activity in a mutually reinforcing way. If institutional path dependence matters, it matters in different ways in different places: institutional-economic path dependence is itself place-dependent’

(Martin, 2003: 80, emphasis original).

The strand of institutional economic geography engaged in analysing the evolution of the economic landscape is thus concerned with the process of institutional evolution as constituted, constrained and mediated through space and the resulting outcome for the wider economic processes involving agents and structures.

‘For institutionalist economic geographers, the economic landscape is more than the “market.” [sic] Likewise, it is more than some “inner logic” [rational choice] of capitalist accumulation. It is an ongoing socially and legally instituted process with elements that co-evolve through complex forces of political intervention, cultural development, technological innovation and path-dependence’

(Martin, 2003: 82).

While this research avenue is currently the most prevalent in economic geography, the institutionalist approach also recognises the importance of socio-cultural influences on institutions and is also engaged in analysing these cultural foundations on the space economy.

3.1.2.3 Cultural foundations of the economy

As discussed in the previous chapter, the Cultural Turn has radically changed the way economic geographers view and analyse the economic. They have come to recognise that cultural processes play an important role in the ‘... formation of social structures and individual identities, consumption norms and lifestyles, all of which may influence the formation and nature of informal conventions, constraints and norms...’ (Martin, 2003: 81). As this was elaborated in detail in Chapter Two, the author will only briefly offer two examples of the consequences of changing cultural processes on institutions.

The shift in production and consumption practices and relations during the emergence of the Fordist mode of production/consumption, for instance, gave rise to a different set of social institutions, including place-specific work behaviour, union and political structures (Martin, 2003). A similar example is the Thatcherite era of the 1980s, when a re-examination of labour laws by the Conservative government curbed the influence of labour unions and led to the privatisation of former public sector activities.

Another important influence of cultural process on institutions is the transferring of knowledge, behaviours, norms and values between generations, as it is key to the path-dependent evolution of institutions (Martin, 2003).

3.1.2.4 Social regulation and governance of economies

The social regulation and governance of economies is the final research avenue highlighted by Martin (2003). Systems of regulation are historically specific institutional regimes ‘... for coordinating, stabilizing and reproducing

socioeconomic relations' (Martin, 2003: 81). These are not limited to formal macro-institutions regulating key areas such as the monetary system (e.g. Bretton Woods), wage relations and competition or state agencies, business institutions and labour organisations, but include informal institutions of regulations such as place-specific social networks, cultures and traditions. Economic geographers have also extended the scope of regulation theory, which focuses on the nation-state to include all scales from the local to the national, international and transnational. This view of social regulation and governance may also lead to a revised perspective of regulation set within relational institutional frameworks embedded in networks of social relations (see Chapter Seven). As Amin (1999: 367-368) notes,

'[f]rom these strands of institutionalist thought derives an understanding of the economy as something more than a collection of atomized firms and markets driven by rational preferences and a standard set of rules. Instead the economy emerges as a composition of collective influences which shape individual action and as a diversified and path-dependent entity moulded by inherited cultural and socio-institutional influences'.

These four research themes, to which Martin (2003) draws our attention to, are all interrelated in a complex institutional system. Yet this thesis aims to apply concepts from the historical approach to institutionalism in order to analyse the rise of large tourism firms (*the role of different institutions*) and how they shape the corporate landscape (*evolution of the economic landscape*). The sociological institutionalism will then form the theoretical basis for the examination of the embeddedness of these firms in cultural processes (*cultural*

foundations) and to investigate how places and societies are regulating the large tourism firms (*regulation and governance*). The following sections of this chapter will analyse the concept and theories of the firm with special reference to the tourism production system, before offering a research agenda for the corporate geography of tourism.

3.3 Conceptualising the firm

3.3.1 *The firm in tourism research*

The firm has received relatively little attention in tourism research as an institution that is socially and culturally embedded. A recent contribution by Alipour and Kilic (2005) which claims that it 'identifies the principal institutions and organizations responsible for development and planning' in an 'institutional appraisal' of tourism in the Turkish Republic of North Cyprus, ignores the importance of firms and focuses instead on institutions and organisation of the public sector. Public institutions are a common preoccupation in tourism research, yet the firm as an economic actor remains little researched in tourism studies. Research on small and medium sized enterprises, which will be discussed in the following section, presents a valuable exception to that lack of research. However, despite the general feeling that globalisation has increased the power of global or transnational corporations, it is intriguing that these large corporations have only received little interest with an increasing interest on interfirm strategic linkages such as strategic alliances, technology transfers and networks. '... [T]he large corporation, as an entity in and of itself, has slipped from the geographer's view and grasp' (O'Neill, 2003: 677). In the following section, the author therefore focuses on one particular type of institution: the

firm. A conceptualisation of the firm as an interest of geographic inquiry forms the core of this chapter with particular reference to tourism firms.

The firm is the core component of the economic system, a space where social and economic processes interact to produce the outcome of economic action. Yet relatively little thought has gone into conceptualising the firm as an important actor in shaping spatial and temporal characteristics of the economy system or to create a 'geographically informed theory of the firm' (Taylor and Asheim, 2001: 316). In tourism, the firm – as an economic actor – has received even less attention than witnessed in Hall and Page's (2002: 117) discussion (in one paragraph) of the role of the private sector in the supply of tourism:

'As Britton (1991) observed earlier, the private sector's involvement in tourism is most likely to be motivated by profit, as tourism entrepreneurs (Shaw and Williams 1994) invest in business opportunities. This gives rise to a complex array of large organisations and operators involved in tourism (e.g. multinational chain hotels – Forte and the Holiday Inn) and an array of smaller businesses and operators, often employing under 10 people or working on a self-employed basis (Page *et al.* 1999). If left unchecked, this sector is likely to give rise to conflicts in the operation of tourism where the state takes a *laissez-faire* role in tourism planning and management'.

Other tourism textbooks (Cooper *et al.*, 2005) describe the firms that are involved in tourism supply via their role in the system (e.g. attractions, accommodation, intermediaries, transport), without reflecting on the firm as an institution and the way it influences and is itself influenced by the economic

system and its spatial outcome. A notable exception is a section on tourism firms (Chapters Four and Five) in Sinclair and Stabler's (1997) *The Economics of Tourism*, which is, however, firmly placed in context of neoclassical economic analysis and industrial economics respectively. In providing an economic analysis of the tourism production system, they focus on the type of competition in the different tourism industries to highlight the different market structures of tourist-generating countries, for example tour operators:

'... the degree of concentration of market share in the package holiday segment suggests an oligopolistic structure. [However,] the reality of the market is more complex than can be encompassed in any single theoretical model of market structure'

(Sinclair and Stabler, 1997: 76).

Sinclair and Stabler (1997) apply the structure, conduct and performance paradigm of industrial economics in order to give a more nuanced analysis of the market structure of the UK tour operator industry (see table 3.2).

The tourism production system comprises a number of differently sized firms ranging from micro-firms (often family owned and operated) to large transnational corporations (Shaw and Williams, 2002). The general conception of firms is that 'small is beautiful'; as small firms are seen to be embedded to a greater extent in the local/regional social and cultural context compared to large, transnational firms, which are considered to consist of footloose capital scouring the globe for competitive advantage, not tied to specific places and thus disembedded from social and cultural contexts. This thesis aims to give a more nuanced reading of the transnational tourism firm and to demonstrate that

'[p]roduction networks don't just float freely in a spaceless / placeless world ... both geographical distance and, especially, *place* remain fundamental' (Dicken, 2003b: 20). This will be done by applying the concepts of the 'new' economic geography – as influenced by the Cultural Turn (see Chapter Two) – to the corporate geography of large, integrated and transnational tourism corporations.

Table 3.2 Analysis of the UK tour operating industry using the Structure, Conduct, Performance Paradigm of industrial economics

Elements of analysis	Evidence
Structure	
Number of buyers	Very many
Number of firms	Very many
Barriers to entry	Generally low sunk costs except for large and integrated entities
Cost conditions and structure	Relatively high fixed costs of contractual arrangements but offset by 'get out' clauses, Potential for economies of scale and scope
Diversification	Generally low except for largest operators as part of conglomerate
Integration	High: largest own aircraft, hotels, travel agencies, facilities, cruise ships etc.
Concentration	High as measured by market share
Product characteristics	Heterogeneous: differentiation, price discrimination, segmentation strategies
Conduct	
Pricing behaviour	Governed by relatively high elasticity of demand, Recurrent price wars (not necessarily initiated by dominant company) aimed at: filling fixed capacity securing market share
Advertising	Relatively high percentage of sales and costs, Persuasive rather than informative
Production/marketing strategy	Objectives: high volume sales company growth product differentiation market segmentation
Cartel/collusion	Virtually none
Innovation	Information technology concerning reservations sometimes outside control of the sector, Some incentive for product innovation, Few to benefit individual company
Legal arrangements	Principal-agent legislation, Some franchising, management arrangements carry legal status

Table 3.2 cont.

Elements of analysis	Evidence
<i>Performance</i>	
Consumer satisfaction	Moderate governed by the potential of the many components of the product to cause dissatisfaction
Efficiency	policy of securing consumer brand loyalty Moderate gross margins often less than 10% driven by fierce price competition
Company growth	Difficult to maintain by established companies, Relatively stable among top 5-10 firms, Rapid for innovative and/or early phases
Market share	Pursued vigorously only by top tier
Profitability	Volatile coinciding with boom in economic cycle, On average less than 5%
<i>Public Policy*</i>	
Regulation	Licences specifying number of holidays/air travel required, Bonds to safeguard consumer's interests, Deregulation of transport has affected its cost and availability
Competition laws	- In 1999, the European Commission blocked a proposed merger between Airtours and First Choice on oligopolistic grounds. - In 2000, the European Commission cleared the acquisition by Preussag AG of Thomson Travel Group Plc subject to Preussag AG undertaking to divest its shareholding in Thomas Cook Holdings.

* Selected examples

Source: updated from Sinclair and Stabler (1997: 105-106)

The discussion of large tour operating firms in tourism research has mainly centred on two research avenues: the descriptive examination of country-specific market structure of the tour operating industry (see for example UNCTC, 1982; Fitch, 1987; Baum and Mudambi, 1994; Evans and Stabler, 1995; Gratton and Richards, 1997; Davies and Downward, 2001; WTO, 2002) and the role of the resulting transnational tourism corporations in developing countries (see for example Klemm and Martín-Quirós, 1996; Ioannides, 1998; Lumsdon and Swift, 1999; Sastre and Benito, 2001; Tapper, 2001; Timothy and Ioannides, 2002; Papatheodorou, 2003). A few contributions only briefly mention firms or transnational corporations: Page (2003), for instance, draws

attention to the competitive strategies employed by firms; Knowles *et al.* (2001: 196) offer a brief discussion on the internationalisation of firms by focusing on different market entry options and provide the reader with a rather general conclusion devoid of any theoretical insight: 'It is important to introduce policies aimed at maximizing the benefits brought by transnational corporations and minimizing the problems that they may cause'; Evans *et al.* (2003) in contrast discuss the firm/organisation according to a number of factors: competences, resources and competitive advantages, the human context, financial analysis and products and markets. However, as a management textbook they fail to add any theoretical concepts of the firm, instead – as customary in management books – offer corporate case studies for strategic management (see for example Evans *et al.* 2003; Horner and Swarbrooke, 2004). Thus far, the most detailed analysis of tourism firms and their internationalisation has been an analysis of the international expansion of the Spanish hotel industry in context of general theories of internationalisation (Rodríguez, 2002). However, as the analysis is based on a classical economic perspective, there is little emphasis on the process of internationalisation or on the theorisation of the firm as a complex entity rather than a black box.

Meyer (2003) combines these two research strands in a compelling working paper on the UK tour operator market and its implications for pro-poor tourism due to the operator's control of tourist flows to developing countries. Most tourism literature on transnational tourism corporations, however, provides simplistic and stereotypic scenarios of a truly global corporation that answers to no-one and side-steps its social responsibilities: 'In their quest to conquer world markets TNCs constantly exploit industry and environment changes by: beating

trade problems; avoiding political problems; sidestepping regulatory hurdles; balancing costs and winning technology break-throughs' (Go and Ritchie, 1990: 289). In fact, there has been a plethora of work undertaken on the role of transnational corporations in the tourism development of developing countries (Meyer, 2003; McNulty and Wafer, 1990; Madeley, 1996; Britton, 1982; Kusluvan and Karamustafa, 2001). Britton (1982: 253) stated as early as 1982 that

'... the organisation of tourist travel has increasingly reflected the almost universal extension of commodity production into the service sector, the general tendency towards the centralisation and concentration of capital and the internationalisation of capital'.

More balanced studies include a study on the role of foreign direct investment in tourism development in Cairns, Australia by Stimson *et al.* (1998) and a more general, yet theoretically informed paper on the effects of FDI on Australian tourism (Bull, 1990). Stimson *et al.* (1998) provide a location-specific input-output (IO) analysis of FDI by Daikyo, a Japanese corporation, in Cairns. The diversified tourism interests of Daikyo in Cairns and surroundings include six hotels, three tour companies providing tours to the Great Barrier Reef, two island destinations, a scuba diving company, a golf course and real estate as well as associated services and constitute Daikyo as the largest FDI provider in the region. Input-Output results suggest that the direct impacts of Daikyo's presence in Cairns are wages and salaries, '... indirect contributions were greatest in trade, community services and transport; ... activities with a strong local impact' (Stimson *et al.*, 1998: 177). They continue to give a note of caution: 'It [their research] suggests that academics might rethink some of the

generalities they apply to such situations [FDI]' (Stimson *et al.*, 1998: 178). Bull (1990: 331) compares the impacts of the various types of investment and concludes that, on the one hand, portfolio and 'induced' (promoted by the host country) investment in the Australian tourism sector 'are generally seen as beneficial and therefore less controversial, to a host economy'. 'Integrative' investment (horizontal and vertical integration), on the other hand, is less favourable to the host country and special efforts have to be made to boost the competitiveness of local and Australian enterprises.

Mosedale (2006) demonstrates the implications of vertical integration within the tourism production system for a long-haul, developing destination. By following the package tourism commodity chain he demonstrates that non-market exchanges of vertically integrated tourism corporations due to the internalisation of transaction costs and the integration of operations result in increasing control over the primary nodes in the Commodity Chain. The specific example of St. Lucia reveals the influence gained by integrating strategic nodes such as the provision of airlift (airlines) and tour operating and thus the necessity for detailed analyses of vertically and horizontally integrated tourism firms and their connections to destinations (Mosedale, 2006). This is echoed by Koutoulas (2006) who mentions the dependency of Greek resort hotels on vertically integrated tourism corporations (especially TUI which provides 29% of occupancy for Greek hotels), particularly due to the integration of airlift with tour operating.

Shaw and Williams (2004: 59) state that '[i]t is as difficult to generalize about transnational companies as it is for micro-firms'. However, they point to several functional differences of international activity:

- Trade-based international activities: all production is within the national boundaries; everything else is subcontracted. In terms of tourism, this signifies that the trade-based firm is merely sending tourists abroad all services at the destination and generally outside of the country of origin are offered by foreign intermediaries. This is most likely the case for specialist, niche tour operators;
- Production-based international activities: these firms have set up part of the production process in foreign countries. Examples of this type of international activity are hotel chains and vertically integrated tourism corporations, which have set-up or acquired companies that offer destination-based services for tourists;
- Market-based international activities: this type of international activity involves horizontal expansion to enter new markets with the same product. An example of this is Kuoni's market entry into Austria, Germany, Greece, Spain and the UK in the early to mid 1970s through the set-up of subsidiaries (Austria, Germany, Greece and Spain) and the acquisition of Houlders World Holidays in the UK.

When analysing these categories of international activity it becomes clear that most non-destination based tourism businesses will have an element of international activity as tourism involves the spatial movement of tourists from the home environment (origin) to the destination (Pearce, 1989). Production-based and market-based activities are therefore the prime focus of analysis in this thesis, with trade-based activities being ignored as they do not take an active part in influencing the economic structure of the tourism production system.

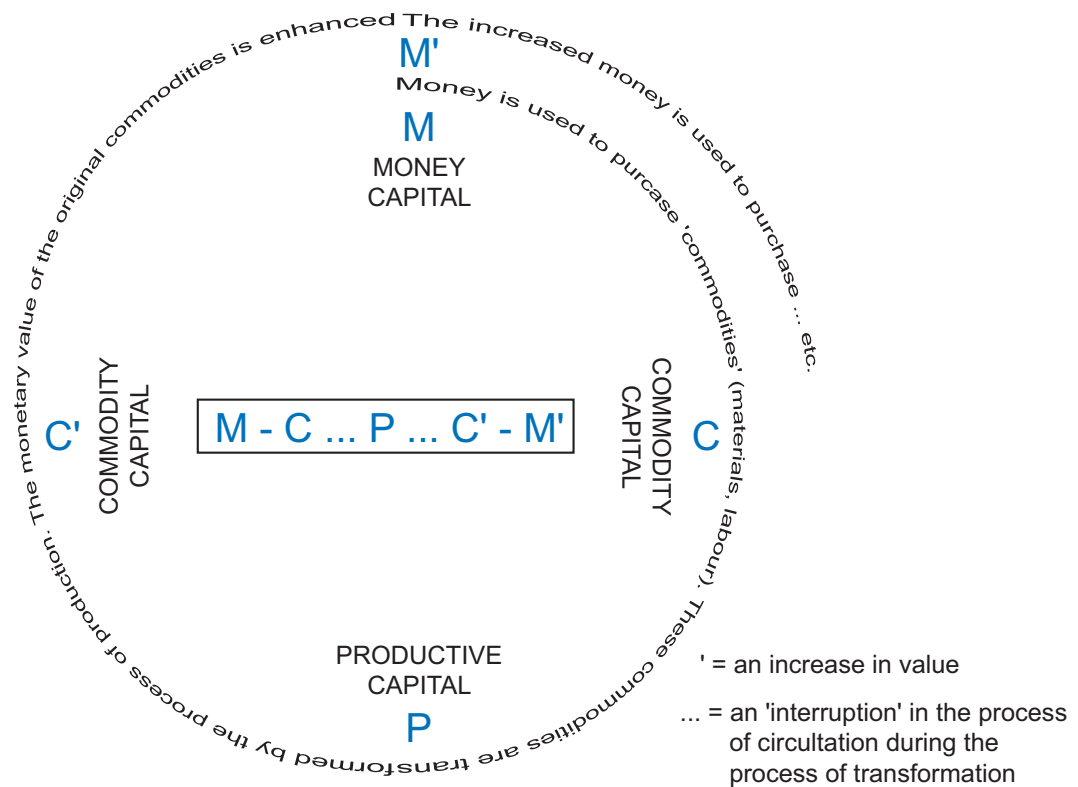
3.3.2 Macro-level theory to the internationalisation of the firm

Dicken (2003b: 200) offers a similar account of a macro-level approach towards internationalisation, yet with a distinctly Marxist perception of the internationalisation of economic activity: 'The internationalization of production, from this [Marxist] perspective, is the extension of the system of labour exploitation and class struggle to a global scale'. Dicken (2003b) thus bases internationalisation from a macro-level approach firmly on the concept of the circuits of capital and on its three connected inner-circuits: the circuits of commodity capital (international trade), money capital (portfolio investment) and productive capital (foreign direct investment). The circuits of capital approach to internationalisation takes a macro-level approach by explaining the various international flows of capital across national borders in search for investment opportunities and ultimately the comparative advantage (see figure 3.2).

Investment can take one of two forms: portfolio investment and foreign direct investment (FDI), which itself can be divided into 'greenfield' investment where a company invests into the initial development of a production facility or unit and M&A investment where the corporation takes over a domestic company in the foreign country. Portfolio investment is the acquisition of securities without assuming control over the management of the acquired unit or inclusion in its management. Direct investors, in contrast, are involved in the decision-making process and therefore take partial - if not complete - control over the management of the receiving unit.

Figure 3.2 The basic circuit of capital highlighting

a) The basic circuit of capital



b) The basic circuit of capital can be expanded into three distinct circuits:

1. The circuit of money capital:

$$M - C \dots P \dots C' - M'$$

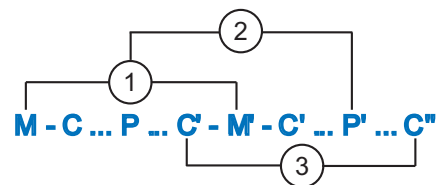
2. The circuit of productive capital:

$$P \dots C' - M' - C' \dots P'$$

3. The circuit of commodity capital:

$$C' - M' - C' \dots P' \dots C''$$

c) The three circuits are part of a completely interconnected whole



Source: Dicken (2003b: 201)

FDI can be used for vertical, horizontal and conglomerate expansion, where the acquired unit produces a new variety of products, which is not associated with the products produced by the investing company. Another key difference between portfolio investment and FDI, as identified by Dunning (1972), is the fact that portfolio investment usually funds units within sectors of the recipient country/economy, which hold comparative advantage over comparable units of the investing country. FDI investors, in contrast, finance units of the recipient

economy with the potential for comparative advantage or with initial low comparative advantage and thus promises gains within the host country. This means that FDI is more complex than mere transactions of capital and can include managerial and technical guidance and the flow of knowledge (e.g. of production technology), including reverse flows of information in cases of merger or acquisitions. In instances when the non-monetary components of FDI constitute a comparative advantage over competitors, these elements might be more beneficial to the recipient unit than the invested capital.

3.3.3 Micro-level theories to the internationalisation of the firm

The benefit of using Marx's (1971) circuit of capital lies in the recognition that the internationalisation of economic activity is an interconnected system constituted of flows of finance and commodities with intermittent periods of production (the process of transformation from the initial commodities to commodities of increased value). However, this approach does not specify the structure of international economic activity by ignoring questions of geography, organisation and sector-specific differences (Dicken, 2003b). A firm-specific approach to internationalisation is the alternative to the broad macro-level approach that aims to clarify the questions left unanswered by the framework offered by the circuits of capital. In the following section, the author gives an overview of three contributions to explain the internationalisation of firms, based on work by Hymer (1976), Vernon (1966) and Dunning (1993). Despite focusing on just three theories of internationalisation, this does not mean that these are not contested. Indeed, there are a multitude of internationalisation theories and none has so far been universally accepted; however, the scope of this thesis does not permit a thorough analysis of alternative theories (see Pitelis and

Sugden (2000) for a discussion) nor does it contribute to the argument of this chapter. However, the three theories chosen offer an overview of the historic evolution of the theories of internationalisation from international trade theories to the integration of partial explanations into one framework by Dunning (1993). These three micro-level theoretical explanations of the internationalisation of firms were chosen due to their differing foundational basis: industrial organization theory (Hymer), product life cycle (Vernon) and an explanation integrating a number of theoretical approaches (Dunning). Because of this diversity in theoretical underpinning there is no unifying theory of internationalisation despite the widespread influence of the influential contributions by Hymer (1976), Vernon (1966) and Dunning (1972, 1982).

It was not until Hymer's seminal PhD research of 1960 was published posthumously in 1976 (Hymer, 1976) that foreign direct investment (FDI) was perceived as distinct from international capital theory, thus paving the way for firm-specific approaches to the internationalisation of economic activity (Dicken, 2003b). Hymer's (1976) theory on internationalisation explained the successful internationalisation of firms via imperfect market conditions. In a perfect market, each firm has the same access to information and factors of production, thus producing a homogenous product to its competitors. Therefore, there would be no advantage for market entry of foreign firms, as perfect competition would act as barriers to entry. Hymer (1976) explained the internationalisation of firms via industrial organisation theory and imperfect competition. His starting point is that domestic firms enjoy an essential advantage over foreign firms, in that they have a better understanding of local conditions, such as the nature and structure of the market, the institutional environment etc. and local information.

Industrial organisation theory, used for instance by Porter (1985) in his influential work on competitiveness, posits that firms have different types and varying degrees of competitive advantages (Porter later extended his argument to encompass nation-states; see Porter (1990)). Given the successful entry of foreign firms, these must hold other competitive advantages that can balance out the inherent advantage of domestic firms. These competitive firm advantages can be either, several or all of the following factors: firm size, economies of scale, market power and marketing skills, technological expertise or easier and cheaper access to financial capital. A list of goals for transnational tourism corporations by Shaw and Williams (2004: 62) echoes the types of competitive advantage for foreign market entry: first

1. the seeking out of economies of scale to
 - offset technology development costs
 - offset marketing costs through branding
2. secure market shares in newly emerging markets such as India, Russia and China
3. reduction of production costs to lower the cost of labour and maintain competitiveness
4. diversification of markets to spread risks over several international tourism markets as in the case of the Caribbean which was perceived as a relatively safe destination for American tourists after 9/11
5. internationalisation of vertical linkages 'in order to provide information flows, reduce uncertainty and provide inputs at known prices'.
6. quick adjustment to the internationalisation of demand.

Although Hymer's (1976) theory does explain how market imperfections encourage the internationalisation of firms, it fails to analyse the firm's choice to invest in foreign production to exploit competitive advantage (Morgan and Katsikeas, 1997) and also neglects the subsequent firm development after the initial foreign direct investment (Dicken, 2003b). These criticisms are not to take away from the contribution Hymer has made to the explanation of internationalisation and the shift of focus from international trade to international production.

In 1966, Vernon (1966) adapted the general product life cycle (see figure 3.3) as an explanation of international production by adding a locational dimension. His theory suggests the emergence of a cycle of geographically changing production as time erodes the initial competitive advantage. Figure 3.4 explains the product life cycle using Vernon's (1966) example of the location of US trade and production, demonstrating the evolution of international production. The initial advantage for the US resulted in the production of a new product and its export to other countries. In stage two, US firms would internationalise production to other overseas markets via foreign subsidiaries in order to lower production cost, to maintain market dominance or to escape restrictive regulations. These new production facilities would displace exports from the US to other markets (stage three) and production would start in less developed countries. Eventually, the cheaper cost of production in certain countries would result in a reverse export of products back to the US (stage four). Relocation of production to foreign markets is therefore explained by Vernon (1966) as profit maximisation due to shifting geographic patterns of demand as income levels of other countries drawing level with the US. Technology is the key for the

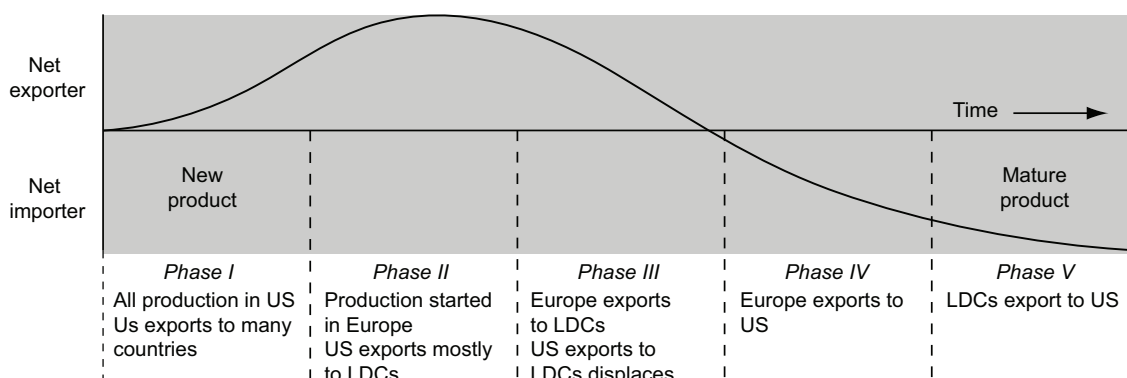
development of new products, while the size and structure of markets determine the pattern of internationalisation. Vernon (1974) later introduced oligopolistic considerations to his model, thus shifting the emphasis from technology to economies of scale as competitive advantage for firms to sustain their leading position.

Figure 3.3 The product life cycle

	Initial development	Growth	Maturity	Decline	Obsolescence
<p>Sales volume</p>					
<i>Demand conditions</i>	Very few buyers	Growing number of buyers	Peak demand	Declining demand	Steep fall-off in demand
<i>Technology</i>	Short production runs Rapidly changing techniques	Introduction of mass production methods Some variation in techniques but less rapid change	Long production runs and stable technology Few innovations of importance		
<i>Capital intensity</i>	Low	High because of high rate of obsolescence		High because of large quantity of specialised equipment	
<i>Industry structure</i>	Entry is 'know-how' determined Numerous firms supply specialist services Few competitors	Growing number of competing firms Increasing vertical integration	Financial resources critical for entry Number of firms starts to decline	General stability at firms, followed by exit of some firms	
<i>Critical production factors</i>	Scientific and engineering skills External economies (access to specialist firms)	Management Capital	Semi-skilled and unskilled labour Capital		

Source: Dicken (2003b: 104)

Figure 3.4 The product life cycle and its application to a locational analysis of production and trade



Source: Dicken (2003b: 203)

In contrast to explanations by Hymer (1976) and Vernon (1966, 1974), Dunning (1972, 1982, 2000) draws on a variety of explanations from a number of approaches, such as the theory of the firm, organisation theory, trade theory and location theory to present an integrated framework or *eclectic paradigm* of international production. With these broad theoretical foundations, the eclectic paradigm focuses on three necessary conditions for internationalisation: ownership-specific advantages, the possibility of internalising these advantages and location-specific factors. However,

‘Its [the eclectic paradigm of international production] main drawback, which applies no less to any generalized theory of trade, is that, because the motives in foreign production are so different, no one model can hope to explain equally well each and every kind of multinational activity’

(Dunning, 2000: 135).

What then are the other motivations for corporations to invest in a foreign market? Dunning (1972, 1982), in his initial ‘Eclectic Paradigm of International Production’ and following versions, focuses on the host country attributes that

lead to FDI. He maintains that a firm will not invest in a foreign market if ownership-specific, internationalisation and location-specific characteristics, which will lead to a comparative advantage for the firm, are not present. Ownership-specific characteristics mainly deal with intangible assets, such as knowledge of technology, management or production processes and the advantages gained by becoming a larger company. The advantages of internalisation attributes according to Dunning (1972, 1982) lie with the shielding of its production process and technological knowledge from its competitors. If the firm can buy a foreign firm or set up a new firm to produce an innovative product rather than licensing its manufacturing, it will be more difficult for competitors to replicate the product. This gives the firm more control over the market and pricing. Finally, locational factors, such as taxation, tariffs, interest rates and incentives etc., will determine where the firm will set up or buy its subsidiary.

In their application of the eclectic paradigm of international production to the international hotel industry, Dunning and McQueen (1981: 203) stress that '... it is the ability to innovate, produce and market a range of complementary products and services which determines market share'. *Ownership specific advantages* in the hotel industry therefore include the following factors: first, intangible assets and logistical skills, which can be transferred to a new hotel at a relatively low transaction cost. Second, hotels often cater to international tourists; international hotels drawing from previous experience in their home country and/or other foreign countries have a competitive advantage over domestic hotels with less knowledge of source markets. Third, economies of scale and a higher degree of internationalisation result in cheaper and often

better sourcing of staff, food, furnishings, linens etc. Fourth, higher investments into staff training and the provision of detailed operating manuals to maintain and ensure adequate quality for the respective brand also adds to the competitive advantage of international tourism corporations. Although the tourism product is spatially fixed and production has to occur simultaneous to consumption, the *location-specific advantages* as highlighted by Dunning and McQueen (1981) are broadly similar to other economic sectors: the size and growth rate of the market, the necessary infrastructure for tourism provided by the state, the availability of staff and specialist services that cannot be imported, the regulatory institutions governing tourism investment and general foreign direct investment and finally the ‘... general political, social and economic stability of the country and attitude of the local population to foreign tourists’ (Dunning and McQueen, 1981: 205). See table 3.3 for a list of links between ownership-specific advantages and country-specific characteristics.

Dunning and McQueen (1981) contend that the main difference between the international hotel industry and other primary or secondary sectors lies in the *internalisation advantages*, as the ownership advantages described above can be achieved without internalising the transaction costs. Instead, they are secured via contractual agreements (management agreements, franchising etc.) with the hotel owners, as ‘... what is good for the local hotel will generally be good for the parent company’ (Dunning and McQueen, 1981: 206). However, for international firms with interests and operations in other fields of

Table 3.3 Links between selected ownership-specific advantages and country-specific characteristics

Ownership-specific advantages	Country characteristics favouring such advantages
Size of firm	Large, standardised markets Liberal regime towards mergers and concentration
Managerial expertise	Pool of managerial talent Educational and training facilities
Technology-based advantages	Good R&D facilities Government support of innovation Pool of scientific and technical labour
Labour and/or mature, small-scale intensive technologies	Large pool of labour (including technical labour)
Production differentiation	Appropriate consultancy services High-income national markets High-income elasticity of demand
Marketing economies	Highly developed marketing/advertising system Consumer-oriented society
Access to (domestic) markets	Large national market No restrictions on imports
Capital availability and financial expertise	Well-developed, reliable capital markets Appropriate professional advice

Source: Dicken (2003b: 226)

the tourism production system, such as airlines, tour operators or fully integrated tourism corporations, this 'contract based internalisation' is not sufficient to internalise the complete benefits of integrating the links of the value chain. Instead, they acquire an equity participation of the hotel.

Buckley and Geyikdagi (1996) apply the eclectic theory of multinational enterprise to analyse and explain the growth of foreign investment in the Turkish tourism production system, thus focusing on a country rather than a particular firm or industry of the production system. While they concur with Dunning and McQueen's (1981) application of the eclectic paradigm to explain the internationalisation of the hotel industry and that '... the relevance of these factors [location-specific advantages] in the tourism industry can hardly be overstated' (Buckley and Geyikdagin, 1996: 105), Buckley and Geyikdagin

(1996: 104) highlight the importance of the internalisation theory for explaining the vertical and horizontal integration trends in the tourism production system:

‘The internalization approach serves remarkably well in explaining the vertical and horizontal integration of tourism services. The integrated control of the various stages of tourism activity – transporting, accommodating and servicing tourists – enables tourism TNCs to plan, coordinate and regulate the flow of tourism services. While providing ease of accessibility to tourists by selling a single composite product, TNCs achieve economies of scale (a high load factor on transport vehicles and high occupancy rates in hotels) and reduce costs. The internalization of the transaction flows enable TNCs to monitor and control the quality of services, which is often difficult to achieve through external contracts’.

Porter (1990) was interested in the comparative advantage of companies and why some emerged as market leaders and not others and so examined the reasons for internationalisation of enterprises within the home country. He identified four so-called diamond factors that influence a company’s decision to invest abroad:

- Factor conditions: the availability of factors important for the creation of the product, such as a large and skilled labour force.
- Demand conditions: the extent of demand for the product.
- Related and supporting industries: the presence or absence of the necessary industries to provide necessary supplies for production.
- Firm strategic factors: the extent of competition within the market.

Green and Meyer (1997) have noted the similarity between the host country factors favoured by Dunning and the home country factors that Porter emphasises. They consequently argue that both push and pull factors are important factors in a company's decision making whether to embark on FDI (see table 3.4).

Table 3.4 Push and pull factors of internationalisation

Boundary	Push	Pull
Political	Unstable structure, restrictive regulatory environment, anti-business culture dominant, consumer credit restrictions	Stable structure, relaxed regulatory environment, pro-business culture dominant, relaxed consumer credit regulations
Economic	Poor economic conditions, low growth potential, high operating costs, mature markets, small domestic market	Good economic conditions, high growth potential, low operating costs, developing markets, property investment potential, large market, favourable exchange rates, depressed share prices
Social	Negative social environment, negative demographic trends, population stagnation or decline	Positive social environment, positive demographic trends, population growth
Cultural	Unfamiliar cultural climate, heterogeneous cultural environment	Familiar cultural reference points, attractive cultural fabric, innovative business/retail culture, company ethos, homogeneous cultural environment
Structure of tourism production system	Hostile competitive environment, high concentration levels, format saturation, unfavourable operating environment	Niche opportunities, company owned facilities, 'me too' expansion, favourable operating environment

Source: adapted from Alexander (1997: 129)

Dunning (1993) identifies four types of motivation for investors to engage in foreign production:

- **resource seekers** are investing in the host country to acquire access to raw material, which are either unobtainable in the country of origin or which can be extracted at a cheaper price. Many corporations invest in foreign countries to benefit from cheap labour costs. However, labour costs are rarely a factor for investors in foreign tourism destinations, as tourism is location specific, i.e. cannot be exported and has to be produced and consumed *in situ*.
- **market seekers** invest in a host country to exploit new markets, because the investing company has a comparative advantage (e.g. technology) over domestic firms. The investor will usually have exported his/her product to the host country prior to establishing a subsidiary, but the erection of barriers (e.g. higher tariffs) has increased production costs. Market seeking investment can be aggressive to open up new markets or defensive to protect existing markets.
- **efficiency seekers** try to optimise an existing, yet inefficient production process (e.g. economies of scale and scope and risk diversification) to gain a comparative advantage over their competitors. This means that these types of investors usually deal with a standardised product and invest when numerous competitors already contend for a share of the market. This type of FDI is possible in tourism, especially in the competitive market of tour operators.
- **capability seekers** acquire assets of foreign companies to further their long-term strategic goal of improving or maintaining their international competitiveness by increasing the firm's portfolio of assets. See the take over of Thomson by Preussag in 2001 as an example of this kind of investment.

Large conglomerations whose sole task/interest is to oversee their financial assets are in fact portfolio- and not foreign direct investors, as they acquire assets without interfering with or controlling management.

However, Dunning (1993) mentions other motives of MNEs to invest in foreign markets which cannot be classified into the four groups stated above, such as:

- **escape investment** to avoid restrictive legislation or policies of the home governments.
- **support investment** to assist the mother company rather than being self-contained companies and make profit (e.g. affiliates of national tourism offices in foreign countries to promote international tourism to the home country).
- **passive investment** or portfolio investment mentioned earlier.

However, many multinational enterprises (MNEs) and transnational companies (TNCs) have invested in foreign production because of several, if not all, of the above reasons.

Of course, the discussion of explanatory theories for international production as offered above is limited due to the focus on the three more influential theories (Dicken, 2003b). Nevertheless, it provides an indication on the research interests of scholars in International Business. Table 3.5 offers a more detailed examination of internationalisation theories as it focuses on international trade and foreign direct investment. International trade is mainly concerned with trade flows between countries and the competitive advantage between nations involving trading, not production as set out by Porter (1990). Theories include classical trade theory (Ricardo, 1817; Smith, 1776) and factor proportion theory

(Heckscher and Ohlin, 1933) which according to Morgan and Katsikeas (1997) fail to explain more recent patterns of international trade, such as the rise of the transnational corporation. The product life cycle theory (discussed earlier), on the other hand, provides an evolutionary perspective, which not only explains international trade but also provides an opportunity for the development of transnational corporations through foreign subsidiaries in countries with lower production costs (Vernon, 1966, 1971).

Bradley (1991) criticises these international trade theories because they make certain assumptions about international business in that all actors have perfect information on opportunities and that import and export are the only means of cross-border trade. Instead, foreign direct investment theories have attempted to address these limitations prevailing in international trade theories. The market imperfections theory (Hymer, 1970), for instance, is based on the unequal distribution of skill and information, as firms invest in countries where they can take advantage of capabilities not shared by local competitors. The international production theory (Dunning, 1980; Fayerweather, 1982), in contrast, focuses on the differences between home and foreign markets as the deciding variable for foreign investment. As such, governments can influence investment decisions by facilitating market entry and providing more attractive opportunities than other countries. The internalisation theory (Buckley, 1982, 1988; Buckley and Casson, 1976, 1985) is based on the concept that firms aim to internalise production and other steps in order to minimise more costly external transaction processes. Internalisation therefore involves the vertical integration of production and distribution that was formerly mediated by markets into the governance structure of the firm.

3.3.4 Micro-level analysis of the firm

Economic geographers are concerned with the structure and organisation of the transnational firm and the processes and trends of internationalisation in the tourism production system. What is necessary and thus far absent in tourism research is a theoretical engagement with large tourism firms that goes beyond a description of dominant trends and market structures or mere phenotypes as Taylor (2004: 5) deplors that

‘...the firm is invoked uncritically as the smallest unit of analysis – as a “phenotype”, a formative element in an economic-cum-social system. It is, in effect, a “given”. It is not even the starting point of an analysis. It is just a shadowy presence in the background with no more than the vague attribution of being a “transnational”, an [sic] “SME”, a “branch plant” and the like. Or, it is simply “capital”. But, no matter how ambiguous and obfuscated, the firm still remains the site of timeless processes of production, profit maximisation, decision-making under uncertainty and employment’.

In contrast, research on small and microfirms in the tourism production system has moved beyond mere phenotypical study to include the following foci of analysis: firm development, government-firm interface and especially entrepreneurship.

Table 3.5 Selected theories of international trade and foreign direct investment

Theory type	Theoretical emphasis	Credited writers
<i>International trade theories</i>		
Classical trade theory	Countries gain if each devotes resources to the production of goods and services in which it has an advantage	Ricardo (1817) Smith (1776)
Factor proportion theory	Countries will tend to specialise in the production of goods and services that utilise their most abundant resources	Heckscher and Ohlin (1933)
Product life cycle theory (for international trade)	The cycle follows that: a country's export strength builds; foreign production starts; foreign production becomes competitive in export markets and import competition emerges in the country's home market	Vernon (1966, 1971) Wells (1968, 1969)
<i>Foreign direct investment theories</i>		
Market imperfections theory	The firm's decision to invest overseas is explained as a strategy to capitalise on certain capabilities not shared by competitors in foreign countries	Hymer (1970)
International production theory	The propensity of a firm to initiate foreign production will depend on the specific attractions of its home country compared with resource implications and advantages of locating in another country	Dunning (1980) Fayerweather (1982)
Internalisation theory	Internalization concerns extending the direct operations of the firm and bringing under common ownership and control the activities conducted by intermediate markets that link the firm to customers. Firms will gain in creating their own internal market such that transactions can be carried out at a lower cost within the firm	Buckley (1982, 1988) Buckley and Casson (1976, 1985)

Source: Morgan and Katsikeas (1997: 70)

In their introduction to a special issue on the firm in *Economic Geography*, Taylor and Asheim (2001: 315) lament the fact that the firm is undertheorised in economic geography and often '... uncritically incorporated into an empirical research design. Its place in a chain of causality in an economic system is, thus, to all intents and purposes, predetermined and unproblematic'. In their

contribution, they offer an overview of theoretical interpretations of the firm, which are broadly based on the different approaches towards institutions outlined earlier in this chapter and mirror the paradigms (and paradigm changes) influencing human geography and the broader social science (see Chapter Two).

Although the different theorisations of the firm are chronologically linked to the predominant paradigms in the social sciences, this does not imply that there is an agreement on a unifying theory of the firm. Rather, certain disciplines (economics in particular) and researchers follow older perspectives of firms as rational organisations following external forces, whereas other disciplines (economic sociology and economic geography) understand firms as ‘... the site of social relations that for all practical purposes transcends economic relationships’ (Taylor and Asheim, 2001: 316). While most researchers have accepted that firms are more than just a black box, which reacts rationally to changes in transaction cost and market pressures (Hodgson, 1998; Yeung, 2000; Taylor and Asheim, 2001), Granovetter (1985) is anxious to point to the danger of following an over-socialised view of economic actors (such as the firm) that are at the mercy of social processes without the ability to impose its actions. Schoenberger (2000: 320) refers to this relationship between the under-socialised view as followed by mainstream economic theory and the over-socialised perspective of economic sociology as containing ‘... an uneasy vacillation ...’. However, only the most one-dimensional of studies would subscribe to such an over-socialised perspective of organisations, institutions and all social and economic actors in the economic system.

In the following section, the author provides an overview of different theoretical perspectives of the firm and analyse how the socio-economic conceptualisation – which in economic geography have received greater attention with the Cultural Turn – has influenced current research on firms and spatial economic change.

Taylor and Asheim (2001) categorise the different theoretical perspectives into two distinct categories: rationalist and socio-economic perspectives on the firm as an economic actor. However, the dominance of the rationalist view of the firm has been taken by socio-economic perspectives, as these offer a complete conceptualisation of the firm drawing on the new institutionalism, networks, knowledge transfer and the discursive element within firms (Taylor and Asheim, 2001).

3.3.4.1 Rationalist Perspectives of the Firm

Neoclassical economic geography was based on the firm perspective of neoclassical economics: a black box, which responded rationally to external forces. It is seen as the sum of its functions namely the elimination of market transactions: ‘... the distinguishing mark of the firm is the supersession of the price mechanism’ (Coase, 1937: 389). Early geographical inquest in neoclassical economic geography was based on location theory, which was concerned with the least-cost location of a firm’s activity. According the location theory, the choice of a firm’s location is therefore dependent on the factor costs (the cost of the factors of production) and the transportation costs to the market. Location theory analysed small, singular locational decisions by firms and saw the economic landscape as the combination of these decisions.

'In conformity with their theoretical roots in neoclassical economics, spatial analysis [of which location theory is a part] and regional science explicitly drew on an ontology in which the final irreducible units of society comprise atomized, utility-maximizing, omniscient individuals [in this case: firms] caught up in competitive markets'

(Scott, 2000: 23).

Location theory borrowed heavily from neoclassical economics not only in viewing firms as being economically rational but also in making a number of assumptions such as perfect competition and information in the market and profit maximisation (Yeung, 2000). The lack of history, unhindered capital mobility and no problem of spatial fixity are other assumptions that Schoenberger (2000) adds to the problematic suppositions of location theory. All these shortcomings coupled with the frustration of the representative firm, led to a different, behaviouralist approach towards the firm:

'Neoclassical economics and Weberian geography beg the question of organization by treating the market as the mediator of all economic transactions, the plant as a production function, the firm as single plant, the industry as made up of representative firms producing a single product and the region as a blank slate on which firms individually pick out the best spots to locate'

(Storper and Walker, 1989: 125).

Another, similarly under-socialised theory of the firm was proposed by Coase (1937) following the cost of using price mechanism, the cost of market transactions.

In the transaction cost theory, firms are created to minimise transaction costs (time, money, information) in market environments. These hierarchically organised firms internalise otherwise costly transactions, whereas cheap and recurring transactions are concluded across the market interface, thus 'the inefficiencies of bureaucratic organization are preferred to the relatively greater costs of market transactions' (Powell, 1990: 297; quoted in Taylor and Asheim, 2001: 318). Although this stylised perception of the firm has inserted some sort of life to the black box of the neoclassical view of the firm, it is based on a quantifiable cost of interaction: '... it is an interpretation that depends on converting the behavioural characteristics of interfirm relationships into measurable costs so they can be reinserted into a neoclassical calculus' (Taylor and Asheim, 2001: 318).

Again, the transaction cost theory is based on a concept of maximisation and efficiency in transactions, which was one of the criticisms levelled at the neoclassical approach. Taylor and Asheim (2001) add two more points of criticism, as this theory although acknowledging that firms engage in economic relationships or internalise the transaction relationship does not realise the reciprocal characteristics of relationships. The transaction cost theory reduces the firm to the function of '... assembling and reacting to information on an unproblematic list of costs' (Taylor and Asheim, 2001: 318). As such it also neglects the importance of the transaction process as negotiation and the establishment of trust between two or more parties and hence the continuum of relationships between markets and hierarchies as mentioned by Dicken and Thrift (1992).

The behavioural conceptualisation of the firm aimed to challenge the assumption of rational choice by the preceding theories: it sees decision-making by firms as actions in an imperfect market, with limits to information and involving uncertainty. As the firm is set in this imperfect environment, it can no longer be expected to only take rational decisions, instead '[i]t is a site of decision making involving conflict, uncertainty, problem-stimulated search, learning and adaptation over time' (Taylor and Asheim, 2001: 318). As a result of acting in an imperfect market, maximisation of profit is no longer seen as possible, the idea of adequate profit was instead accepted.

The behavioural approach focuses on the process of decision-making of individual firms, research areas included the study of firm linkages and flows of information across space. Although this concept of the firm socialised the firm to the extent of viewing it as an actor in decision-making it did not take the other side(s) of the relationships into account. However, this was the first challenge to the rationalist dominance and led the way towards socio-economic concepts.

3.3.4.2 Socio-economic approaches to the study of the firm

The socio-economic approaches emerged in response to the under-socialised concepts of the rationalist view of the firm and are linked to Polanyi's notion on market and reciprocal modes of exchange. Granovetter (1985) extended this approach to analyse the social relations that underpin institutions and firm activity. The socio-economic approach to the firm is therefore based on the new institutionalism of economic sociologists (mentioned previously in this chapter), which view the economy and economic actors as embedded in networks of

social relations. Taylor and Asheim (2001) classify the socio-economic view of the firm into six different concepts: institutionalist, embedded networks, learning, resource-based, discursive and temporary coalitions. Although these concepts are all based on socio-economic reasoning of the firm as a social actor in the economic system, Taylor and Asheim (2001: 319) maintain that ‘... each explores a different facet of the social/economic processes of enterprise and of the people who are enterprising’. The following section will give a brief overview of these categories before arguing that such a meticulous categorisation is unduly fragmenting socio-economic approaches.

As stated in the previous paragraph, socio-economic views of the firm are based on developments in the new institutionalism, which obviously are also applicable to the firm as it is an institution. This view, exemplified by Hodgson (1988: 208), is centred on the institutional rituals, norms and rules that are used to generate capital increase and to create a stable environment outside of the pressures of the market.

‘What the firm achieves is an institutionalisation of ... rules and routines within a durable organisational structure. In consequence they are given some degree of permanence and guarded to some extent from the moody waves of speculation in the market’.

Taylor and Asheim (2001) offer the embedded view of the firm as an alternative to this institutional concept. The essence of this theory is the embeddedness of firms within networks of social relations that are subject to the social context. Because the embeddedness is based on the social context, Zukin and

DiMaggio (1990) argue that economic action is therefore dependent on four types of embeddedness: cognitive, cultural, social and political.

Cognitive embeddedness is the way economic reasoning is linked to the natural structure of mental processes and the research area of cognitive psychologists and decision theory. The cognitive notion of embeddedness delimits itself from classical and neoclassical approaches because it posits that cognitive limitations are keeping economic actors (individuals or institutions) from employing synoptic rationality. Although Dicken and Thrift (1992) mention cognitive embeddedness, research on this type of embeddedness is not popular in economic geography due to its psychological focus (in fact the author has not been able to find a single paper in economic geography dealing with cognitive embeddedness).

Cultural embeddedness, in contrast, refers to the embeddedness of institutions in collective understandings and values that influence economic action and strategy. Cultural/religious values for instance set limits to the commodification of sacred spaces. This is well documented in tourism research on contested sites, where access to certain sites are claimed for different purposes (recreation, sightseeing or for religious rituals) by different social groups (locals, tourists and pilgrims, respectively). Digance (2003), for instance, uses the example of Uluru (or Ayers Rock) as a site that is contested by mass tourists/commercial operators, the Aboriginal people, who view Uluru as a sacred site and what Digance (2003: 150) describes as 'more secular pilgrims', e.g. new age hippies. Kolås (2004: 274) in a recent paper, analyses the process of place-making in Tibet or more specifically the Diqing Tibetan Autonomous

Prefecture in Yunnan Province, which has been (re)-discovered as the mystical Shangri-La and the resulting tensions between culturally different social groups:

‘... people not only engage with landscape, they re-work, appropriate and contest it ... a critical investigation should also ask ... who has the power to create, reinvent and contest places and what is at stake for those who engage in these practices’

In terms of cultural embeddedness, an important question would also be: who (which social group) has the power to engage in market exchanges over the contested site of Shangri-La?

The cultural influence on economic actions and social relations is of increased importance when these cross national as well as cultural boundaries. Scherle (2004) has demonstrated this in tourism with his research on the cultural influence on bilateral business relationships of German and Moroccan small- and medium-sized tourism businesses. Table 3.6 illustrates cultural differences in conducting business as the sources of conflict between the two sides. However, it is indicative of the importance of personal social relations that both cultural groups ‘... reverted to the long-term social capital they had developed with their co-operators’ (Scherle, 2004: 248) in order to resolve these cultural conflicts.

Table 3.6 Sources of conflict between German and Moroccan tourism businesses

Source of conflict	German businesses	Moroccan businesses
Adherence to time agreements/punctuality	13	5
Dealing with conflicts	9	5
Decision-making	4	0
Delegation of tasks	5	1
Employee motivation	6	1
Information exchange	5	6
Investments	3	1
Invoicing	6	2
Marketing/Public relations	1	2
Performance	2	5
Programme development	2	5
Style of working	6	4
Total number of businesses	30	30

Source: Scherle (2004: 242)

Cultural norms and rules help guarantee a stable environment for market exchanges and the resolution of conflict, but can at the same time restrict free market exchange:

‘... culture has a dual effect on economic institutions. On the one hand, it constitutes the structures in which economic self-interest is played out; on the other, it constrains the free play of market forces’

(Zukin and DiMaggio, 1990: 17).

Structural embeddedness places economic exchange in context of social relations and the patterns of these dyadic relationships. In fact, it analyses the structural processes of interactions within social relations of economic action. As Granovetter (1985: 495) states, ‘... the anonymous market of neoclassical models is virtually nonexistent in economic life and ... transactions of all kinds are rife with ... social connections’. Granovetter (1973) pioneered the idea that economic activity is embedded in social networks of trust, mutuality and cooperation or the lack thereof. In his seminal paper, Granovetter (1973) compared different types of ties and suggested that networks differ in their

effectiveness depending on the strength of the ties. He suggests that weak ties are more dynamic and thus may be more favourable than networks of strong ties as these may be restrictive and discourage the search for alternative, more efficient ties. Ettliger (2003) compares networks of strong ties, as identified in economic sociology, to the concepts of local embeddedness (Dicken *et al.*, 1994; Phelps, 2000) and institutional thickness (Amin and Thrift, 1997; MacLeod, 1997) that are prominent in economic geography. In contrast, weak ties are considered as infrequent efforts to explore and acquire resources from other networks. Despite the initial dichotomous perception of weak and strong ties in the work of Granovetter (1973), more recent research (Kogut, 2000) has indicated that weak and strong ties may work in association: 'Each type of tie has a different type of value' (Ettliger, 2003: 160).

Economic geography has embraced this concept of embeddedness with research on business and organisational networks and how these are constituted in place and across space. They are inherently geographic in nature as social relations are not bound to localities, instead they 'can have many geographies, from being localized and rooted in local social tradition to being spread across space' (Ettliger, 2003: 160). Networks of social relations are key to the concept of structural embeddedness as they '... serve as templates that channel market exchange and ... facilitate collective action both within and outside market contexts' (Zukin and DiMaggio, 1990: 20). Pavlovich (2003), for instance, uses network theory to examine the structural embeddedness of the Waitomo Caves in New Zealand. She encourages the use of 'relational' network analysis in tourism research, as it

'... is particularly relevant in the tourism industry, as groupings of organisations cluster together to form a destination context. Complementary products of activities, accommodation, transport and food co-exist alongside support activities and infrastructure to form a complex system of connections and interrelationships'

(Pavlovich, 2003: 203).

Pavlovich (2003) employs network analysis in order to analyse the structural change and dynamics of business networks in the Waitomo Caves destination from 1887 to 2000. During the time period, the destination network changed from being a unidirectional network in 1910 of five organisations dominated by the New Zealand Tourist Department, which owned the cave and the accommodation sector, to a network with multiple nodes and exchange relationships exhibiting the characteristics of 'strong ties' in 2000 (Granovetter, 1973) (see figures 3.5 a-d).

Figure 3.5 Structural embeddedness of the Waitomo Caves destination, 1910, 1969, 1986 and 2000.

a) 1910

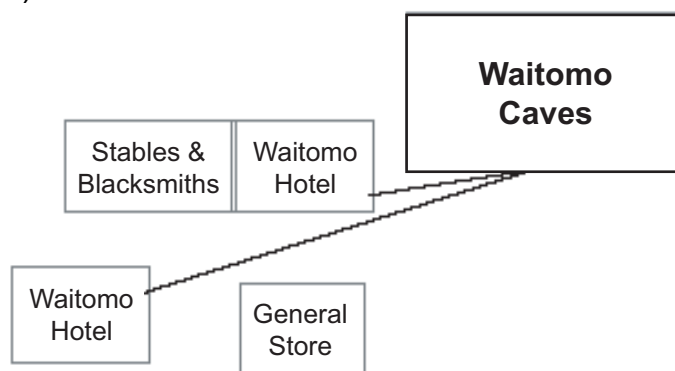
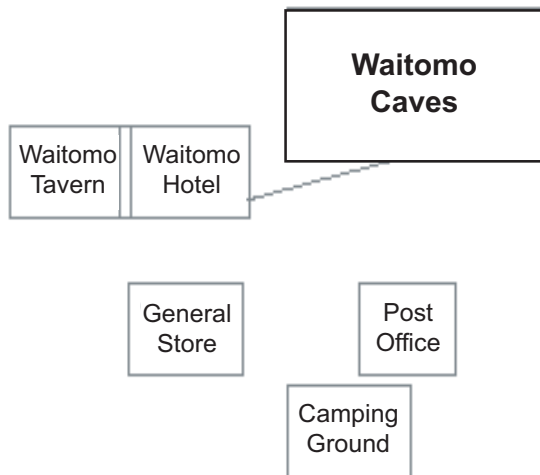
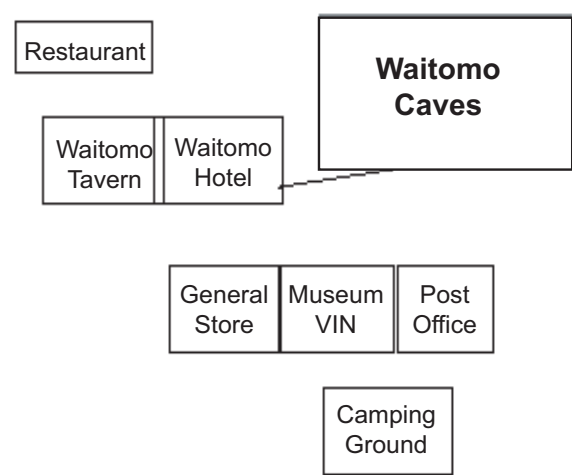


Figure 3.5 cont.

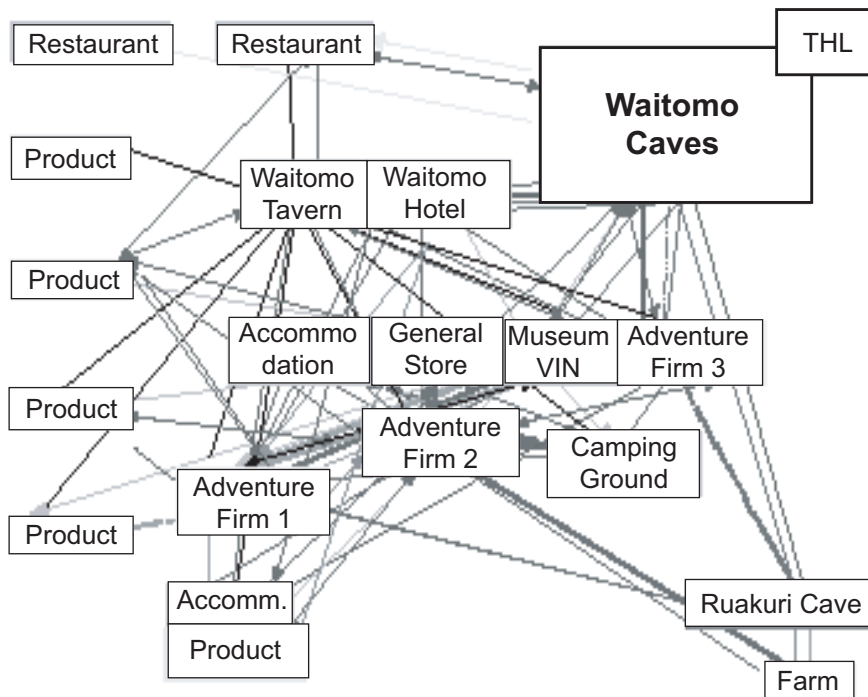
b) 1969



c) 1986



d) 2000*



* Unfortunately no explanation on the different shades is given in the original
Source: Pavlovich (2003: 208, 209, 211 and 213)

Although Pavlovich (2003) analyses a destination network rather than a firm, her research demonstrates the applicability of this method to tourism research and analyses how collective action and relationships are created over time and how they shape the structural network of a tourist destination.

The last type of embeddedness listed by Zukin and DiMaggio (1990), *political embeddedness*, is concerned with power relations between economic actors and nonmarket institutions and how these in turn shape economic institutions and influence their decisions. In short, economic action is dependent on the nonmarket regulatory institutions and frameworks at various spatial scales (international, national, regional, local), which ultimately shape the structure of markets. However, this is a rather simplistic, explanatory view as ‘... the political context of economic action is made up of a complex web of interrelations and expectations’ (Zukin and DiMaggio, 1990: 20). In their discussion on embeddedness as an approach to conceptualising the firm, Taylor and Asheim (2001: 320) present an economic geographical interpretation of structural embeddedness as it ‘concerns the manner in which firm’s buyer-supplier relationships are articulated on with another and incorporated into networks that act as templates channelling market exchange’. This view of inter-firm networks facilitating market transactions poses questions about the organisation of the economic system: ‘it is not the individual firms that matter but the system of firms ... making the boundaries between firms increasingly blurred’ (Taylor and Asheim, 2001: 321). This is especially the case when analysing the influence of firms over value chains, commodity chains and/or distribution channels as demonstrated in the case of vertical integration of tourism production and its impacts on the destination of St. Lucia (Mosedale, 2006). However, the vertical and horizontal internalisation of economic actions redraws the, albeit, weak boundaries of the corporation.

Thomas and Thomas (2005) focus on small tourism firms and how these might be involved in the urban political process. Although they do not mention the

term 'embeddedness' *per se*, they view the political process as a multitude of different discourses and hence as constituted of networks:

'[the] task of discourse creation is made easier if business people share a broad cultural and social background: if, for example, they are members of golf clubs and other distinctive social institutions ... Such social settings can also provide useful bridges between a local pressure group (in this case small tourism firms) and wider networks of influence in the locality'

(Thomas and Thomas, 2005: 132).

Thomas and Thomas (2005), however, fail to extend this thought on the importance of the embeddedness within the political system and networks to a research agenda analysing the role of networks for small firm owners to gain an understanding of the policy process.

While this approach seems akin to the structural approach of political economy, dichotomies such as capitalist and working class or economy and culture are not the focus of attention. Rather, political embeddedness '... explores historically contingent asymmetries of power' (Zukin and DiMaggio, 1990: 20). Socio-economic approaches are concerned with the adaptations of institutions to the historical sum of actions and view capital as embedded in the socio-cultural economy. These approaches do not reject the structuralist concept of political economy but recognise that while economic actors operate within macro-economic, cultural and social frameworks, these actors still have the capacity to cause different results.

Hess (2004) has only recently re-evaluated the concept of embeddedness by putting special emphasis on a geographical, i.e. spatial perspective of embeddedness. He posits that the current adoptions of the term denote a fuzzy concept – as argued by Markusen (1999) in relation to regional analysis – which has changed from Polanyi's (1957) original work on a substantive definition of economics in opposition to the classical and neoclassical view of formal economics (i.e. rational choice) and Granovetter's (1985) extension of the term to focus on social relations,

'... as the number of publications in this field has multiplied since his [Granovetter's] seminal contribution, so has the number of meanings of embeddedness ... The classifications and typologies have become even more complex and often confusing as subsequent literature has added more and more forms of embeddedness to the ones already in place'

(Hess, 2004: 171-172).

Hess (2004) uses a paper on the evolution of business networks by Halinen and Törnroos (1998) which describes three perspectives of networks (actor network, dyad network and micronet-macronet), two dimensions (horizontal and vertical) and on top of that six different kinds of embeddedness (social, political, market, technological, temporal and spatial) to demonstrate the extent of fragmentation of the term embeddedness in the current literature.

Table 3.7 demonstrates some views on the pertinent questions put forward by Pike *et al.* (2000): who is embedded in what and at what spatial scale?. While spatiality did not take a prominent role in other disciplinary approaches to

embeddedness of firms or institutions, the spatial scale is of special interest to economic geographers. As Dicken and Thrift (1992: 287) highlight, the question of spatiality and its effect on embeddedness is especially important in larger firms with several sites as they are:

‘... “produced” through a complex historical process of embedding which involves an interaction between the specific cognitive, cultural, social, political and economic characteristics of a firm’s “home territory” ..., those of its geographically dispersed operations and the competitive and technological pressures which impinge upon it’.

Hess (2004: 173) in his discussion of the ‘spatial connotations and conditions of embeddedness’ focuses on two spatial scales to analyse what he calls the ‘overterritorialisation’ of embeddedness: the local/regional and the global. His criticism of the analysis of embeddedness in the new regionalism is constricted to the local/regional scale, while Hess (2004) challenges the notion that increased globalisation leads to the disembeddedness from the localised context. Instead, he encourages us to highlight the processual nature of embeddedness and to view the process of embedding as ‘growth and amalgamation, as well as disembedding ... [as] rupture’ (Hess, 2004: 182).

Table 3.7 Different perspectives on embeddedness

	Who?	In what?	Geographical scale
Polanyi’s Great Transformation	‘The economy’, systems of exchange	‘Society’, social and cultural structures	No particular scale, but emphasis on the nation-state
Business systems approach	Firms	Institutional and regulatory frameworks	Nation-state, ‘home territory’
New economic sociology	Economic behaviour, individuals and firms	Networks of ongoing social (interpersonal) relations	No particular scale
Organisation and business studies	Firms, networks	Time, space, social structures, markets, technological systems, political systems ...	No particular scale
Economic geography	Firms	Networks and institutional settings	Local/regional

Source: Hess (2004: 173).

The concept of embedded firms has given rise to other overlapping socio-economic notions of the firm: the learning and resource-based firm (Taylor and Asheim, 2001). Research focusing on learning, innovation and cooperation in and between firms can be categorised by researchers promoting the learning economy, the learning firm or the learning region. What all three approaches to learning have in common is the realisation that social capital is transferred between and within firms and that

‘to be embedded locally in the institutional tissue of social and transactional networks in a region is reckoned to be vital for the creation of internationally competitive entrepreneurship, localized learning, innovation and growth ...’

(Taylor and Asheim, 1991: 320).

Learning in general has received little attention in tourism, with the exception of a few rather brief studies on organisational learning in hotels and a more detailed network analysis of three learning regions with emphasis on sustainable tourism. In the first instance of organisational learning, Bayraktaroglu and Kutanis (2003) offer a short discussion of important factors necessary for the transformation of hotels into learning firms: a mental transformation; the support of innovative ideas; the development of an organisational culture and the creation of a suitable learning atmosphere. Their aim, however, is less to analyse the learning process in a hotel business in order to understand the firm as constituted of learning networks, but rather to provide a how-to guide to using the benefits of a learning organisation as a competitive advantage for the Turkish hotel sector. Similarly, Yang’s (2004:

428) perspective on organisational learning in two Taiwan hotels is focused on how it may '... contribute to enhancing the level of customer satisfaction'. The conclusion the author derives from the data gathered from the comparison between a hotel operated under a management contract with an international hotel chain and a local hotel under franchise with an international hotel chain is merely that '... individual learning needs to be further triggered, in order to foster organizational learning' (Yang, 2004: 427). Both these perspectives on learning in tourism organisations are flawed in so far as they do not recognise the importance of networks in the learning process and they do not view learning as rooted in social relations and the culturally specific norms, conventions and customs regulating these relationships. Saxena (2005) offers a more nuanced and more detailed analysis of learning regions involved in sustainable tourism. In contrast to Yang (2004) and Bayraktaroglu and Kutanis (2003), Saxena (2005) positions sustainable tourism squarely in the context of social networks and relationships and thus posits that it is 'territorially embedded' through its cultural context. Her emphasis is the analysis shift from '... products and firms to people, organisations and social processes' (Saxena, 2005: 279). The empirical evidence collected by Saxena (2005: 287) in three learning regions within Peak District National Park (PDNP) demonstrates the place-specific dynamics of learning regions, gives insight into the decision-making process within the networks and its '... geographical consequences that inevitably shape the tourism product'. Table 3.8 gives an overview of the networking strategies and the resulting exchange capital of the various sectoral actors in the learning regions as identified by Saxena (2005).

Table 3.8 Networking strategies of various actors and associated exchange capital

Actors	Networking strategies	Exchange capital
The local authorities	Multi-lateral exchange; formal networking driven by attempts to bid for external funds	Strong networks at the national, regional and local level, (especially with the PDNP authority); strong working relationships with other public sector bodies
The local businesses	Marketing driven networking aimed at selling the product and promoting the destination as an attractive product	Strong personal bonds amongst businesses as a result of kinship ties; marketing ties as a result of membership of business associations and local Chambers of Trade to reduce advertising costs and share market intelligence in all three areas
The PDNP authority	Networking guided by sustainable tourism strategy for the park and Local Agenda 21 principles	Increase in regional and local networking activities due to the need to jointly bidding for external funds. Strong interpersonal dyadic relationships between members of the PDNP and the local authorities.
The voluntary sector bodies	Networking driven by local issues, <i>ad hoc</i> in nature rather than led by a long-term strategy	Social bonds with individual business owners/managers as a result of co-operative working on interpretation and marketing projects in the Park; greater opportunity than before to piggy-back on regional projects to address local issues

Source: adapted from Saxena (2005: 287)

The concept of embeddedness relates to the influence of social relations on economic action as opposed to rational behaviour that is not or only minimally affected by social relations (Granovetter, 1985). This reflects the philosophical argument about structure/agency as rational behaviour assumes personal agency, whereas embeddedness refers to the influence of social relations (structure) on economic action. Granovetter (1985: 483) recognises this problem and categorises the two extremes into 'over- and undersocialised conceptions of human action'. He contends that most economic action is embedded in networks of social relations, which justifies economic action as a valid subject for sociological research (his main agenda for this seminal article).

Embeddedness therefore puts forward a socialised view of economic action (Granovetter, 1985), which requires an analysis of the structure and characteristics of the social networks. However, it fails to give details of the processes involved or how social relations influence economic action. Uzzi (1996: 674-675) therefore proposes 'to advance the concept of embeddedness beyond the level of a programmatic statement' by combining an ethnographic approach employing in-depth interviews with the statistical analysis of network ties as employed by more conventional network analysis. In the subsequent discussion of the two methods, Uzzi (1996) reveals that the statistical analysis support the generalisability of the ethnographic results, suggesting that embeddedness is a crucial factor in order to attain global competitiveness for apparel firms.

In addition to economic sociologists, economic geographers also embraced Granovetter's concept of embeddedness, which echoed elements of the Cultural Turn due to the socialised view of economic action and provided cross-over opportunities with economic sociology (Peck, 2005). Grabher (2006), in his recent tracing of networks between economic sociology and economic geography, offers four areas within the study of networks of interest to both economic geography and economic sociologists: the governance of networks, their spatiality, strategic networks (internal organisation) and, finally, the embeddedness of institutions in scalar networks.

Yeung (1994) analyses the use of the network approach in economic geography in comparison with other recent approaches to the organisation of

business and production, e.g., post-fordist flexible specialisation and regulation theory. He contends that the geography of the firm and of production still offers ample opportunities for research and proposes the adoption of network analysis and more specifically, its application to the embeddedness of economic action within networks of social relations. Central to Yeung's (1994) argument of a research gap in economic geography is the firm and the intra-, inter- and extra-firm network relations it engages in. Table 3.9 offers an overview of these different types of network relations in terms of the specific nature of relations, the mechanisms, aspects and organisational forms. Intra-firm relations are crucial to business operations as they constitute of relations between departments or divisions of firms, which may be formal or informal and are subject to the internal arbitration of disputes. As firms compete or co-operate with each other in the market place, firms must necessarily also engage in inter-firm relations. These can take a number of different forms such as joint ventures, subcontracting, strategic alliances and licensing or franchising. Extra-firm relations, in contrast, are relations between firms and other types of non-firm institutions, such as national governments, research institutions, labour unions and non-governmental organisations. As traditional production chain analysis is mostly concerned with production, the inclusion of extra-firm linkages is an advantage distinct to network analysis, although more recent developments in commodity chain research (Bair, 2005) and global production networks (Henderson *et al.*, 2002; Coe *et al.*, 2004) incorporate an institutional analysis in the respective frameworks. Yeung (1994) offers three reasons for extra-firm relations: the non-monetary pursuit of power, the protection of property rights and the quest for social and political legitimacy as a member of society.

Table 3.9 A typology of network relations and the sociospatial organisation of business and production

Categories	Network Relations		
	Intrafirm	Interfirm	Extrafirm
Nature	<ul style="list-style-type: none"> - Parent-subsidiary relationship - Internalised operations: property rights and economies of scale 	<ul style="list-style-type: none"> - Firm-firm transactional and institutional relationships - externalised operations: economies of scope and joint production/marketing 	<ul style="list-style-type: none"> - Firm-institution politics and relationship: state and nonstate - Contractual basis: direct business - Legal laws and enforcement
Instruments	<ul style="list-style-type: none"> -Integration (horizontal and/or vertical) -Co-ordination (loose vs. tight and centralized vs. dispersed) -Internal arbitration of disputes: labour relations -Transfer pricing 	<ul style="list-style-type: none"> -Competition and co-operation -Contracts and agreements -Flexible production systems: just-in-time 	<ul style="list-style-type: none"> -Conflicts and negotiations -Political bargaining -Social regulation -Propaganda strategy
Concrete dimensions	<ul style="list-style-type: none"> -Tentative full integration of R&D and production -High quality at reasonable costs -Decentralisation of production decisions 	<ul style="list-style-type: none"> -Close and long-lasting ties between producers and users -Networking to reap specialisation and co-ordination gains -Long-run and co-operative subcontracting 	<ul style="list-style-type: none"> -Power relations more than monetary relations -Quest for propriety rights -Search for social and political legitimacy
Organisational forms	<ul style="list-style-type: none"> -Quasi-integration -Internalisation -Multidivisions -Family business groups -Conglomerates 	<ul style="list-style-type: none"> -Joint ventures -Subcontracting -Co-operative agreements -Strategic alliances -Licensing and franchising -Ethnic and personal networks -Technology financing 	<ul style="list-style-type: none"> -Government contracts -Joint R&D collaboration -Institutional relationship e.g., memberships

Source: Yeung (1994: 481)

The use of network analysis in economic geography, however, does have its limitations as its overriding concern lies with the result of network relationships and less with the processes involved in developing networks and the social construction of networks. This concentration on outcome may lead to the view of firms as being isolated in network analysis (Yeung, 1994). It is due to this limitation that the concept of embeddedness has been popular in economic geography as it 'revitalizes network analysis by injecting social and historical

dimensions into the study of production systems in time and space' (Yeung, 1994: 475).

The resource-based view of the firm, in contrast, emphasises firm-specific competencies of activity-specific resources, which – when successful – translate into competitive advantage for the firm. These competencies can be technical, economic or organisational, but inherently guide the growth strategy of firms.

Discursive interpretations of the firm are strongly related to the structural type of embeddedness. However, rather than investigating the role of the firm in networks of social relations, this relational approach to the firm (Yeung, 2000) recognises the agency of individuals that a firm is made up of '...economic institutions are conceptualised not as merely economic machines ... but rather as social constructions by individuals ...' (Yeung, 2000: 11). Schoenberger (1994) pinpointed bad decision-making or the lack of successful adaptations of firms on individuals in charge of devising and implementing corporate strategies. In order to understand inappropriate strategies of firms she posits that it is necessary to recognise the temporal and spatial context in which individual corporate strategists as social agents act. O'Neill and Gibson-Graham (1999) take this idea a step further by realising the power geometries involved in individual relationships between social agents within the firm, which impact on decision-making. These result in different discourses, which O'Neill and Gibson-Graham (1999) analysed within a case-study of a particular multinational firm to deconstruct the dominant capitalist representation of the company. Their research demonstrates the existence of a variety of

contradictory discourses and the array of logics that influence decision-making in the firm.

Another application of network analysis in tourism research is the analysis by Goodman (2006) of different discourses of tourism development on the island of Koh Chang, Thailand and their influence on the island's development. Again, although this example from tourism research is not based on an analysis of social relations within a firm, it gives a good indication on its potential use in a firm context.

The relational notion put forward by Yeung (2000: 12, emphasis added) views the firm as '... a constellation of network relations governed by social actors through both *material* and *discursive* practices'. This conceptualisation of the firm is no longer about the firm as a production unit, but the '... firm is really about organising social relations in different places and at different spatial scales' (Yeung, 2000:13).

Taylor (2004) challenges the previous notions of viewing the firm from the perspective of the context rather than process and thus denies the firm the agency of influencing its own socio-economic context. He suggests that viewing the firm as a connected, temporary coalition '... reinstates it as a driver of local and regional economies in its own right and begins to recognise, unpack and appreciate the impact and workings of its collective agency' (Taylor, 2004: 3). Through this new perspective of the firm as processes, Taylor (2004) aims to remedy three problems of the previous socio-economic conceptualisations: first, the analysis of the firm as a legal unit does not recognise the organic act and

process of 'enterprising'; second, the firm is perceived as a static unit with no emphasis on processes of change and adaptation (for instance, analysis begins with the firm as a ready-made entity and does not involve the set-up process); third, previous efforts of conceptualising the firm have lost sight of the main goal of economic activity. Increasingly, associated aspects to wealth creation, such as embeddedness, innovation and learning and institutionalisation are seen as the end goal of economic action of the firm rather than personal wealth creation of the individuals of which it is constituted. 'That is, in essence, capitalism's inescapable bottom-line' (Taylor, 2004: 9).

Instead, Taylor (2004: 10, original emphasis) proposes to separate processes from the entity of the firm:

'To meet, at least in part, the limitations of current conceptualisations of the firm in the social sciences it is necessary to disentangle *processes of enterprise* (of people being "enterprising" to create personal wealth) from the operations of *the enterprise, the firm*, (as a disconnected, legally defined object)'.

This focus on the process of 'enterprising' which ultimately depends on individuals, results in the view of the firm as an assemblage of individuals being 'enterprising'. Change and adaptation of firms are thus not necessarily due to external factors but come with a changing cast of individuals. Processes of enterprise are therefore

'orchestrated by temporary coalitions of people concerned to employ whatever bundles of assets they can assemble at a particular time and in a particular place to generate personal wealth ... They dissolve and

re-form, as investments pay-off or fail, as people's interests change and as owners and directors age and retire'

(Taylor, 2004: 19).

Ladkin's (1999) endorsement of the use of work histories as a methodology in tourism research, although initially thought to be a useful tool for analysing labour markets and especially gender differences through maternity leave etc., could be adapted to provide information on an individual's path through firms, changing social relations, the associated transfer of information (learning) and the development and route of discourses.

'Life and work history data ... offer a valuable insight into attempts to unravel the relationships in social life and to gain a better understanding of social relationships. For example, the chronology between individual's lives and social and institutional structures can be examined ...'

(Ladkin, 1999: 38).

This type of research method also takes into account matters of time and space, as it follows career paths.

What becomes obvious in this discussion of the firm is that each perspective of the firm examines a different aspect of the firm and conceptualises the firm accordingly, whether as a legal unit, an economic actor embedded in cultural and political frameworks and networks or a temporary coalition of individuals which constitute the firm and are themselves embedded in socio-economic relations. Each perspective contributes '... a separate layer of meaning ...'

(Taylor, 2004: 4) of the firm and all put together will still only give us an inclination of what constitutes a 'firm' as there is no 'totalizing theory of the firm that embraces all the vagaries and complexities of economy, society, place and space in order to explain spatial economic change' (Taylor and Asheim, 2001: 316). What is also important to note is that the development of new conceptualisations of the firm was based on previous views. Without a thorough understanding of networks, it would be difficult to view firms as temporary coalitions of strategic decision-makers. Taylor (2004: 5) speaks of a: '... progressive deepening of the notion of causality in economic relationships'. Since tourism research in general has paid little to no attention to a theoretically informed conceptualisation of what constitutes a firm, this thesis aims to redress the balance by examining the embeddedness of large, integrated tourism corporations in the regional and global context.

'... what one realises from a critical analysis of tourism using political economy perspectives is that it is a constantly changing phenomenon, with an ever-changing spatial organisation. The processes affecting the political economy of production and consumption require a critical awareness of the role and activities of entrepreneurs, the flow of capital and its internationalisation, the impact of industrial and regional restructuring, urban development, changes in the service economy and how the production of tourism results in new landscapes of tourism in a contemporary society'

(Hall and Page, 2002: 113).

3.4 Conclusion

[T]he business enterprise is the basic unit of the economy, the point of production, the crucible within which both macro and micro-forces meet and are played out (Taylor, 1984: 8; quoted in Dicken, 1990: 237).

As set out in this chapter, previous research on tourism firms has largely failed to offer a concrete conceptualisation or theorisation of what constitutes a firm, how its relationship with socio-political and cultural structures and institutions shape the economic landscape and the embeddedness of firms within the social and political structures of various geographical scales. Both the institutional approach to economic geography and the conceptualisations of the firm as presented by Taylor and Asheim (2001) employ the notion of embeddedness as a way of placing the firm in geographical space. Schoenberger (2000: 329) concurs and stipulates that spatial and temporal processes of the firm are not necessarily objects of production but are an integral part of it: 'Firms produce and use and are shaped by spatial relations as a normal part of doing business and must continually create and seek to validate socio-temporal processes and understandings as conditions of staying alive'.

This thesis therefore aims to combine the institutional approach with the embedded concept of firms in order to analyse the spatial and temporal processes that gave rise to the transnational, integrated tourism firms and the relationship between the socio-political and cultural structures and institutions that resulted in the current economic landscape of the tourism production system. Current restructuring trends in the European tourism industry, epitomised by the emergence of transnational mega-corporations requires a

macro-level analysis of the tourism production system that reaches beyond national boundaries.

This chapter has demonstrated the wide-ranging implications of the Cultural Turn on formerly rational perspectives on objects of academic enquiry such as institutions and firms (the objects of academic enquiry). The consequential shift towards a socio-economic view of the firm for advocates of the Cultural Turn comes hand in hand with a change in research methods, as traditional methods do not generate the type of data necessary for such a transformed field of enquiry. The following chapter offers a discussion of the need for the use of different research methods and their suitability in comparison with the traditional scientific method.

Part Three

RESEARCH

METHODOLOGY

Chapter 4: Methodological Considerations:

Applying the ‘New’ Economic Geography to transnational integrated tourism corporations

4.1 Introduction

The following chapter offers a discussion of the methodological challenges of putting the ‘new’ economic geography into practice before turning towards an analysis of the methods employed in this thesis.

The discussion in Chapter Two on the influence of the Cultural Turn on the ‘new’ economic geography and, more specifically on the economic geography of tourism, has demonstrated a changed perception of the economy from an asocial space of economic transactions to the view of the economy as a dynamic, socio-spatial and differentiated economic landscape embedded in place-specific cultural contexts and social relations (Thrift and Olds, 1996; Crang, 1997; Lee and Wills, 1997; Amin and Thrift, 2000). This shift from a Marxist dominated political economy approach (one meta-narrative) towards a research agenda embracing the cultural dimensions of the economy and politics and emphasising agency and social relations over structural determination (many micro-narratives) has important implications for theory (as demonstrated in Chapter Three), ontologies, epistemologies and research methodologies. Thrift and Olds (1996: 319) call this ‘the fall of the singular’:

‘... the very idea of a single story of an object denoted “economic” is now lost. It now follows that the idea of trying to focus a new economic geography around one concept or theoretical tradition, however broadly defined, cannot hold’.

With such a dramatic change in viewing the research 'object' comes a strong obligation for economic geographers to '... contextualize rather than to undermine the economic, by locating it within the cultural, social and political relations through which it takes on meaning and direction' (Lee and Wills, 1997: xvii). In order to avoid an oversocialised perspective of the economy (Granovetter, 1985), the theoretical contextualisation of the economic, however, should inform and reciprocally be informed by a rigorous methodological framework.

'... what the cultural economic geographers criticise as the myopic economism of "old" economic geography could simply be replaced by an exclusionary cultural essentialism in the "new" ... the trend within the new (cultural) economic geography appears to drift towards what we would call vague theory and thin empirics'

(Martin and Sunley, 2001: 152-153).

Although the thesis is firmly centred on the 'new' economic geography, certain difficulties were encountered during the research process, which hindered the application of concepts emanating from a new socialised perception of the economy and the economic. More specifically, a lack of access to economic actors in the integrated transnational tourism corporations resulted in a dearth of data to determine their position in inter-, intra-firm and local extra-firm networks and consequently the embeddedness of the corporations in local networks of social relations. As the Cultural Turn gave rise to changing research practices with shift of research focus towards the cultural and social, it requires a different kind of qualitative data from that gathered in political economy

studies. This type of data involves new cultural and social information such as details of social relations, which can only be gathered in close cooperation with the research subjects. Due to the lack of cooperation, it was not possible to follow a comprehensive socio-economic approach to the analysis of the embeddedness of integrated transnational tourism corporations. However, the socio-economic approach formed the theoretical foundations which was then corroborated through the use of both 'old' and 'new' concepts of economic geography.

The objective of this thesis was to draw on the 'new' economic geography and apply some of the ideas to tourism research, thus providing a new conceptual foundation to the under-theorised economic geography of tourism. While the above problems prevented a complete immersion of the research into the concepts of the 'new' economic geography, this does not imply that the Cultural Turn cannot be applied to tourism research in general. Instead, it offers a clear demonstration/example of potential pitfalls of the changed ontologies, epistemologies and research methodologies of the 'new' economic geography.

Barnes (2001: 547), for instance, speaks of a shift in the process of theorising the economy from epistemological (e.g. during the quantitative revolution) to hermeneutic (e.g., the Cultural Turn in economic geography) considerations: '... the very idea of theory is transformed'. His notion of the two different types of theorising and theoretical transformations rests on work by Culler (1997) who argues that theoretical transformations rely on theoretical re-description thus needing new vocabulary and syntax. Barnes (2001: 549) posits that the vocabularies used in the economic geography of the quantitative revolution '...

possess unambiguous meanings, [where] the relationships among [words and vocabularies] are clear, determined and directly comparable to an independent, real world’.

The hermeneutic theorising of the Cultural Turn or ‘new’ economic geography draws on a creative and experimental approach to the vocabulary used, but at the same time recognises the multitude of meanings attributed to words. Vocabularies are therefore necessarily imperfect and researchers need ‘to negotiate a knife-edge between ... the hope that there can be full agreement about a vocabulary and the suspicion that a better alternative is available’ (Barnes, 2001: 551). However, ‘... theory is not only about words’, but associated with these novel vocabulary to explain the new theory come ‘... practical effects such as change[d] views about the object of inquiry, altered practices of study and the establishment of new social groupings and institutions’ (Barnes, 2001: 548). Martin and Sunley (2001: 153), in contrast to Barnes (2001), urge economic geographers to go beyond ‘highly jargonised “discourses” taken from the latest cultural or social theory or on loose assemblages of ill-defined concepts, fuzzy metaphors, or mere neologisms’. Both set of authors, however, agree that the new economic geography needs to be based on strong methodological foundations.

The aims of this chapter are twofold: the first part will discuss the implications of the Cultural Turn on methodological approaches to the study of economic geography; whereas the second part will follow the more conventional route of describing the research methodology employed for collecting and providing data for this thesis.

4.2 Putting the 'new' economic geography into practice

Because the Cultural Turn takes economic geography into '... a whole new world' (Thrift and Olds, 1996: 311), there is a need to critically appraise methodological tools before jumping into the unknown. As Yeung (2003: 442) points out:

'It is clear that practicing new economic geographies requires a critical re-evaluation of research methodologies that goes beyond simply the choice of research instruments *per se* (e.g., sample surveys versus personal interviews) to include the entire process of practicing research itself'.

Yeung (2003) continues to provide a comparison between the research practices of neoclassical economic geography and the changing practices of the 'new' economic geography. He frames the contrast in relation to the concepts of validity, reliability and reflexivity of 'scientific' methodology. Table 4.1 demonstrates the shift of research practices inherent in the Cultural Turn within economic geography. Since the 'new' economic geography views economic actions and systems as embedded in networks of social relations, quantitative data do not adequately represent economic behaviour at an individual level. As Yeung states (2003: 448):

'If we take the economic action of these actors as socially embedded and highly contextualized, the validity of quantitative data is even more questionable, since indicators of economic action may not be compatible with the goal of measuring social and cultural behavior'.

As table 4.1 demonstrates, the shift from quantitative to qualitative research methods has clear implications in terms of validity, reliability and reflexivity. Although the ‘new’ economic geography achieves detailed and multiple stories, as declared by Thrift and Olds (1996: 319): ‘the very idea of a singular story of an object denoted “economic” is now lost’, this detail and plurality is attained at the expense of reliability as per the traditional ‘scientific’ method.

Another reason for delimiting the ‘new’ methodological implications of the Cultural Turn for the study of economic geography – other than for practical reasons in ‘doing’ research – is the fact that a lacking involvement with methodology facilitates critiques of this new approach. For example, Sayer’s (1982: 68) main critique of Marxist critical geography and support of positivist quantitative geography was based on methodological issues:

‘Despite the rising tide of critiques of positivist quantitative geography, there is some justification in the response that the critics have failed to say what kinds of approach, or more particularly, methodology are to replace those of the quantitative era’.

Table 4.1 Assessing the validity, reliability and reflexivity of research

	Validity in Explanation		Reliability of Data		Reflexivity of Approach	
Research Practices	Neoclassical Economic Geography	New Economic Geography	Neoclassical Economic Geography	New Economic Geography	Neoclassical Economic Geography	New Economic Geography
Using quantitative and secondary data	Strong	Weak	Strong	Ambiguous	Irrelevant	Weak
Tracing actor networks	Weak	Strong	Weak	Ambiguous	Irrelevant	Strong
<i>In situ</i> research	Ambiguous	Strong	Ambiguous	Strong	Irrelevant	Strong
Abstraction/Deconstruction	Irrelevant	Strong	Irrelevant	Good	Irrelevant	Strong

Source: Yeung (2003: 447)

This section will therefore focus on the implications of the theoretical characteristics of the Cultural Turn on research practice and research methodology in general. More specifically, the research practice of close dialogue will be examined in more detail as it exemplifies the problem with reliability mentioned previously.

The discussion of the Cultural Turn in Chapters Two and Three and its significance for economic geography and – more importantly for this thesis – its implications for the study of transnational firms as institutions within a place-specific cultural and political context of social relations has highlighted some key features: the concept of embeddedness, the importance of social actors and their shifting identities and the context shaping economic behaviour. Firms are conceptualised as ‘... organizational constellations of social relations’ (Yeung, 2003: 444) between social actors with complex and changing identities (O’Neill and Gibson-Graham, 1999) set in a sociospatial and temporal context. Yeung (2003) uses these same characteristics to inform his methodological analysis in order to create a process-based methodological framework for making sense of the new economic geography and its application to research. As this research framework borrows heavily from Clark’s (1998) concept of close dialogue, this will be elucidated before returning to a discussion of Yeung’s (2003: 443) attempt at presenting a new framework informing future research in the new economic geography:

‘[the] different orientation in geographical explanations justifies a fundamental rethinking of the process of research methodology, because we might be looking at different subject/object relations and different ways of collecting, analyzing and even presenting data’.

Clark (1998: 73) offers a compelling effort to highlight the use of a particular research method (close dialogue) to demarcate the academic field of research between 'geographers' and economists' economic geography'. He argues that economists such as Krugman (1995, 1998, 2000) and Fujita and Krugman (2004) '... ignor[e] the diversity of economic life in the interests of general law-like propositions' – rather than recognising the multiplicity facets of:

'the economic' as geographers do – and use 'stylized facts [to] allow for the application of analytical methods and those methods, developed in the study of international economics, explain his chosen stylized facts of economic geography'

(Clark, 1998: 75).

Instead of this logical vicious circle, Clark (1998: 75) promotes the use of close dialogue as a research method that positions the researcher in close proximity to the 'subject' and offers a pluralist view of the economy: '... geographers do economic geography better ... a fine-grained, substantive appreciation of diversity, combined with empirical methods of analysis like case studies, are the proper methods of economic geography'. Close dialogue is a form of case study research where the relationship between interviewee and interviewer develops to a stage when it is possible to discuss what Clark (1998: 73) calls the 'actual logic of decision-making'. It is thus an extension of the simple in-depth interview in that a relationship has to be established over time that allows the interviewer to engage with the interviewee as 'equal'. Gertler (2004: x), for instance, advocates the pursuit of relationships with interviewees as he values the information generated by repeat interviews:

'There is ... real value in following the evolution of relationships and practices over time... The second or third interviews ... have often yielded the most useful insights ... [there is no alternative to the] hard work of detailed, finely textured case studies: there is really no substitute for "being there"'.

Close dialogue, however, goes beyond merely 'being there'. It relies on a high degree of closeness in the relationship between the interviewer and the interviewee in order to obtain the necessary data. This puts it squarely in contrast to the standard notions of the researcher's disassociated role in the research process and his or her perceived objectivity towards the object being researched and the source of information. Connected to the concerns about the balance of objectivity and subjectivity in research through the intimacy between researcher and interviewee is the problem of replicability of findings which is significant when following the conventional social scientific model of research. Only the privileged researcher who has nurtured the industrial relationships over time will have this level of unparalleled access and consequently is the only one privy to special knowledge. The researcher studying the industrial elites therefore becomes an elite researcher in their own right due to the barriers of access for other, maybe more critical, researchers.

Also, ethical considerations are more pronounced with the use of close dialogues than in-depth interviews as the question about the use of informal information becomes pertinent. When or whether should a through-away comment as a polite precursor to the interview form part of the data and be included in the research? Another problem of using close dialogue is the generalisability of the research findings. This is a dilemma shared with more

conventional types of case study research and depends on the characteristics of the chosen case study.

Close dialogue has been used extensively when interviewing elites to understand a number of industrial issues in recent economic geography, such as in the analysis of M&A (Tickell, 2000), corporate strategy (Schoenberger, 1997; Shackleton, 1998), the global financial system (Clark, 2000), labour markets and gender (McDowell, 1997; McDowell and Court, 1994), retail restructuring (Hughes, 1999; Wrigley, 2000) and transnational firms (Yeung, 2000) just to name a few. In fact, recent and current research on the retailing industry is predominantly based on close dialogue with business elites, as demonstrated by the acknowledgements in Wrigley *et al.* (2005: 453, emphasis added):

‘The authors are grateful for *ongoing* discussions of the global retail industry with analysts at Merrill Lynch, Credit Suisse First Boston, ABN-AMRO and Deutsche Bank and for the opportunity to participate in meetings with the management of the leading firms in the industry organized by those investment banks’.

Returning to Yeung’s (2003) methodological framework, he realises the importance of Clark’s (1998) article in demonstrating economic geographers’ direct engagement with the research subjects via close dialogue. However, Yeung (2003) emphasises that close dialogue is merely a particular research instrument that economic geographers use and posits that a research methodology is needed that links the pertinent issues raised by the new economic geography and concomitant research methods such as close dialogue or a questionnaire survey. The defining feature of the process-based

methodology is its openness to the application of different research methods both qualitative *and* quantitative: ‘... it is open, but not eclectic, because, through triangulation, the framework enables different methodological practices to be deployed to recognize different voices and vocabularies by social actors’ (Yeung, 2003: 457). Table 4.2 demonstrates the relation between the three issues of the new economic geography and their methodological implications for undertaking research on these issues.

Yeung’s (2003) process-based methodological framework (figure 4.1) is based on two methodological foundations: first, the dualism of diverse quantitative and qualitative and primary and secondary data and second, the tracing of constantly shifting and reconfigured networks of social relations. The study of networks necessarily has to be done *in situ* in order to study their sociospatial and temporal context:

‘To unravel this issue [multiple voices and identities of social actors], new economic geographers need to conduct research *in situ* [*sic*] to obtain much richer and intimate understanding of identities and representations of actors within and outside firms, industries, markets and regions’

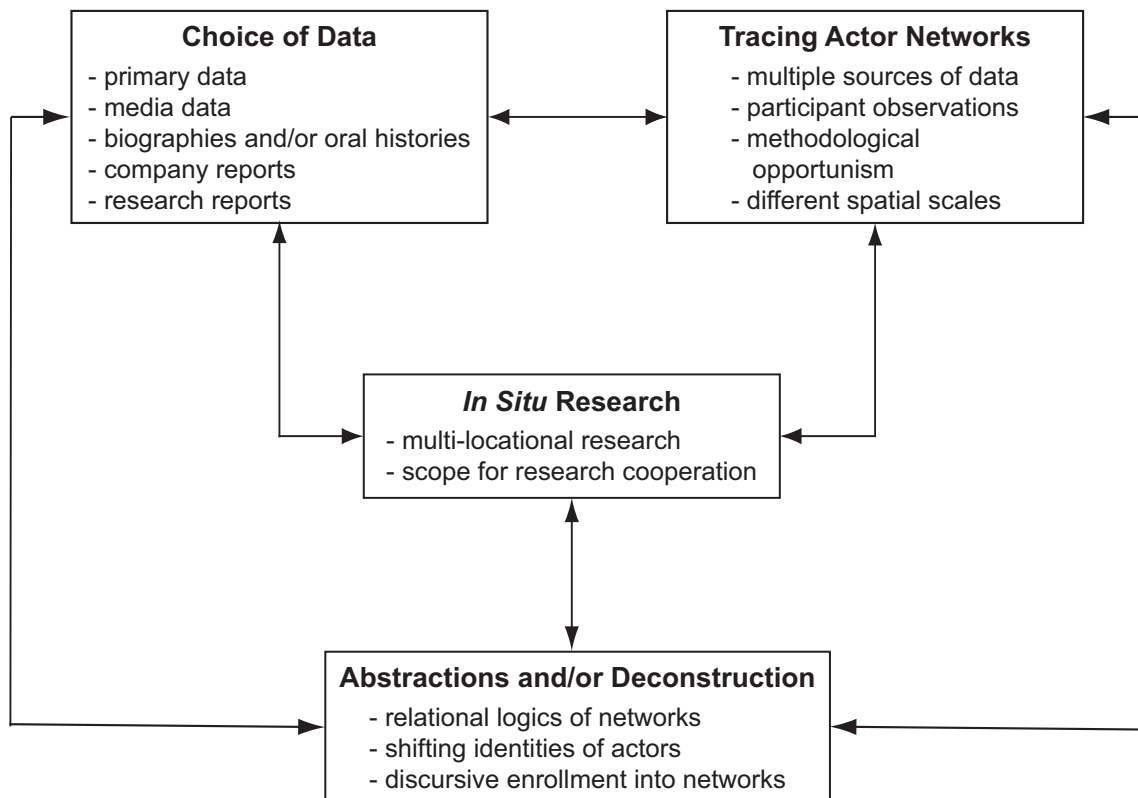
(Yeung, 2003: 451).

Table 4.2 Some research issues and methodological implications for ‘new’ economic geography

Research Issue	Data Requirements	Structures of Research Subjects/Objects	Research Location	Theory Development	Methodological Triangulation
Social embeddedness of economic action	Contextualised quantitative data Locational data Qualitative relational data	Focus on subject-object social and power relationships Unravel spatiality in relationships	Close dialogue to appreciate intangible relationships Reflexivity of diverse research contexts and contingencies Cross-border research collaborations	Contextualised abstractions of causal relationships Theorising relationships in a non-deterministic way	Use of different but complementary methods Triangulation of research results Comprehensive assessment of relationships at different spatial scales
Shifting identities of economic actors	Ethnographic data Textual and visual data Rich and thick in descriptions	Insider-outsider duality Intersubjective and intertextual understanding Search for empirical contingency and heterogeneity	Allow for multiple voices Participation in identity formation and discursive practice	Deconstruct theoretical categories and their underlying power relationships Explore multiplicity of meanings Reconstruct actor-specific relations	Matching textual and experiential data Opportunism in research strategies Question positionality
The role of context in economic behaviour	Quantitative trend data Qualitative descriptive data	Specification of human and non-human actors	Relevance of expert reports	Building contingency into theoretical explanations	Quantitative and qualitative analysis of context

Source: Yeung (2003: 454)

Figure 4.1 A process-based methodological framework for new economic geography



Source: Yeung (2003: 454)

Theoretical insights have then to be deduced from the empirical data collected by the quantitative and/or qualitative methods and the tracing of networks (e.g. via actor or social network analysis). In order to arrive at these theoretical deductions, the data are either submitted to abstraction (the specification of the relationship between the phenomenon and its causal structures), deconstruction (the exposure of socially constructed meanings) and/or reconstruction of theory via different rounds of abstraction/deconstruction. Yeung (2003) argues that this framework produces the micronarratives that make up the pluralist knowledge of what – for new economic geographers – constitutes ‘the economic’.

4.3 Thesis Methodology

The following section will analyse the methods used and their justification in context of the research aim and objectives as specified in the introduction (Chapter One).

4.3.1 Interviewing Corporate elites

The elite interview has received considerable attention in the 1990s as a research method to acquire 'knowledge' on contemporary socio-economic changes (Schoenberger, 1991; Healy and Rawlinson, 1993; Yeung, 1995). This interest culminated in 1998 and 1999 with the publishing of two special issues of *Environment and Planning A* (Hughes and Cormode, 1998) and *Geoforum* (Cormode and Hughes, 1999) concerned with elites as sources of information:

'it is ... clear that powerful groups of people in influential institutions and organisations are often key research subjects in studies which aim to engage critically with the changing character of cultural, economic and political worlds'

(Hughes and Cormode, 1998: 2098).

More recently, this particular methodological challenge of 'researching up' has received less attention with the exception of Desmond's (2004) intervention on undertaking research on a multi-dimensional sector (the biotechnology industry) in a period of change. A possible explanation for the relative dearth of published works on methodological challenges in general and, more specifically, on corporate elites, might lie in the stigma attached to unsuccessful attempts at gathering empirical data. The silences, however, are not limited to 'failed' research but extend to most academic articles: '... published articles are often

long in their theoretical constructs and empirical findings, but short in their methodological discussions' (Yeung, 1995: 313).

However, the general conclusions of all these contributions acknowledge the inevitability of adapting the research process when studying or interviewing elites compared to non-elites. An early discussion between Schoenberger (1991, 1992) and McDowell (1992b) of the positionality of researchers in corporate interviews centred around the influence of gender in interview situations and the relationships between interviewee and researcher. Schoenberger (1992: 216-217) relativises this questioning of the validity of knowledge gained from corporate interviews and adopts a pragmatic view of the necessity for gathering empirical data from a range of different sources:

'Not having access to all relevant information and not knowing with certainty what kinds of information one is missing, are problems common, I think, to all forms of research. My sense is that different methods tend to miss different things and this is why access to a range of strategies is useful'.

Despite this practical reply, the question of positionality, reflexivity and the role of the researcher are still central to the discussions surrounding in-depth interviews or close dialogue (see for instance Rose, 1997) and inform research design and interpretation.

The interview and especially the close dialogue as advanced by Clark (1998) 'should be conceptualised as *communicative events* in which interviewers and respondents are engaged in active interaction and exchange of information

through various communicative channels and codes' (Yeung, 1995: 322; emphasis original). Because the researcher is an active participant in this communicative event, '... there are real dangers that are inherent in our [the researcher's] own position within the powerful institutions of knowledge production' (McDowell, 1992a: 413). This caution by McDowell (1992a) urges researchers to position themselves in relation to their research subjects, as the researcher's gender, class, sexuality, age, status and national and racial attributes not only influence the researcher's interpretation of empirical data, but these characteristics also influence the relationship with the interviewee and result in a particular set of partial knowledge being transferred in the interview process. Desmond (2004: 263) broadly speaks of relational research findings, as '... the results have meaning when considered in relation to the many others, places and times implicated in this process such as the researched, the academy, the researcher and, in my own case, the PhD thesis'.

Despite the valid points made above, there is the risk of overemphasising these debates to the point where they fail to inform methodological approaches and research methodology. Rose (1997: 318) in her article on situated knowledge, questions the usefulness of 'transparent reflexivity' in research:

'... assuming that self and context are, even if in principle only, transparently understandable seems to me to be demanding an analytical certainty that is as insidious as the universalizing certainty that so many feminists have critiqued'.

Clark (1998: 73-74) similarly – albeit rather more bluntly – argues '... that many researchers are too idealistic about the possibility of truth in the social

sciences'. As Yeung (2003) and Thrift and Olds (1996) maintain, new economic geographers are conscious of multiple storylines within and surrounding 'the economic'. Situated knowledge and the positionality of the researcher and the interviewee will therefore only be discussed if this is pertinent to the methodology of this thesis.

As Clark (1998) emphasises in his realist endorsement of close dialogue, the aim of the new economic geography lies in unveiling the embedded context of the research object (in this particular case the vertically integrated tourism corporations) avoiding the stylised facts of the underlying theoretical approaches. Hughes and Cormode (1998: 2098) argue that when researching geographical transformations '... it is important to know more about and critically engage with, the people who are most influential in shaping these processes, along with those affected by them'. This poses the question of identifying and locating these 'people', before even considering the problems associated with gaining access.

Despite the emergence of interest in researching elites in the 1990s, Woods (1998: 2101) laments the loose conceptual theorisation of what groups and/or individuals constitute as being 'elite':

'Compared with other terms of social categorisation – class, race, ethnicity, gender and community – "elite" remains remarkably unproblematised, employed largely as a short-hand term for those actors who are in some way perceived to be more powerful or more privileged than some undefined other group, but without any substantive conceptual depth'.

He suggests three defining characteristics of elites: first, an elite has special or privileged access to specific resources, which can be mobilised when called for by means of using power or influence; second, the members of this elite are connected via a – sometime exclusive – network of social and/or professional relations, which are performed in specific and restricted places and spaces; third, the concept of elites is socially and discursively constructed, so that someone (either from outside or within the said elite) has to ‘elevate’ a group of people or individuals to ‘elite’ status. Especially because of the excluding performance of social relations and practices in restricted places and spaces (e.g., golf or country clubs), Woods (1998) calls for a more differentiated concept of the elite.

Parry (1998), in contrast, is concerned with a precise definition of ‘the corporate elite’. Her research into global elite networks controlling the trade in samples of genetic material demonstrates that the processes of interest to the researcher might be ‘... controlled not by conventional corporate elites but rather by constellations of disparate, but highly influential, actors linked together to form what might be termed hybridised and largely invisible “elite networks”’ (Parry, 1998: 2160). Parry (1998) therefore distinguishes between corporate elites, individual actors that exercise direct control over the process of interest and institutional elites, which hold authority within an organisation (such as a person in a senior position) but not necessarily over the study object or process. While corporate elites are often simultaneously institutional elites, the reverse is not necessarily the case. This poses a number of questions for the researcher. First, how do you identify and find the corporate elite? How are researchers

supposed to know in advance who belongs to the truly corporate elite? Second, if at all, where should the boundary between the two groups be drawn?

The nature of the research question for this thesis implies that elites within the transnational tourism corporations are located in networks across organisations (e.g., subsidiaries and regulatory institutions) and space. Wenger and Snyder (2000: 140), for instance, highlight a new organizational form: communities of practice, which are associations of people linked by shared expertise and practices: 'Communities of practice are as diverse as the situations that give rise to them ... A community of practice can exist entirely within a business unit or stretch across divisional boundaries'. Company boundaries and location are therefore not helpful in defining the limits of the network, rather '[e]lite networks are almost by definition decentred and rhizomic, they do not have any central organiser or collective decisionmaking structure and as such may lack any identity as an elite' (Woods, 1998: 2112). This view, however, is contested, as corporations may provide a strong focal point for business networks. While the transnational tourism corporation (i.e. the parent company) provides the centre of research for this thesis, the networks of interest are located across the firm divide and

'... although each individual would characterise himself or herself as holding an elite position within their particular agency, most are only now becoming aware of the fact that they constitute part of a wider elite of decision makers who together control the terms and conditions of exchange'

(Parry, 1998: 2151).

The industry-wide network of elite decision-makers is not relevant to this research, but rather the network within and between specific firms and destinations. It is therefore necessary to firmly situate research *in situ* as suggested by Yeung (2003) for 'doing' research in the new economic geography. He sees this context-specific research as the main distinction between neoclassical and new economic geography:

'Whereas the former [neoclassical economic geographers] tend to rely on stylized facts and modelling to approximate the real world, the latter [new economic geographers] appreciate and unravel the complexities of economic landscapes through direct and intimate research into the firms, industries and markets concerned'

(Yeung, 2003: 451).

'Being there' can also offer the opportunity to gather more reliable data through direct observation and more valid data as *in situ* research enables the researcher to gather insights into the details of economic processes and experience the behaviour of social actors and the social relations between them. The closeness of the researcher to the research subject gained in successful *in situ* research also presents more scope for reflexivity on the role of the researcher in the research process and ultimately in the construction of knowledge.

Research *in situ* also requires the use of case studies as it implies the choice of sites for research. Yin (2003: 2) gives a detailed account of case study research and emphasises its role in 'retain[ing] the holistic and meaningful characteristics of real-life events – such as individual life cycles, organizational and managerial

processes, neighbourhood change, international relations and the maturation of industries'. Case study research is characterised as a research method for gathering empirical data of a contemporary process within its real-life context, especially in situations when '... the boundaries between phenomenon and context are not clearly evident' (Yin, 2003: 13). It offers many more variables for analysis than data points in a survey for instance and relies on a variety of different data sources that are triangulated to provide the basis for the generation of theoretical insights (Yeung, 1995, 2003). As the general aim of this thesis – to analyse the place-specific embeddedness of large integrated tourism corporations in context of contemporary internationalisation trends in the tourism production system – provides such an ambiguous relationship between phenomenon and context in terms of the spatial scales of internationalisation, it requires the use of the case study method at two 'sites' of investigation: the firm and the location. The use of corporate case studies offers the opportunity to demonstrate the diverse internationalisation and growth strategies adopted by transnational, integrated tourism corporations in terms of targets for M&A (vertical or horizontal integration), spatial distribution and new market entries. As demonstrated in Chapter Five, the spatial expansion of these corporations displays marked differences between countries and regions, arguably with different implications for corporate and regulatory network relationships. Apart from acknowledging that firms are embedded in the political economy of the global production system, the 'new' economic geography recognises that these firms are also embedded in local networks of social, institutional and business relationships. Place is therefore a critical site of analysis for the study of the embeddedness of transnational tourism

corporations. The following section will clarify the process of choosing the relevant case studies.

4.3.2 Corporate Case studies

The European mass tourism sector is dominated (in terms of turnover, but see Chapter Five for a closer analysis) by six vertically integrated tourism corporations, which originally emerged from Germany, Switzerland and the UK: First Choice, Kuoni, MyTravel, Rewe, Thomas Cook and TUI (FVW International, 2005). As set out in the introduction of this thesis, a switch from analysing tour operators to the analysis of integrated tourism corporations is necessary with the restructuring of the tourism production system *via* increasing vertical integration (Theuvsen, 2004). Due to the international nature of mass tourism, these integrated firms are operating beyond national borders and have also acquired or established subsidiaries in new markets or destinations. They are therefore deemed to be transnational in nature. The reason for limiting the analysis to these six transnational, integrated tourism corporations was due to the fact that these six are the tourism corporations with the highest turnover in Europe (FVW International, 2005) and their evolution from leading tour operators to become transnational, integrated tourism corporations through horizontal and following vertical integration (Gómez and Sinclair, 1991; Renshaw, 1994; Theuvsen, 2004). Other European tourism corporations, such as Grupo Iberostar, Club Med and Hotelplan, are primarily hotel companies with limited vertical integration (FVW, 2005).

The first step in the research process was to gain official permission from the headquarters to use the specific firm as a case study. Introductory letters were

sent to the communication managers or comparable positions in the corporation to solicit cooperation. How researchers are perceived by their research subjects is of utmost importance, as how '... individuals represent themselves can make the difference between being granted an interview or not' (Mullings, 1999: 340). It is therefore imperative to convey a good impression with the first contact. In the context of accessing corporate elites it is essential that the introductory letter suggest a sense of professionalism on the part of the researcher and offer an adequate representation of the research project. Since the introductory letter represents the first step in the actual research process, it is likely that the details of the project are yet to be clarified in the researcher's mind. However, it is essential to provide the potential interviewee or the initial contact in the organisation with a confident and appropriate overview of the research aims and objectives.

The introductory letters (see Appendix 1) sent to the communications managers of the six leading integrated tourism corporations were printed on University of Exeter headed paper in order to imply the researcher's 'official' status within the university. However, the author's position as a PhD candidate in the Department of Geography was noted in the footer of the letter in order not to deceive the initial contact persons. Despite the use of the University of Exeter heading for the introductory letter, this headed paper will not have had the same connotation as Parry's (1998: 2155) use of the University of Cambridge notepaper; which 'confirm[ed] their perception of me [Parry] as part of some brethren of elite groups'. The support from the ESRC was mentioned in the introductory letter in order to portray the author as a professional and accomplished researcher. Some researchers, such as McDowell (1998: 2136)

have pointed to the usefulness of a University's reputation and contacts (here again, the University of Cambridge) for using – sometimes reluctant – gatekeepers to access interviewees: '... I [McDowell] shamelessly used college connections to target members of the elite on the boards of banks to pull strings to get us in'. However, this was not possible due to a lack of contacts to the relevant networks within the tourism production system.

As mentioned earlier, the representation of the research project is vital in capturing the interest of the initial contact and in being granted an interview. A balancing act on the part of the researcher is required in order to divulge sufficient information for the elite to be interested in, without feeling threatened by, the research project. This is particularly challenging for critical geographers undertaking research in the business world. McDowell (1998: 2137), for instance, 'confesses' to desensitising her explanation of the intended research project: '... there is always room for a particular gloss on a project'. In her research on gender issues in the city of London (McDowell, 1997), she chose to focus on skilled labour power and the retention of human capital in relation to gender in her introductory letter, rather than asking corporate elites for interviews on women's oppression or sexual harassment in the workplace (McDowell, 1998). This raises ethical issues of misleading the respondent; however, it was felt that this initial desensitisation was necessary in order to gain cooperation from the corporations.

The strategy of cautiously presenting the research aim was employed for this study, as the research was framed under the general heading of 'globalisation of tourism' and interview topics were given as 'company's organisational

structure, its inter-, intra- and extra-firm networks, decision-making, responses to regulation and company links to the Caribbean'. The true aim of analysing the embeddedness of transnational tourism corporations in a case study destination was therefore desensitised, as this would have been perceived as a threat due to the extensive critique of transnational corporations (regardless of industry or sector) by the public.

A good introduction letter also needs to highlight the benefits for the research participants or respondents. Following McDowell (1998: 2137) in her view on the need to be '... democratic and to participate in the open exchange of ideas and information' and also to provide the targeted tourism corporations with an incentive to participate in the research project, certain concessions were made in terms of control over the research process, such as that the choice of interviewees and interview topics would be agreed upon in advance and that the corporation's right to protect commercially sensitive data would be respected. Corporations were also offered a final report of the findings, in order to convince the contact person of the value of the research for the corporation. It is important to understand the importance that rests in the introductory letter as it represents the only chance to convey the importance of the research and the excitement and enthusiasm that the researcher has for the project.

'Given the strict security and time constraints that most elites operate under, researchers often find themselves with only a brief window of opportunity to convince those from whom they seek information that such an endeavour is worthwhile' (Mullings, 1998: 339).

An interesting and motivating introductory letter coupled with follow-up phone calls and emails are thus imperative for achieving successful access to corporate elites. Email addresses for the initial contact person could often be deducted from the general email links presented on corporate website and usually comes in one of two formats: `firstname.lastname@companyname.com` or `lastname@company.com`. So, despite the lack of any sort of influence on the part of the author to gain access to industry gatekeepers and despite the existence of a certain disdain for university education in the tourism industry, the Director of Internal Communications at MyTravel plc showed interest to the point that a draft contract outlining the terms of cooperation between the author and MyTravel plc was set up. However, due to the financial difficulties that MyTravel was experiencing since 2000, the Director of Internal Communications who was championing the research partnership left the company and the burgeoning relationship was cut short, as the person taking on the responsibilities of the author's previous contact did not have the time, interest and/or enthusiasm to take any part in the research project. 'However, with my impending departure, I'm not sure [my successor] would have the resource to give the same amount of time and cooperation [to the research]' (then Director of Internal Communications for MyTravel, pers. comm., 2004).

After the initial 'call for participation' generated no positive responses, the second phase of gaining access was launched. Industry conferences and workshops can provide the necessary networking opportunity with the corporate elite. However, the exorbitant cost of these networking events for the great and powerful usually discourage attendance by academics and especially PhD students unless one is prepared to volunteer as helper during the conference.

One conference and one workshop were identified in 2004 as potentially useful, because of the speakers that would be attending. For instance, the list of speakers for the European Travel Distribution Summit 2004 organised in London by Eyefortravel, an online publisher focussing on distribution, marketing and technology developments in the travel and tourism industries, featured 71 speakers from the tourism industry. This annual conference aims to provide attendees ‘... with information, advice and knowledge ... to succeed in the travel industry, as well as the chance to network with peers and colleagues’ (Eyefortravel, 2004: 3) and it was identified by the author as potentially providing an opportunity to meet initial gatekeepers.

Two speakers were singled out as being potential and appropriate initial gatekeepers into their respective companies: the Corporate Director of Strategy at TUI and the Head of Revenue Management Development at Thomas Cook. Although it could be argued that the position of Head of Revenue Management Development does not seem pertinent to the research project, the fact that he was speaking in a session entitled ‘Tour Operators and Integrated Travel Companies’ suggested that he might be a suitable candidate. However, he informed me immediately that due to financial pressure he did not see any hope in seeking cooperation with Thomas Cook and declined the request of identifying suitable interviewees or gatekeepers in the organisation. The Corporate Director of Strategy for TUI granted me a five minute ‘audience’ in which the author had to succinctly put the main points of the research project across and solicit cooperation. The immediate response of ‘Ok, what’s in it for us?’ demonstrates the point made above on the necessity of providing an incentive for corporations to take part in research projects. Although showing

some initial interest, TUI also declined after some discussion about the location of the case study (Canary Islands, Cape Verde and Cuba were all mentioned as possibilities) due to the lack of resources on their side.

The second event that was chosen in order to gain access to corporate elites in the tourism sector was a workshop on corporate social responsibility in tourism entitled 'Running a Responsible Tourism Business: Building on Good Practice' organised by the charity Tourism Concern in cooperation with the Department for Culture, Media and Sport and UK Trade and Investment. The speakers of interest included the Sustainable Tourism Manager for First Choice and the then Managing Director of First Choice Holidays and Flights. The relaxed atmosphere provided by the small group workshop offered a perfect opportunity to approach these two potential gatekeepers, but after a number of phone calls and discussions First Choice also declined to cooperate with the author on this research project.

As all avenues to solicit a corporate partnership had failed, it was decided to identify the networks via an *in situ* bottom-up approach. The following section will explain the reasoning behind the choice of case study for the alternative bottom-up approach.

4.3.3 Destination case study

In order to analyse the embeddedness of transnational tourism corporations in extra-firm, including institutional and social, networks it is necessary to go beyond an analysis of trade relations as presented by Buhalis (2000) and Bastakis *et al.* (2004) between hoteliers and tour operators in the

Mediterranean. Instead, the novel aspect of this thesis for tourism research is based on the analysis of *integrated* tourism corporations, firms with subsidiaries in a number of countries and the embeddedness of these corporations within local firm and institutional networks. In order to satisfy objectives three and four, one of the characteristics of the locational case study had to be the existence of foreign direct investment of the six tourism corporations. This operational (not merely financial) interest of the corporations in the case study region is the focus of attention for the analysis of networks.

In addition to the analysis of the structural network characteristics it is also necessary to hold in-depth interviews in order to provide details of the processes involved within the network (Uzzi, 1996). It was therefore essential for the author to have a good grasp of the language, as the use of an interpreter deemed to add more difficulties to the research process (see Edwards, 1998 for a discussion).

Apart from the level of ownership and the language requirement, another important factor for choosing the case study are the existence scales of formal regulation (national, regional, local). Scales of regulation are critical for objective four as firms are embedded in specific local/regional social relations (between organisations, institutions or individuals). Further considerations were the perceived ease of accessing information, the size of the case study and the estimated cost of undertaking research.

A number of popular mass tourism destinations satisfy this requirement. However, as the case study for the precursor to this project (see Mosedale,

2006) was the island of St. Lucia in the Caribbean, it was initially considered to also situate this project in the insular Caribbean in order to be able to draw comparisons between the two cases. The Dominican Republic with its mass tourism development and dependence on European tourists appeared to be an appropriate case study. Padilla and McElroy (2005) state that after a rapid expansion of tourism in the 1990s, the Dominican Republic accounted for approximately 17% of Caribbean tourists and contained 25% of all rooms of the Caribbean in 2000. Europe is also a major source market for the Dominican Republic constituting 46% of total visitors in 1999 (Crespo and Suddaby, 2000). European tourism corporations thus have a vested interest in the Dominican Republic as a major destination for European sun, sand and sea tourists (FVW, 2003).

However, upon closer examination, it was established that the level of foreign direct investment of European tourism corporations in the Caribbean region in general was low compared to other possible case study areas (only 33 hotels across the entire Caribbean region). Due to the lack of cooperation from the headquarters of the corporations and the resulting switch to a bottom-up approach, it was deemed imperative that the chosen case study contain a large number of FDI in order to improve the chances of successful access. A thorough analysis of the maps locating the shareholding of the integrated corporations (see Chapter Five), illustrated that the majority of shareholdings (hotels, destination agencies and other services) were located in Spain and after closer examination, Mallorca was identified as the headquarter of four hotel groups (Grupotel, Hotetur, Iberostar and Riu) with close ties to integrated tourism corporations and large numbers of foreign direct investment by these

tourism corporations (138 firms across four corporations, see table 4.3). This investment in Mallorca represents approximately four times the foreign direct investment of these corporations in the Caribbean.

Although a sufficiently high number of foreign direct investment was the main requirement of the locational case study, there were further conditions that needed to be met and a cost-benefit analysis was undertaken in order to determine the ideal case study. As the conditions for the case study varied in importance, a weighting scheme was devised to reflect the importance attributed to these characteristics. The level of foreign direct investment was deemed most important and received a possible eight points, scales of regulation could earn six points, the ease of getting access to information four points, the amount of previous academic interest (the less interest the better) warranted a possible three points, whereas language, size of region and cost each had a maximum of one point. The author then awarded the possible case study locations the appropriate number of points according to this weighting.

The result of the cost-benefit analysis (see table 4.4 for the detailed scoring) suggested that Mallorca would be the ideal case study for conducting the research, mainly due to two factors: the large number of FDI and the perceived easy access to information via pre-existing connections with the local University (Universitat de les Illes Balears).

Table 4.3 FDI involvement of integrated Tourism Groups in Mallorca

	MyTravel	TUI	Thomas Cook	First Choice	Kuoni	Rewe
Hotels	Hotetur (33) Airtours Resort Mallorca (1)	Grupotel (34) Promotel Int. (4) RIU Hotels (16)	Iberostar (18) Others (2)	Meon Villas (25)	-	-
Destination Agencies	-	TUI España	Viajes Iberoservice (1)	-	-	-
Car rental agencies	-	TUI Cars	-	-	-	-

Source: company information

Table 4.4 Cost-benefit analysis of case study location

	Balearics	Canary Islands	Caribbean
Language	Yes (1)	Yes (1)	Yes (1)
Cost	Cheap (1)	Cheap (1)	Middle (1)
Access to Information (statistics etc.)	Very good through contacts (4)	? (0)	Good (2)
Academic Interest	Ok (1)	High (3)	High (3)
Foreign Direct Investment	Highest (8) 133 Hotels, 4 companies	Ok (6) 67 Hotels, 4 companies	Poor (4) 33 Hotels, 3 companies in whole of the region
Scales of regulation	Local, regional, national and European (6)	local, regional, national and European (6)	local, national (2)
Size of Country/Region (ease of researching embeddedness)	Small (1)	Small (1)	Smallish (1)
Score	21	18	14

Possible points

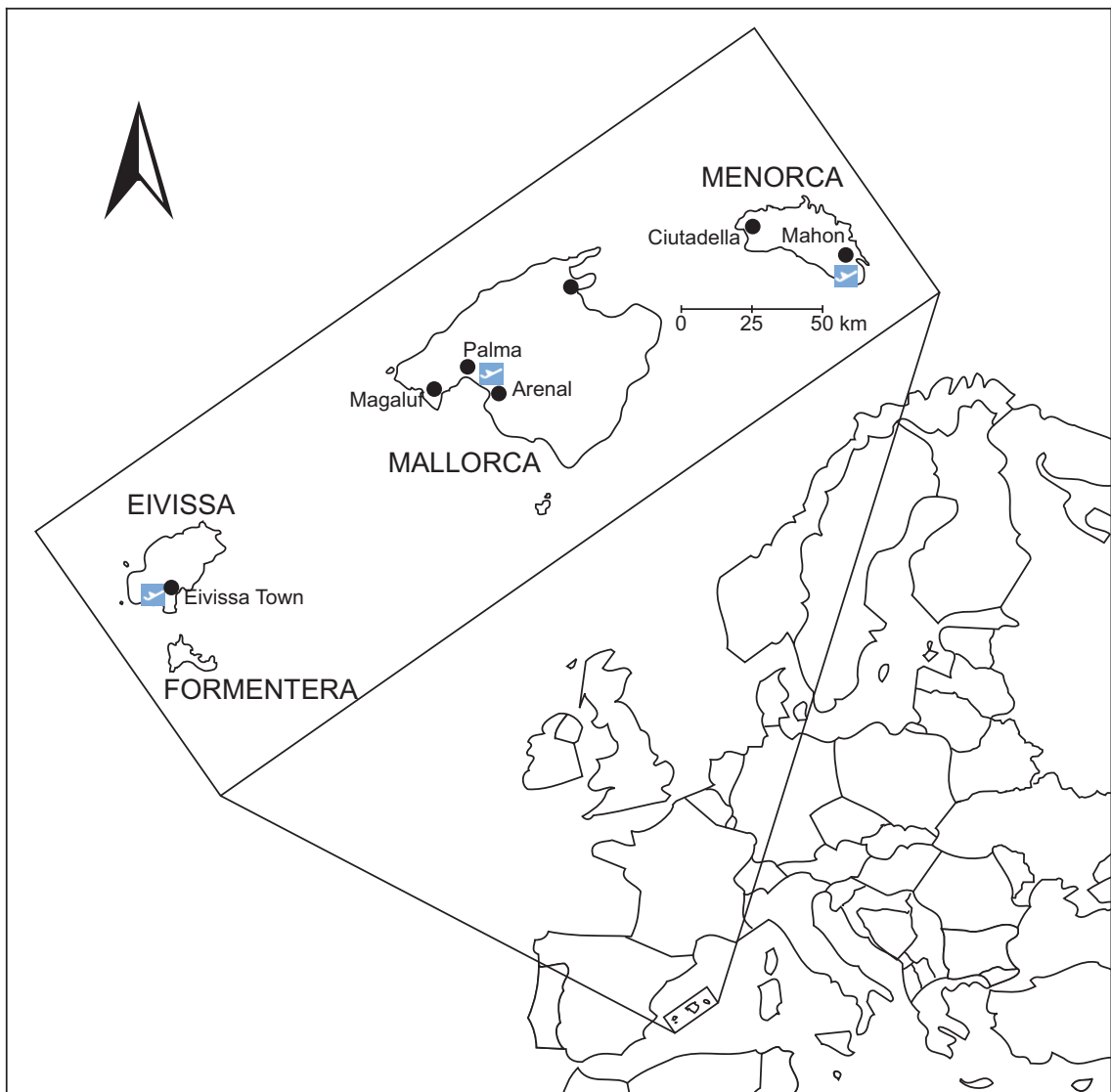
Foreign Direct Investment	8
Scales of Regulation	6
Access to information	4
Academic Interest	3
Language	1
Size	1
Cost	1

Source: author

4.3.4 Mallorca as case study location

Mallorca is the largest island of the Balearics or the Balearic archipelago, which is situated in the western Mediterranean between 50-190 miles east of the Spanish mainland. The four larger islands of the Balearics are Mallorca, Menorca and Eivissa (Ibiza) and Formentera, they represent a land area of 5,014 km² and a coastline of 1,240 km (see figure 4.2 for a map of Mallorca and its location within Europe).

Figure 4.2 Map of Mallorca and the Balearic Islands



Source: author

Knafou (1991: 144, translation by the author) considers Mallorca as an ideal case study for mass tourism as tourism to the island also encompasses all other types of tourism: 'In Mallorca all types of tourism, tourists and landscapes coexist along its coast'. Due to its long experience in providing and developing mass tourism – Mallorca is deemed to be one of the first mass tourism destinations in the Mediterranean – Morgan (1991: 15) confers a special indicator status on Mallorca: 'The response of the island's tourism industry to the current changes [a general decline of tourist numbers to European 3S destinations] in the holiday market has therefore more than just local significance'. Similarly, Barceló-Pons and Frontera-Pascual (2000) regard the Balearics as an ideal example of the regional transformation of economic and social structures due to tourism development.

The Balearics and especially Mallorca, have seen an extensive development of tourism since the 1960s both in terms of scale and in speed of the development (see figure 4.3), with its associated impacts on the natural environment, the economy and the local culture. Salvà-Tomàs (2002), for instance, discusses the transformation of the Balearic society from rural-agrarian to an urban, service-based society characterised by high levels of mobility. This transformation is the result of an increasing influx of immigrants due to the labour demands of the tourism sector, which are fuelled by the pace of tourism development. Tourism has now become the prime source of income in the Balearic Islands (Salvà-Tomàs, 2000).

Although the development of tourism in the Balearic Islands has been based on the fordist mode of production of mass tourism since the 1960s, several stages

have been identified in the development process (Salvà-Tomàs, 2001). The period between 1900 and 1936 is characterised as the phase of elite tourism as initial tourists to Mallorca were elites from the mainland. This resulted in the construction of luxurious accommodation and the creation of the *Foment del Turisme de Mallorca* in 1905. The *foment* was set up by a group of local leaders primarily to study and use general resources benefiting the prosperity of the Balearics and specifically to encourage tourists to visit the Balearics (Serra-Busquets and Company-Mates, 2000). Despite the early promotion of the Balearic Islands, tourism development was paralysed during the Spanish Civil War (1936-1941) and WWII (1941-1945).

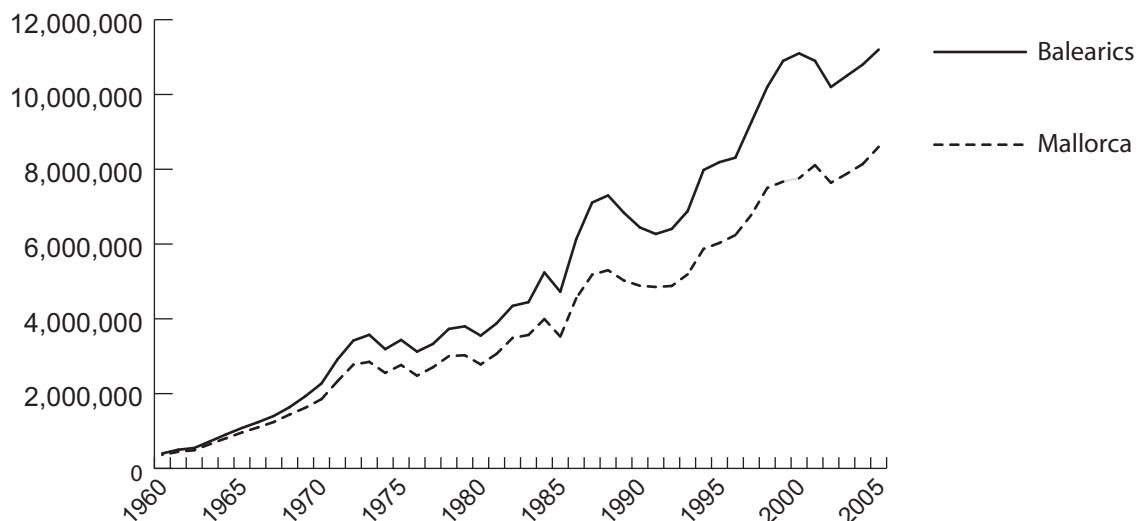
The period between 1946 and 1959 was a transition period in which tourism to the Balearics shifted from elite tourism to the onset of mass tourism. Following the two wars, tourism in the Balearic Islands was composed of Spanish tourists, which had been attracted to the islands via the 'Honeymoon in Mallorca' campaign. This initiated the transformation process from individual tourism to mass tourism and tourist activity began to be concentrated on a number of Mallorcan tourist resorts that had already been popular during the pre-war period.

The adoption of mass tourism really accelerated tourism development in the Balearic Islands and especially in Mallorca during the 1960s. The large increase of tourist arrivals (see figure 4.3) in that period was facilitated by a number of political changes: the Plan of Economic Stabilisation implemented in 1959 allowed easier currency exchanges; initiated external relations and facilitated the visa application for foreigners.

This rapid increase of tourist arrivals is exemplified by the growth in Mallorca from 361,000 tourists in 1960 to 2,849,632 in 1973, with annual changes of up to 30%. Associated with this increase was a rise in the accommodation capacity of 780 hotels and 38,512 beds in 1960 to a figure of 1,484 hotels and 164,106 beds in a three-year period (Barceló-Pons and Frontera-Pascual, 2000). Salvà-Tomás (2001) contends that a number of changes in demand and transport were the reason behind this dramatic increase:

- the importance of domestic (mainland) tourists declined in favour of international tourists;
- the launch of charter flights marks the dominance of air over sea transport (a newly built airport saw passengers rise from 638,419 in 1960 to 7,096,716 in 1973) and

Figure 4.3 Tourist arrivals to the Balearic Islands and Mallorca, 1960-2005



Source: Mairata *et al.* (1994); Inestur (1998-2005)

- tourism demand shifts to 3S (sun, sand and sea) tourism, which leads to increased littoralisation due to cheap and fast construction to keep up with the tourist boost (see increase of hotel capacity above).

The continued increase of tourist numbers in the period 1968-1973 resulted in an unhindered construction boom due to a lack of urban planning restrictions (Salvà-Tomàs, 2001). The importance of the construction sector to the Balearic economy has, on the one hand, been due to the expansion and creation of new tourism facilities and on the other hand because of an increasing housing demand from immigrants for tourism labour. The construction boom has also benefited associated activities or services, such as the cement industry, general construction materials etc. Tourism, during the period, directly contributed 23% of the Gross Regional Product of the Balearic Islands, resulting in a decline of the primary sector (Salvà-Tomàs, 2001). The phase between 1973 and 1977 is characterised by a number of crises. The first petroleum crisis of 1973 resulted in a serious economic crisis in industrialised nations with the consequence that tourist numbers visiting Mallorca decreased by 13% between 1973 and 1976 (Barceló-Pons and Frontera-Pascual, 2000). Mallorca (in terms of tourist numbers) only recovered from this crisis in 1978 when tourist arrivals exceeded 1973 levels for the first time (Salvà-Tomàs, 2001). Then, in 1980, Mallorca and the Balearic Islands experienced the consequences of the world economic crisis induced by the second energy crisis of 1979. These crises years for the tourism sector generated the first critical debates on the role of tourism in the Balearics (Salvà-Tomàs, 2001), as the euphoria of the 1960s was replaced with disillusionment and general reflection. This debate coincided with the political transformations following Franco's death in 1975, including the establishment of

the Balearic autonomous region (see Pearce (1997) for a discussion of the impacts of these institutional changes on tourism development).

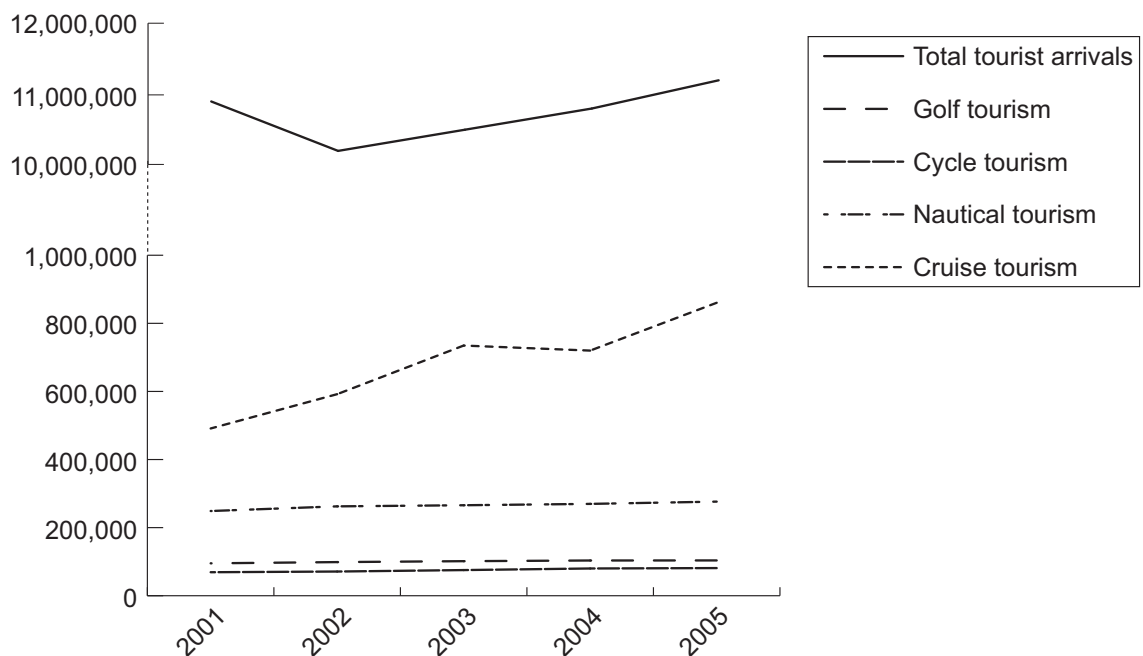
Although Balearic tourism undergoes a cyclical recovery between 1981 and 1988, despite a dip in 1985 due to a decrease in the British market, this stage is characterised by increasing competition among Mediterranean destinations. International tourism represents 87.4% of the total with a concentration on British and German tourists (28.9% and 25.8% respectively).

Following the decline in tourism numbers due to the Gulf Crisis, the Balearics and especially Mallorca entered a stage of realisation of their economic dependence on tourism in general and the German and British markets in particular, coupled with an increasing awareness of the environmental impact of tourism development. As Bull (1997: 138) points out, '... the Balearic Islands have become structurally embedded in an economic and spatial core-periphery relationship, pandering to the holiday desires of the urban populations of northern Europe'. This debate, which began in 1989, now resulted in a deep engagement and analysis of the tourism impacts, with the aim of regulating the growth of tourism development along sustainable tourism principles (Salvà-Tomàs, 2001). Examples include the *Llei de Costes* (Coast law) of 1988, which put in place a moratorium on coastal development and the *Llei General turística de les Illes Balears* (General Tourism Law of the Balearic Islands). However, these measures were ultimately a strategy to shift from traditional mass tourism to a higher quality type of mass tourism (increased length of stay and tourist spending). Recently, the Government of the Balearic Islands has also focused on the strategy of diversifying the tourism product by promoting agritourism,

cycle tourism and golf tourism (Salvà-Tomàs, 2000). As illustrated by figure 4.4, the effectiveness of these alternative tourism products to lessen the dependency on mass tourism, however, is still limited, although they might decrease the marked effects of seasonality by promoting the shoulder season.

The dependence on the German and British market was clearly illustrated during the economic downturns suffered in northern Europe, as the Balearics had to adjust their tourism product in order to reduce costs and lower prices (Bull, 1997). Following the 1973 Oil Crisis, for instance, the Mallorcan hotel industry was restructured into larger hotel groups in order to improve efficiency and ultimately reduce costs.

Figure 4.4 Tourist numbers for various tourism products in the Balearics, 2001-2005

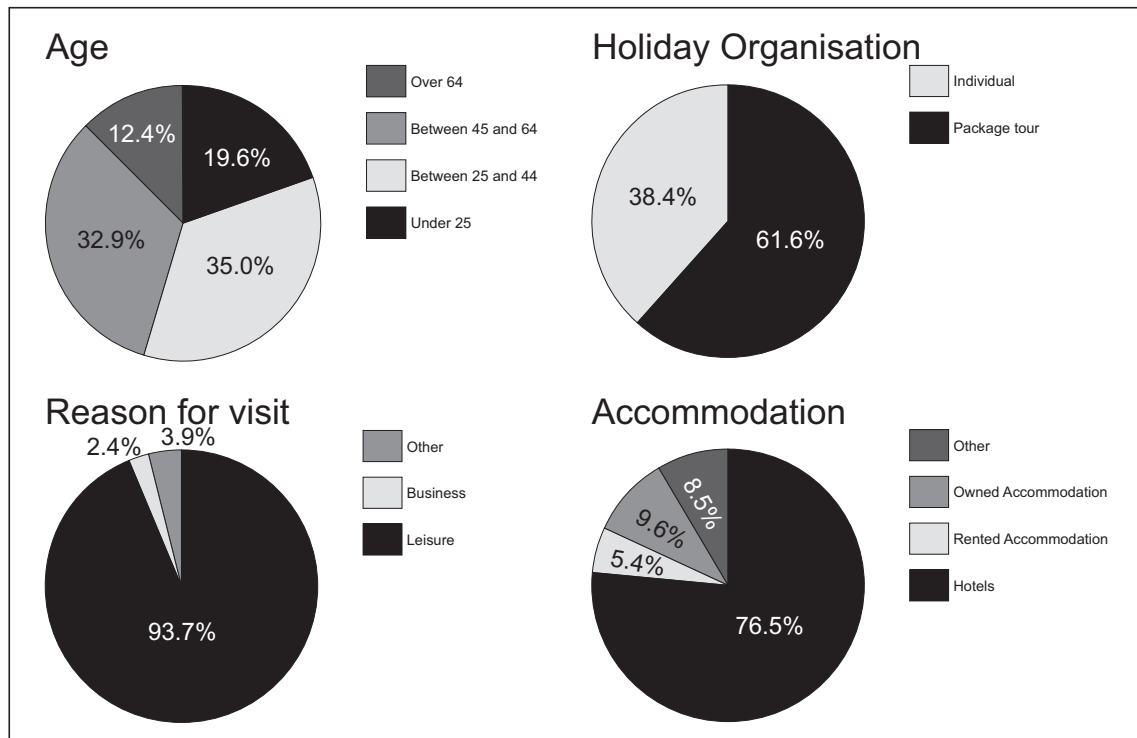


Source: Inestur (2006)

Other important aspects of market dependence are the consequences for tourism development resulting from the tourist profile (see figures 4.5 and 4.6). Britain and Germany are by far the largest markets for the Balearics, providing 63.4% of all tourists (29.8% and 33.6% respectively) (INESTUR, 2006). The majority are between 35 and 44 years of age and travel to the Balearics on a package tour (61.6% of German and 58.0% of British tourists) (INESTUR, 2006). It is hence tour operators that channel this large proportion of tourists to the Balearics. Due to this marked dependence on the German and British market and the restructuring of the tourism production system, 70% of all tourists to the Balearics in 2000 came on package tours with TUI, Thomas Cook or MyTravel (Sastre, 2002) (see Chapter Six for a more detailed discussion on the impacts of restructuring).

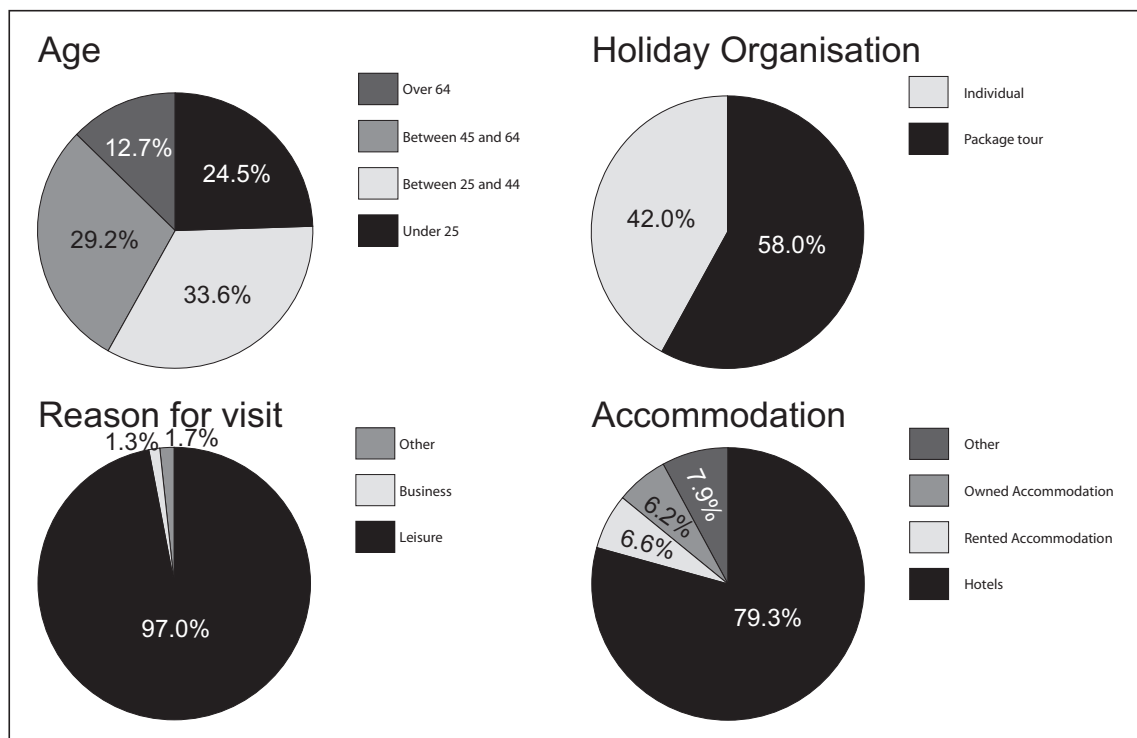
Having elucidated the choice of Mallorca as the destination case study and having provided a brief overview of local tourism development, the discussion will turn to the methodology of gaining access to local and corporate elites.

Figure 4.5 Profile of German tourists to Mallorca, 2005



Source: Inestur (2006)

Figure 4.6 Profile of British tourists to Mallorca, 2005



Source: Inestur (2006)

4.3.5 Accessing elite networks

As demonstrated earlier in the discussion about accessing corporations for participating in the research project, access to corporate elites is the key element to a successful research process, which has to be modified in case access is not granted. This involved adopting a mixed (bottom-up and top-down) approach to accessing the network(s) of interest in the case study region.

As Young (1995: 317, original emphasis) suggests, opportunism plays an important part in the research process and in accessing elites and/or organisations:

‘In general, access to organisations is constrained by the financial background of the research project, the nature of organisations and the role of individuals and “gatekeepers” in these organisations. In practice, *opportunism* is often the word of the day in organisational research’.

Although the case study of Mallorca was mainly chosen because of the high number of business interests of vertically integrated tourism corporations on the island, a secondary reason was that one of the author’s supervisors had a key contact at the local university (the Catalan speaking Universitat de les Illes Balears). This contact, a Professor in the Department of Earth Science, has written a number of publications on the connection between mobility, migration and tourism in the Balearic Islands and proved to be key in providing information and introductions to potential gatekeepers into the local tourism industry, thus providing multiple entry points into the networks of interest. Other opportunistic contacts, which resulted from having been provided with a base and office at the Universitat de les Illes Balears, included the Head of the Earth

Science Department and the well-connected Director of the Tourism School at the Universitat de les Illes Balears.

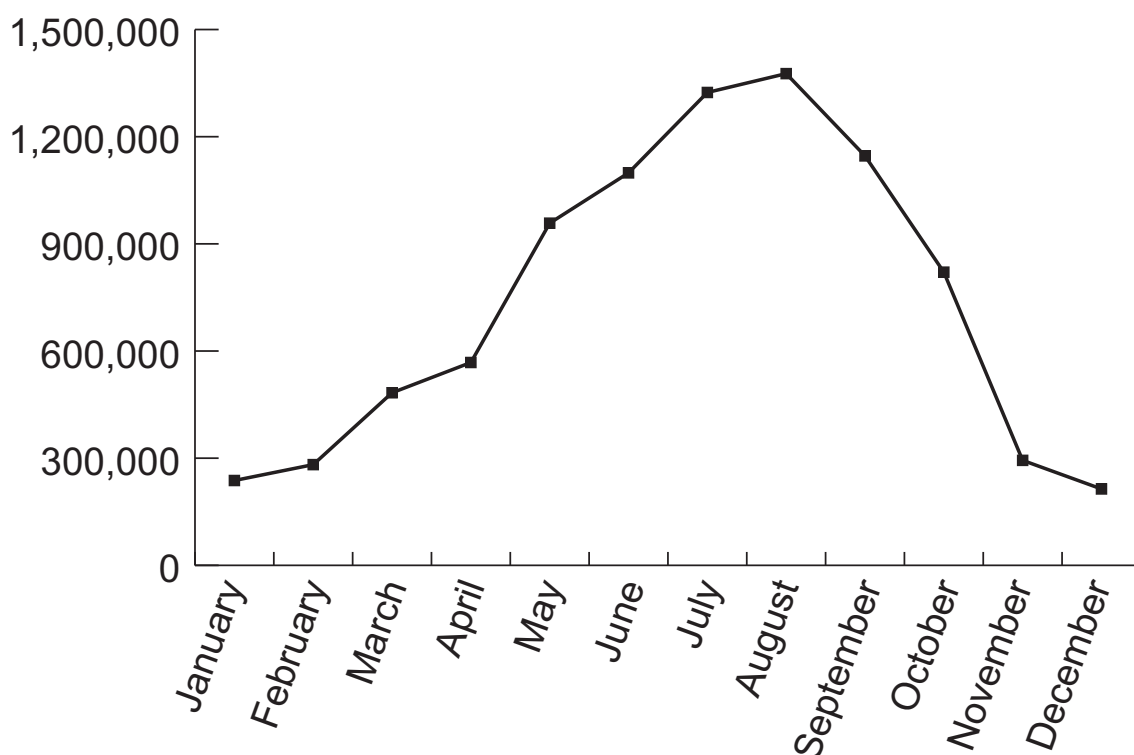
In case the above-mentioned top-down approach did not work, a bottom-up strategy was to be employed, which consisted in contacting and interviewing lower level employees such as managers of hotels, destination agencies and car rental firms. The prime objective of this strategy was not necessarily to gain insights into aspects of the main research question, but rather to gain information on and access to the higher hierarchical level in the firm. To that end, a random sample of five hotels per large hotel company (Grupotel, Hotetur, Iberostar and Riu) was selected for interviewing, each hotel of the smaller hotel companies (<5 hotels) and all the destination-based services (destination agencies, car rental firms, hotel management companies etc.) were targeted. The aim of this bottom-up approach was to gain access to the corporate elite of the parent corporations, so a sample of five hotels was deemed sufficient to identify key respondents and provide access.

Efforts were concentrated on subsidiaries and business interests of MyTravel, Thomas Cook and TUI as these represent the integrated tourism corporations with the most FDI in Mallorca due to their involvement (through capital and integration) with local hotel groups. First Choice, alternatively, represents the involvement of a Mallorcan hotel group in an integrated tourism corporation, as Barceló owns 11.2% of First Choice and Simón Barceló, the CEO of Barceló Corporación Empresarial, is a member of First Choice's Board of Directors as Non-Executive Director. In comparison, Rewe and Kuoni have no FDI involvement in Mallorca.

4.3.6 Researching networks

The *in situ* research in Mallorca was undertaken during a four month period from February to June 2005 (the original time frame was extended for a month due to the lack of access) and the author was generously provided with an office at the Universitat de les Illes Balears with telephone and answer machine, which facilitated organising access. As figure 4.7 illustrates, the time period was chosen so that it overlapped with both the off-season (facilitating access to corporate elites) and the beginning of the high season (for bottom-up access, as some hotels are closed during the off-season).

Figure 4.7 Monthly tourist arrivals in Mallorca, 2005



Source: Inestur (2006)

4.3.6.1 Questionnaire

A combination of questionnaires and interviews was used in order to provide a complete picture of social networks within the firms (e.g. between subsidiaries and parent corporation) as well as between firms and local regulatory institutions. The self-complete questionnaire was faxed a few days before the interview took place and interviewees were asked to complete and return it prior to the interview. This would have enabled me to ask more detailed questions about certain relationships and links to other subsidiaries or to the headquarters of the parent company. The questionnaire also asked respondents to identify the nine most important business contacts – the contact details given would be used in a snowball approach to contact further members of that network.

The questionnaire (see Appendix 2) was designed following the format suggested by Brunt (1997), who recommends a three-part structure. The first part consisted of personal information (name, position and company), whereas the second part formed the main body of the questionnaire with questions on the relationships with the nine most important business contacts. The questionnaire was structured according to a funnel format with general questions at the beginning and specific questions that are pertinent to the research topic at the end of the questionnaire. This order was thought to follow in order to guarantee flow and facilitate the progress of the respondent through the questionnaire (see Sarantakos, 1998). These questions accumulated from all respondents would provide the data for mapping the structural configuration of the different networks the respondent was embedded in. The final part of the questionnaire contained questions relating to key contacts in terms of

information, operational issues and the relationship with different scales of government.

The questions in the second part of the questionnaire were part of the social network analysis and yielded relational data as defined by Scott (2000: 3): 'Relations are not the properties of agents, but of systems of agents; these relations connect pairs of agents into larger relational systems'. Relational data are therefore the connections between individual agents in a network, providing information on the structure of the network (such as its density) as well as on the position of individual agents within the network (such as centrality). The questionnaire was therefore intended to provide empirical data in order to address and satisfy objective three of this thesis. However, as the concept of embeddedness (Granovetter, 1985) recognises the importance of networks of social relations for economic action and behaviour, it becomes necessary to analyse the structure and characteristics of these networks before further examining the processes involving social relations through in-depth interviews.

An appropriate sampling strategy is paramount in order to reduce bias by obtaining a representative sample of the population. A number of different strategies are referred to in the literature, such as probability, random, systematic etc. (Brunt, 1997). Social network analysis, however, requires a different approach to sampling depending on the type of network. Lin (1999) presents three types of sampling strategies suitable for social network analysis (see table 4.5) depending on the type of network to be sampled.

Table 4.5 Sample and sampling techniques

Technique	Advantages	Disadvantages
Saturation survey	Complete mapping of network	Limited to small networks
Name generator	Customised content area Ego-centered network sampling	Lack of sampling frame Biased toward strong ties
Position generator	Content-free Sampling of hierarchical positions Multiple 'resources' mapped Direct and indirect accesses	Lack of specificity of relations

Source: Lin (1999: 38)

The saturation sampling technique is only appropriate when the network of interest is within definable boundaries and the complete network can be easily mapped. This technique is therefore limited to relatively small networks with clear membership boundaries. The position-generator sampling strategy samples positions in a given hierarchical system or institution rather than individuals. The sampling technique focuses on the study objects of interest as representative of desired resources or processes rather than the individuals as research subjects. A sample of representative respondents is interviewed or surveyed and asked to indicate others possessing the same characteristics (e.g. authority position), who are in turn interviewed or surveyed. Although the name generator technique also relies on the gatekeeper to provide the researcher with additional information on further members of the network, it focuses on networks relationships between the respondents. The researcher is hence fully dependent on the cooperation of the respondent not only in terms of providing information on the attributes and characteristics of her/his ties with other members of the network, but also in providing a list of further members and their contact detail in order to be able to map the network structure. In addition to a lack of sampling frame as just discussed, another disadvantage of this sampling strategy is its relative bias on strong ties.

As the networks of interest were not visible to the researcher and had no defined boundaries, the name generator technique was utilised in this research project. As previously discussed, a missing sampling frame may result in a bias of particularly strong ties. This would have especially been the case for this research project as the number of ties asked for in the questionnaire was limited to the nine most important ones. This bias was calculated as it was deemed that a large number of returns would nevertheless provide a detailed and comprehensive map of the network. As it turned out, all the firm-based respondents refused to complete the questionnaire and to provide any kind of information on specific linkages within their network. Instead, the data had to be gathered from other sources, such as interviews, informal discussion with local academics and the trade press.

Sarantakos (1998) suggests a nine-step questionnaire creation process ranging from preparation, self-critique to external scrutiny and two pre-tests, which was adhered to in principle, but not necessary in detail. While the questionnaire underwent self-critique and external scrutiny in the form of expert advice from supervisors (mainly content and structure) and non-expert advice from fellow PhD students (content and design), no pre-test were undertaken. It was felt that the specificity of the questionnaire and the respondents was not conducive to finding a representative test sample.

The questionnaire aimed at collecting relevant information before the interview, which would have facilitated the interview process in terms of asking specific questions to the individual contacts identified in the questionnaire. However, in hindsight, the level of detail requested in the questionnaire might have alarmed potential interviewees resulting in a complete refusal to collaborate with the

research project and therefore may not have been the most appropriate method for the purpose of satisfying objective one. In-depth interviews offer the opportunity to adapt to the specific interview situation that might have produced more data.

4.3.6.2 Interviews

A programme of semi-structured interviews was carried out from February to June 2005 to investigate the nature of the networks in which transnational integrated tourism corporations are embedded. The emergent approach to qualitative research was used in interview situations, so as to allow the researcher to revisit points made by the respondent during the interview and to follow up points that resulted from tangents in the conversation: 'the interview is a data collection tool of great flexibility, which can be adapted to suit a wide variety of research situations' (Punch, 1998: 176). The interview was, however, based on a protocol with general questions in order to standardise the interviews and thus be able to compare different respondents and situations. Questions in the protocol were adapted to the information that respondents would have access to (see Appendices 3 and 4 for the protocol of interviews with government officials and regional managers of corporations respectively). The interview schedule was structured into four sections. The first covered more detailed questions on business networks based on the preceding survey, the second section covered structural embeddedness of the institutions (firms or government), the third concentrated on political embeddedness, whereas the last of the sections dealt with regulation.

As Yeung (1995) points out, the interview is an act of communication between two individuals. Hence, it is subject to the social factors affecting

communication, which includes issues of power: 'At a very basic level, it is clear that all interview-based research will be influenced by the ways in which those being interviewed respond to the questions and to the interviewer' (Cochrane, 1998: 2123). Issues of power are a particular concern when interviewing corporate elites, as they are often used to being in control and dominating conversations and meetings.

Generally, it is suggested that the researcher as an academic 'elite' is in a powerful position both in shaping the interview process and in interpreting the results. Researchers are therefore advised to allow interviewees '... to speak for and to be themselves' (Pile, 1991: 467). Then again, Cochrane (1998: 2124) highlights the reversed power relationship when interviewing elites, where the researcher is '... dependent on the researched who, by definition, is used to running things'. McDowell (1992: 213) underlines this by stating that interviewers are often in the positions of petitioner, '... requesting time and expertise from the powerful, with little to offer in return'. She is more forthright than Cochrane (1998) about power relationships as she suggests that the interviewer should always 'win': '... there is implicitly a negotiation or struggle about power and control in every interview. It is important that the interviewer win. The risk that one might in so doing, crush the respondent, seems to be a trivial one' (Schoenberger, 1992: 215). Winning might, however, just mean controlling the interview from the background, i.e. adapting to the type of interviewee, rather than 'crushing the respondent'. This author, therefore, adopts a more collaborative approach to interviewing, as identified by Schoenberger (1991: 182, emphasis added) in earlier work: 'Ideally, the goal should be a *collaborative dialogue* that engages the respondent in working

through the research problem'. The researcher has to recognise the need for balance between dominating the interview – thus possibly leading the interviewer to come to certain conclusions – and passive participation in the interview. Clark (1998: 80) implies that the interview process is ultimately a reciprocal weighing up of each other's knowledge, which, in a positive interviewer-interviewee relationship, results in '...a reciprocal relationship: access is made possible by an informal agreement to exchange information, sometimes involving an elaborate and highly choreographed process of sequential revelation that joins both sides of the dialogue'. This, however, is only possibly in certain situations and depending on the type of and role played by the interviewee and the approach the researcher takes to the interview.

Clark (1998) identifies four different types of roles that corporate interviewees have assumed during interview situations in his research on the financial services industry. The *conversationalist (and tester)* opens the interview with a dialogue either on topic or off topic, such as favourite restaurants etc. This seemingly casual conversation often acts as a strategy to judge the interviewer's status (i.e. to test whether the researcher is member of the elite network) by dropping names and his/her knowledge of the industry and research topic. Clark (1998) points out the danger of '... undercutting the one distinctive and special claim of academic research – our [the researchers'] relative independence from the imperatives of the industry', while at the same time disclosing enough appropriate information to be taken seriously.

An alternative type of interviewer, the *seller (and buyer)*, voluntarily offers information early on in the interview, but then demands information from the

researcher for any more information on his/her part. It is highly likely that the information the interviewee is seeking does not overlap with the information of the researcher, in which case the interview is often quickly terminated by the interviewee.

In some cases, the interviewee relishes the opportunity afforded to him/her to offer their version of 'the story' or to criticise their superiors or the firm. Although, these *insiders (and critics)* will demand anonymity for fear of reprisals by those they critique, they rarely ask to see the final version of the report or publication. This leads Clark (1998: 81) to question their motivation for volunteering their story so readily: 'Oddly, they trust us with their truth'.

The next type of interviewee is presented by Clark (1998: 81) as the ideal interviewee: '... given by his/her place in the firm, a person who understands very well what you are looking for and is willing to engage in close dialogue ... the ultimate wheeler-dealer'. However, this *player (and enemy)* does not distinguish between an academic interview situation and the financial world (s)he usually operates in, including calculating his/her every move and using the interview to his/her advantage. Researchers therefore need to be extremely cautious of the information provided by this type of interviewee.

Clark's (1998: 82) point in distinguishing different roles that interviewees can take in interview situations is that there is no ultimate truth: 'I don't believe that respondents tell us the truth if truth is defined as neutral, uncommitted observations about the given world'. Instead, the respondents construct a story in dialogue with the researcher. This positions the researcher as an integral

factor in deciding what role the interviewee will assume during the interview. 'In an interview carried out for research purposes, the interviewer *is* the research instrument and this means developing skills in facilitating the disclosures of the interviewee...' (Gillham, 2005: 7). While most textbooks on interviewing focus on techniques (such as probing, clarification, extending the narrative, justification etc.), there is surprisingly little academic interest on the different roles that an interviewer can assume in interview situations to counter or adapt to some of the types of interviewees described by Clark (1998) above. As Clark (1998: 81) states, seasoned interviewees can adapt their role and behaviour to extract the necessary information: '... the skilled interviewer may "change" as the interviewee changes, at the limit, becoming a chameleon in the interests of her/his empirical agenda'. Glesne and Peshkin (1992) have, for instance, suggested a number of characteristics that a good interviewer should assume:

- anticipatory and prepared in order to adapt to the role played by the interviewee;
- alert to establish rapport through mutual trust and interest;
- sometimes it is beneficial to feign naivety in order to portray oneself as a 'student' of the industry;
- analytic so as to consider relationships, salience, meanings and explanations in interviewing;
- maintain an appropriate balance between dominance and submission depending on the situation of the interview;
- non-reactive, non-directive and therapeutic in terms of listening, decentering and giving the correct feedback to the respondent and
- patiently probing as a request for more detailed and complex information.

Glesne and Peshkin (1992: 87) conclude their list by stating that '[i]n an effective interview, both researcher and respondent feel good, rewarded and satisfied by the process and the outcomes'. However, coming to this satisfactory outcome involves careful anticipation of the situation in order for the interviewer to adopt the appropriate role at the right time during the interview.

As stated previously, the data collection phase of this thesis suffered from a lack of access to the networks of social relations between transnational integrated tourism corporations and institutions of Mallorca. Although the author was able to undertake four interviews with two politicians (from the Government of the Balearic Islands and the Consell de Mallorca), a journalist and the president of the Mallorcan Hotel Association, these interviews did not contribute to the understanding of the relationships between place and transnational firms as the interviewees refused to answer questions relevant to the research project choosing instead to elaborate on issues not pertinent to the question asked or indeed the research project as a whole. The following paragraphs illustrate why the interviews were not included and presented in this thesis.

While it is difficult to identify the exact reasons behind the evasion of questions, the author assumes that this avoidance is due to the importance of transnational tourism corporations for the development of tourism on Mallorca (i.e. strong historic and contemporary ties, see Chapter Six). Especially the politicians were careful to deflect from any potentially testing questions, as illustrated by the following reply to questions A1 (How important are informal contacts?) and A2 (How does information get transferred between your department and the tourism firms?) (see Appendix 3):

'Mmmh, what do you mean? [short pause but not enough time for the author to respond] We have the usual contacts, nothing more nothing less. [pause] I don't see how such information could possibly be useful to you'.

In hindsight, the question could have been construed to imply improper contact or dealings between government officials and the tourism industry.

A short interview with another politician resulted in the political hijacking of the interview as the interviewee used the opportunity to promote a nationalist agenda for Mallorca, pronouncing sweeping statements such as the following: 'Mallorca should be independent. The Consell de Mallorca [Mallorcan government] should have full control of tourism planning and all matters relating to Mallorca. We have our own language, and deserve to be recognised as being distinct from the rest of Spain". The interview was not used for this thesis as the information given by this respondent was mostly normative in nature and focused on greater autonomy for Mallorca.

Two of the respondents (a journalist and the president of the Mallorcan Hotel Association) were not chosen for the purpose of gathering data, but rather for the prospect of them providing further contacts according to the snowballing technique. So it is maybe not surprising that in response to a question about the integration trend of tourism corporations, the President of the Mallorcan Hotel Association preferred to focus on the business model of low cost airlines for much of the interview:

'The companies that are number one in business are the low cost airlines. It is a very light model, very flexible [pause] and that allows the

adaptation to new demands at any moment. The hotel companies are another thing. Because the difference between a hotel and an aeroplane is that the hotel does not have wings, the aeroplane has wings'.

This response could have been due to insufficient knowledge of the interviewee about integrated tourism corporations or because he perceived low cost airlines to be a greater influence on tourism development in Mallorca. But even numerous attempts by the author to steer the interview back to the topic of interest were unsuccessful. Unfortunately, neither interviewee was willing or able to provide further contacts.

4.3.6.3 Secondary and tertiary data sources

A number of factors contribute to the difficulty of obtaining data on the tourism industry:

- the global travel and tourism industry is a very fast moving business and companies are being formed and dissolved, floated and de-listed, as well as acquired, merged and sold almost daily;
- data sources are often fragmented, especially after M&As. Furthermore, different countries have different rules for the provision of corporate information to government registries, which can be accessed by the public;
- accounting practices may differ between companies and might even change within one company, making comparisons quite difficult if not impossible (see figure 5.1 for an example of accounting changes);

- due to the high competition in the tourism production system there is a level of secrecy and reluctance to convey information.

Corporate data used in this thesis has been compiled from a variety of sources, such as the business press, market reports and information made public by the corporations, e.g. annual reports. The business press, such as the *Travel Trade Gazette*, *Travel Weekly* and the German *Fremdenverkehrswirtschaft International*, as well as daily online news bulletins and weekly digests from internet travel industry communities such as *Travelmole*, *e-tid* and *eyefortravel* provide an independent source of industry information, especially on M&As. Annual reports have to be seen in context of their dual role as a document which needs to comply with legal accounting requirements for listed companies and as a source of information for current and potential investors. It therefore represents the dominant discourse of the firm as opposed to the multiple discourses within business organisations identified by O'Neill and Gibson-Graham (1999).

Annual reports are published by publicly traded corporations as a response to mandatory corporate reporting requirements and as an information tool for investors/shareholders. Differences in regulations governing the required disclosure and representation of financial information, as well as differences in accounting practices are a limitation of using annual reports as source of secondary data for M&As.

Annual reports have also become more than the vehicle for disclosing financial information: '... [annual reports] have become a highly sophisticated product of

the corporate design environment, the main purpose of which is to proactively construct a particular visibility and meaning rather than revealing “what was there” (Stanton and Stanton, 2002: 478). Annual reports therefore represent firms as rational units with a unified corporate voice or the ‘personality and philosophy of the firm’ (Anderson and Imperia, 1992: 113) rather than as constituted of social actors with complex and changing identities, giving rise to multiple discourses within the firm (O’Neill and Gibson-Graham, 1999). This has obvious advantages for corporations, as annual reports are ‘... the one communication medium to outside parties over which corporate management has complete editorial control. It is therefore not subject to the risk of journalistic interpretation and distortions possible through press reporting’ (Guthrie and Parker, 1989: 344). This has also implications for researchers, as they do not have the opportunity to assess the reliability of the information given by probing, asking for clarifications etc. Complete control of the information transfer process lies with the corporation and does not leave the researcher the opportunity to raise further questions of interest or and in general determine the questions of interest to the research project: ‘Non-primary sources offer the researcher no control over the context or atmosphere in which the information is derived – often very important when dealing with complex personal issues’ (Chapman and Edmond, 2001: 59). These issues thus raise the basic question of credibility and reliability of annual reports as sources of information on corporate activity.

Reports produced by market research, accountancy and consultancy firms such as Mintel, Ernst & Young, Deloitte and Touch, KPMG etc. are also a good source of information on industry trends. However, with the exception of market research firms such as Mintel and Euromonitor, none of these firms seem to

provide a general overview of the tourism industry, as opposed to retailing, for instance (Wood, 2001).

More specifically, the analysis of the spatial distribution of shareholdings of transnational integrated tourism corporations is based on a database (WOW or 'Who owns whom') compiled by the German trade journal *Fremdenverkehrswirtschaft International*, which is accessible online (<http://www.european-travel-market.com/>). WOW contains information on a large number of large and medium-sized travel and tourism companies throughout the world, including their shareholders, subsidiaries, divisions and brands. However, the database does not differentiate between portfolio investment and FDI. The cumulative percentage of shareholdings has been calculated and attributed to each of the six leading integrated tourism corporations: First Choice, Kuoni, MyTravel, Thomas Cook, TUI and Rewe¹. For example if company X owns 50% of company Z which in turns owns 12.5% of company Y, 6.25% of company Y are attributed to company X. While this is not ideal, it is the only way to untangle the complex relationships between the firms. An analysis of the principal shareholdings would not adequately represent the situation due to the complexity and considerable integration in the market. The data analysed in Chapter Five does therefore not imply that the parent company exerts full control over the shareholder but as mentioned previously, there are other non-capital or ownership advantages associated with FDI and, more specifically, M&As (Dunning, 1972).

¹ These six corporations were chosen due to their large turnover compared to others in the top 10 European tourism corporations.

The use of an annual survey conducted by FVW on the financial results of European and German tour operators for an analysis of structural changes in the European tourism production system (Gratton and Richards, 1997) was heavily criticised by Mundt (1998: 81): 'They demonstrate a lack of basic knowledge about the German market for tour operators, are uncritical about the data used, argue superficially and therefore come to wrong conclusions'. Mundt's (1998) main argument is based on the small survey return rate from German tour operators (approx. 7% according to unsourced information provided by Mundt) thus skewing the conclusions made by Gratton and Richards (1997) towards large tour operators, subsequently neglecting the many small tour operators active in the German market.

This thesis, however, is based on the analysis of the six leading (in terms of turnover) European tourism corporations, which according to Mundt (1998) are overrepresented in the FVW surveys. Thus suggesting an appropriate level of accuracy for these large tourism corporations. Nonetheless, tertiary source of data, such as databases compiled by trade publications inevitably contain errors of fact. It is thus important to maintain a critical perspective and cross-check information if and when possible.

As Yeung (2003: 448-449) states, these data are available from a large variety of sources:

'All these data and information may be reliably obtained from existing intellectual and popular publications, public speeches and policy statements. Even the Internet and abstract databases may be a useful source of data for discourse analysis in new economic geographies ...

These kinds of data may be “unconventional” in much of economic geography but they may ... promise to unravel the underlying power structures and social relations in the (re)production of our geographical knowledge’.

To a certain extent, the use of several data sources also reduces the difficulties of gaining information on specific firms and more general industry trends and offers the researcher an opportunity in case access to key respondents has been denied. Yeung (2003: 452), for instance, suggests that:

‘... other interested parties can sometimes conduct in situ [*sic*] research on behalf of the researcher ... I am thinking of elites from research houses of stockbroker firms, investment banks, credit-rating agencies and other institutions (e.g. labor organizations and regulators). These “pseudoresearchers” may have vested interests in unpacking certain firms and corporations’.

Yeung (2003: 452) specifically focuses on reports as a valuable source of information: ‘Their “expert” reports on and biographies of corporations sometimes contain vast amounts of data obtained through their in situ [*sic*] research’. However, despite the abundance of different sources, they use certain limited statistics or information for their particular purpose, presenting it in a multitude of different ways, which does not necessarily lend itself to comparisons between data originating from different sources.

4.4 Conclusion

It is evident from the discussion on the changed ontologies of the 'new' economic geography that this change has implications for the chosen research methodologies. Clark (1998), for instance, promotes the use of close dialogue with industry respondents in order to increase the scope of information. However, this approach requires time to develop a close relationship with respondents and gain social capital in a mutually beneficial relationship. This thesis has demonstrated that large tourism corporations are reluctant to cooperate in research projects, thus necessitating an alternative methodology. A bottom up approach was employed in order to access elite networks on site rather than through the headquarters of the corporations. Although the case study site was chosen following a set of criteria, this bottom up approach also did not produce the necessary information.

This research process resembled trying to put together a puzzle: although the end product is depicted on the front cover of the box, it cannot be completed due to missing pieces. Although this thesis aspired to bridge the gap between theory and empirical research, which is evident in the economic geography of tourism, the difficulties encountered resulted in a more exploratory approach to the application of theoretical concepts. Despite these setbacks, this thesis has succeeded in providing an analysis of the economic landscape shaped by piecing together a picture of the emergence of transnational integrated tourism corporations from a multitude of secondary data sources (Annual Reports, trade press, websites, newspapers, consulting and market reports etc.

***Corporate Geographies Of
Transnational Tourism Companies***

Volume two

Submitted by Jan Mosedale, to the University of Exeter as a thesis for the
degree of Doctor of Philosophy in Geography, July 2007.

Abstract

The central aim of this thesis is to contribute to the knowledge of restructuring processes in the tourism production system and to analyse the implications of socio-spatial practices and strategies of transnational, integrated tourism corporations in light of the 'new' economic geography. It is based on the cultural turn in the discipline of geography and thus recognises that cultural and social processes are an integral part of economic systems and contribute to shaping the economic landscape. The thesis specifically investigates the corporate geographies of tourism corporations and their relationship with territorial spaces. Restructuring processes are examined demonstrating that the European tourism production system has experienced significant structural changes during a wave of large- and small-scale mergers and acquisitions resulting in the emergence of tourism corporations with a wide and uneven geographical expansion. An analysis of shareholdings of individual tourism corporations also highlights significant variation in the level of internationalisation and expansion.

Socio-economic approaches to the firm form the theoretical foundations for analysing the relationship between tourism corporations and place via the concept of embeddedness within networks of social relations using examples from Mallorca, Spain. A combination of questionnaire survey and semi-structured interviews was employed in order to map the structural and qualitative attributes of intra-, inter- and extra-firm networks. Encountered difficulties, however, resulted in a more exploratory approach to the application of theoretical concepts and required added reliance on secondary sources and informal discussion with experts. Historical connection between tour operators and Mallorcan hotel companies has provided a firm basis for close cooperation with mutual benefit and has allowed Mallorcan hotel companies to internationalise in conjunction with the internationalisation of tourist flows. The examination of regulatory networks has revealed a complex and dynamic mosaic of scales at subnational, national and supranational levels, which govern and shape the activities of tourism corporations.

Table of contents

VOLUME ONE

	Abstract	2
	Table of contents	3
	List of tables	6
	List of figures	8
	Acknowledgements	9
PART ONE	INTRODUCTION	10
1	Introduction	11
1.1	Introduction	11
1.2	Research aim and objectives	19
1.2.1	Research aim	20
1.2.2	Research objectives	21
1.3	Thesis outline	25
PART TWO	CONCEPTUAL AND THEORETICAL FOUNDATION	30
2	Tourism research in context of the ‘New’ Economic Geography	31
2.1	Introduction	31
2.2	Disciplinary change and paradigms	32
2.2.1	Disciplinary change	33
2.2.2	The main paradigms informing human geography	37
2.2.2.1	Quantitative revolution and positivism	38
2.2.2.2	Critical geography and political economy	47
2.2.2.3	The Cultural Turn	53
2.3	Conclusion	74
3	Towards a ‘new’ economic geography of tourism	76
3.1	Introduction	76
3.2	Institutions, firms and networks	76
3.2.1	Some institutional approaches	78
3.2.2	Institutionalism and economic geography	85
3.3	Conceptualising the firm	90
3.3.1	The firm in tourism research	90
3.3.2	Macro-level theory to the internationalisation of the firm	99
3.3.3	Micro-level theories to the internationalisation of the firm	101
3.3.4	Micro-level analysis of the firm	115
3.3.4.1	Rationalist perspectives of the firm	118
3.3.4.2	Socio-economic approaches to the study of the firm	121
3.4	Conclusion	144

Table of contents cont.

PART THREE	RESEARCH METHODOLOGY	146
4	Methodological implications: applying the ‘new’ economic geography to transnational integrated tourism corporations	147
4.1	Introduction	147
4.2	Putting the ‘new’ economic geography into practice	151
4.3	Thesis methodology	160
4.3.1	Interviewing corporate elites	160
4.3.2	Corporate case studies	168
4.3.3	Destination case study	174
4.3.4	Mallorca as case study location	179
4.3.5	Accessing elite networks	188
4.3.6	Researching networks	190
4.3.6.1	Questionnaire	191
4.3.6.2	Interviews	195
4.3.6.3	Secondary and tertiary data sources	202
4.4	Conclusion	208
 VOLUME TWO		
	Abstract	210
	Table of contents	211
	List of tables	214
	List of figures	216
PART FOUR	EMPIRICAL FINDINGS	218
5	Corporate geographies of transnational integrated tourism firms	219
5.1	Introduction	219
5.2	Globalisation and tourism	220
5.3	The ‘death’ of geography and spatial scales?	227
5.4	Transnational corporations	229
5.5	Restructuring	233
5.6	The European landscape of consolidation	242
5.6.1	The internationalisation of British tourism corporations	245
5.6.2	The internationalisation of mainland European tourism corporations	248
5.6.3	The creation of transnational integrated tourism corporations	249
5.7	Internationalisation of tourism corporations	259
5.8	Capital and space in tourism	264
5.9	Conclusion	280

Table of contents cont.

6	The embeddedness of transnational integrated tourism corporations	284
6.1	Introduction	284
6.2	Transnational integrated tourism corporations and the facilitation of tourist flows to Mallorca	285
6.3	Networks, place and space	293
6.4	'Grounded' networks	300
6.4.1	Corporate case studies	302
6.4.1.1	TUI	302
6.4.1.2	Thomas Cook	305
6.4.1.3	First Choice	306
6.4.1.4	Airtours/MyTravel	308
6.5	Conclusion	313
7	Tourism regulation: shifting scales of governance?	318
7.1	Introduction	318
7.2	Spatialities of globalisation	319
7.3	Theories of regulation	332
7.4	Spaces of regulation: examples from Mallorca	347
7.4.1	The national scale	347
7.4.2	The subnational scale	349
7.5	Conclusion	356
PART FIVE	CONCLUSIONS	360
8	Conclusion	361
8.1	Introduction	361
8.2	Summary of major findings	362
8.3	Limitations	368
8.3.1	Time and finance	369
8.3.2	Methodological limitations	370
8.3.3	The nature of culture	373
8.4	A self-assessment	375
8.4.1	The 'new' economic geography of tourism	375
8.4.2	Corporate geographies of transnational integrated tourism firms	377
8.4.3	The embeddedness of tourism corporations	378
8.4.4	Spatialities of regulation	379
8.5	Implications and research agendas	380
8.5.1	Methodological implications of the 'new' economic geography	380
8.5.2	Tourism and the 'new' economic geography	383
8.5.3	Tourism capital and the economic landscape	385
8.6	Directions for future research	387
8.6.1	The process of internationalisation	388
8.6.2	The spatial organisation of regulatory institutions	389
8.7	Conclusion	390
	Bibliography	392
	Appendices	451

List of Tables

Table 1.1	Structure of the thesis	25
Table 2.1	Geographical approaches and their relationship to the study of tourism and recreation	43
Table 2.2	Characteristics of different modes of production and consumption	72
Table 2.3	Characteristics of Post-Fordist consumption in tourism	73
Table 3.1	Alternative approaches to institutional analysis and their application in economic geography	83
Table 3.2	Analysis of the UK tour operating industry using the Structure, Conduct, Performance Paradigm of industrial economics	93
Table 3.3	Links between selected ownership-specific advantages and country-specific characteristics	109
Table 3.4	Push and pull factors of internationalisation	111
Table 3.5	Selected theories of international trade and foreign direct investment	116
Table 3.6	Sources of conflict between German and Moroccan tourism businesses	125
Table 3.7	Different perspectives on embeddedness	132
Table 3.8	Networking strategies of various actors and associated exchange capital	135
Table 3.9	A typology of network relations and the sociospatial organisation of business and production	138
Table 4.1	Assessing the validity, reliability and reflexivity of research	152
Table 4.2	Some research issues and methodological implications for 'new' economic geography	158
Table 4.3	FDI involvement of integrated Tourism Groups in Mallorca	178
Table 4.4	Cost-benefit analysis of case study location	178
Table 4.5	Sample and sampling techniques	193
Table 5.1	Leading Travel and Tourism Companies by Turnover 2002/2003	231
Table 5.2	Top tour operators' share of all ATOL holidays, 1982-2005	236
Table 5.3	Detailed company information on vertical integration, 1999	237
Table 5.4	Europe's largest tourism corporations (by turnover), 1995 and 2004	244
Table 5.5	Percent change in top 5 and top 10, 1995-2004	245

List of Tables cont.

Table 5.6	Vertical and horizontal integration of the major tourism companies in the UK	254
Table 5.7	Ranking of top European tourism corporations, 2002	254
Table 5.8	Expected synergy effects from the C&N merger with Thomas Cook (from 2005 onwards)	255
Table 5.9	Position of the transnational integrated tourism corporations in Europe, 2001	259
Table 5.10	Modes of operation of selected hotel groups, 2003	262
Table 5.11	Type of alliances in the airline industry, 2001	262
Table 5.12	Size and distribution of transnational integrated tourism corporations	267
Table 5.13	Expenditure on personal travel and tourism per European country, 2002	279
Table 6.1	Tourist flows to the Balearics by tour operators and source market	286
Table 6.2	Top three tour operators for the Balearics in 2000	287
Table 6.3	Potential motives for collaboration	296
Table 6.4	List of Iberotel hotels that were transferred to Riu	303
Table 6.5	Position of Mallorcan Hotel groups in TUI Hotels & Resorts, 2006	304
Table 6.6	Capacity and location of Iberostar Hotels & Resorts, 2007	306
Table 6.7	Capacity and location of Barceló Hotels & Resorts, 2007	308
Table 6.8	Hotels owned by Hotetur at the time of Airtours (now MyTravel) 50% acquisition	309
Table 6.9	National and international interests of Balearic hotel groups, 1999	312
Table 6.10	2001 Ranking of global hotel groups highlighting the position of Spanish companies	312
Table 7.1	A comparison of essentialist and relational views of spatial scales	328
Table 7.2	Hegemonic structures: Fordism/Keynesianism versus Neo-Fordism/neo-liberalism	335
Table 7.3	Information on global investment regime changes, 1991-1999	337
Table 7.4	The state and the regulation of tourism	340
Table 7.5	Regulatory forms and mechanisms at different spatial scales: some examples	343

List of Figures

Figure 2.1	Main paradigms in Anglo-American Human Geography	39
Figure 2.2	Categorisations of commodification	67
Figure 2.3	The Circuit of Culture	69
Figure 3.1	State institutions relevant for tourism	81
Figure 3.2	The basic circuit of capital	100
Figure 3.3	The product life cycle	105
Figure 3.4	The product life cycle and its application to a locational analysis of production and trade	106
Figure 3.5	Structural embeddedness of the Waitomo Caves destination, 1910, 1969, 1986 and 2000.	127
Figure 4.1	A process-based methodological framework for new economic geography	159
Figure 4.2	Map of Mallorca and the Balearic Islands	179
Figure 4.3	Tourist arrivals to the Balearic Islands and Mallorca, 1960-2005	182
Figure 4.4	Tourist numbers for various tourism products in the Balearics, 2001-2005	185
Figure 4.5	Profile of German tourists to Mallorca, 2005	187
Figure 4.6	Profile of British tourists to Mallorca, 2005	187
Figure 4.7	Monthly tourist arrivals in Mallorca, 2005	190
Figure 5.1	Tourism, national regulation and theories of globalisation	223
Figure 5.2	Interconnecting dimensions in a globalising economy	241
Figure 5.3	Airtours/MyTravel greenfield investments and acquisitions, 1989-2002	247
Figure 5.4	Turnover of Tourism Groups, 1994-2002	251
Figure 5.5	First Choice acquisitions from 1983 onwards	256
Figure 5.6	Tour operator market share in European countries of the six transnational integrated tourism corporations, 2002/2003	258
Figure 5.7	Distribution of shareholdings held by First Choice, 2002	269
Figure 5.8	Distribution of shareholdings held by Kuoni, 2002	270
Figure 5.9	Distribution of shareholdings held by MyTravel, 2002	271
Figure 5.10	Distribution of shareholdings held by Rewe, 2002	272
Figure 5.11	Distribution of shareholdings held by Thomas Cook, 2002	273
Figure 5.12	Distribution of shareholdings held by TUI, 2002	274
Figure 5.13	Distribution of destination-based shareholdings of the six leading integrated tourism corporations, 2002	276

List of Figures cont.

Figure 5.14	Distribution of source market-based shareholdings of the six leading integrated tourism corporations, 2002	277
Figure 5.15	Percent of turnover achieved in the home country for First Choice, Kuoni, MyTravel, Thomas Cook and TUI from 1983-2003	279
Figure 6.1	Network types in the tourism production system according to Tremblay (1998)	299
Figure 7.1	Interactions between national states and other institutions	345
Figure 7.2	Pearce's (1997) framework of interorganisational analysis of tourism organisation	346

Part Four

EMPIRICAL FINDINGS

Chapter 5: Transnational integrated tourism firms and space

5.1 Introduction

As Chapters Two and Three have set the theoretical and conceptual stage for the empirically informed part of this thesis and Chapter Four has demonstrated the difficulties facing the application of concepts emanating from the new economic geography to the tourism sector, this chapter analyses the restructuring of the tourism sector by focussing on key firms. This discussion is broadly set in context of the globalisation debate and, more specifically, addresses the 'epistemology of scale and territory' (Jones, 2005: 178) in relation to corporate globalisation in the tourism production system and the relationship between corporate entities and territorial spaces. This chapter aims to address the second objective of this thesis: 'to develop an understanding of the corporate globalisation in the tourism production system, with special emphasis on the emergence of transnational, integrated tourism corporations and their consequences on the economic landscape'. First, the general globalisation phenomenon is discussed in relation to tourism, before turning to an analysis of the role of geography and space in the global economy in general and, more specifically, in the tourism production system. Finally, the restructuring processes that lead to the creation of transnational integrated tourism corporations are examined.

5.2 Globalisation and tourism

Globalisation has and is currently being debated by many leading academics. Although it has been identified as a multidimensional (i.e. is apparent in all segments of human society: culture, economics, politics, etc.) concept of social change that has *compressed* space and *accelerated* time (Robertson, 1992; Harvey, 1989), its extent and impact on society is still under discussion.

Held (2000) identifies three main theories of globalisation, which differ in their approach towards the impacts of globalisation: namely, globalism, traditionalism and transformationalism (see Reinicke, 1998; Hirst and Thompson, 1999 and Held *et al.*, 1999 respectively). *Globalists* view the process as an inevitable, homogenising force that will ultimately lead to the erosion or hollowing out of nation-states with a concurrent increase of the power of transnational companies and their practices in a 'borderless world' (Ohmae, 1990). *Traditionalists* or *sceptics* view globalisation as an unachievable end-state of global internationalisation and maintain that current economic developments are merely an extension and intensification of historical internationalisation processes as have previously occurred during colonial and imperialist periods and the golden age prior to WWI. *Transformationalists* argue for a view of globalisation as an ongoing process (as opposed to an end-state), which transforms the structure and practices of society. It is different from internationalisation in that it implies a *qualitative* change in global society including the global economic system rather than simply a *quantification* of social interactions leading to a geographically expanded production system (Dicken, 2003b).

Shaw and Williams (2004) describe the implications of the three distinct globalisation theories for the flows of tourists, information and capital (amongst others) in relation to national and international space (see figure 5.1). Castells (2000), for instance, takes on a globalist agenda by declaring that the world is increasingly composed of flows or constitutes of a 'space of flows' as opposed to a 'space of places'. The transformationalist perspective views the world as both spaces of places *and* flows, thus posing the question on the relationship between these two spaces and the implications for actors in the economic system. In order to unravel the complexities and changing nature of economic relations, it is necessary to understand '... how places are being transformed by flows of capital, labour, knowledge, power etc. and how, at the same time, places (or more specifically their institutional and social fabrics) are transforming those flows as locate in place-specific domains' (Henderson *et al.*, 2002: 483). With the role of the nation-state arguably being challenged by globalisation processes – yet definitely changing – any framework that aims to analyse economic development needs to focus on the relational scalar spaces of the tourism system, which both transcend and are contained within the nation-state. The main point of contention amongst transformationalists is the importance of the nation-state as a scale of regulation with acute impacts on the relations between spatial scales (local, national, regional, global) and their implications for polity and governance (see Chapter Seven for a discussion of the spatialities of globalisation).

Hoogvelt (2001: 120), in analysing this spectrum of approaches toward globalisation, posits that these 'correspond to whether one views globalisation as primarily an economic, a social or a political phenomenon' and that

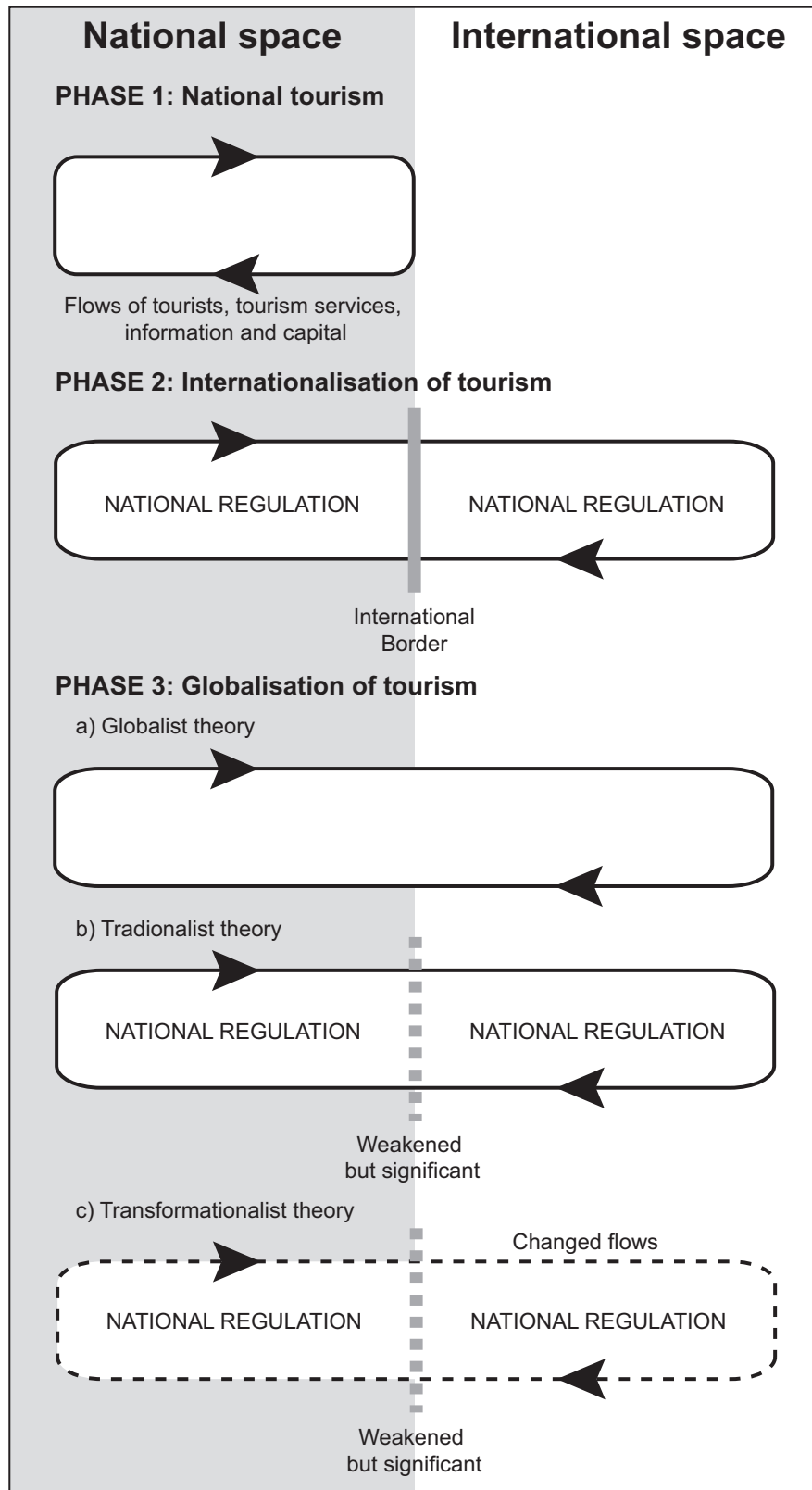
globalisation is a process that should not be examined by focussing on just one aspect of society. However, such a holistic view of globalisation is not feasible in the context of this thesis as it does not offer sufficient scope to do justice to the complexities of the globalisation phenomenon. Instead, this chapter is merely concerned with economic globalisation and the emergence of transnational, integrated tourism corporations.

Shaw and Williams (2004) view the debate about globalisation as significant for a number of issues in tourism research in terms of production, consumption and the scalar position (global, international, regional, national, local) of power in controlling and regulating tourism and its development. They illustrate the theories of globalisation in relation to flows of tourists, information and capital and the significance of the role played by national regulations and international borders. Figure 5.1 represents three phases from the existence of national tourism via the internationalisation of tourism across two national regulations towards the globalisation of tourism according to the three dominant theories: the absence of international borders and national systems of regulation and uninhibited global flows as imagined by globalists; the intensification of internationalisation as viewed by traditionalists and the transformed (i.e. qualitatively changed) set of flows across weakened but still significant national borders according to the transformationalist theory

Shaw and Williams (2004) focus on five key aspects of the globalisation of tourism and its role in the globalisation process: the influence of tourism on globalisation and *vice versa*; an increase of and concurrent change in

interconnections and flows; the creation of new tourism structures; the transformation of identities and a changing organisation of political economy.

Figure 5.1 Tourism, national regulation and theories of globalisation



Source: adapted from Shaw and Williams (2004: 9)

First, the relationship of tourism and globalisation is reciprocal. Tourism is of course influenced by the ‘... increasing interconnections – economic, social and cultural – that now exist across national boundaries’ (Meethan, 2001: 34). The economic aspect of globalisation is manifested in the rise of transnational corporations, such as hotel groups or integrated tourism corporations, owing to an increasing level of international or global capital flows via foreign direct investment. The increasing social interconnections are due to the growing mobility of people and new communication technologies, which in turn result in closer cultural relations. However, Shaw and Williams (2004: 6) note that tourism, in return, is contributing to the increasing connectivity between people and places as it ‘... is also helping to create, recreate and distribute images and objects around the world’. This flow of images and symbols can either be initiated by the tourists themselves in the form of souvenirs, stories, postcards and photographs or by tourism firms or tourist boards which actively engage in marketing destinations for consumption via adverts or trade shows etc. These flows create changing spatial patterns of consumption by forming networks across space:

‘What is important in terms of tourism is that these global flows of information, capital, people and cultures are realised in specific socio-spatial forms as the development of new networks of places and the emergence of new spaces of consumption’

(Meethan, 2001: 35).

Second, not only have interconnections increased as stated by Meethan (2001), but the quality of these interconnections has also increased (Held *et al.*, 1999). This intensification of connections has had two types of implications for tourism:

first, tourist flows have been stretched as long-haul travel is increasing and emerging destinations in proximity to the main European source markets (e.g. Prague or Tallinn) are being 'discovered'; second, the characteristics of flows have increasingly changed from one-off holidays to what Shaw and Williams (2004) call 'circulation', signifying repeat cycles of visiting, which has increased the popularity of holiday or second homes.

These changes in quantity and quality have resulted in the creation of new tourism structures which transport or guide tourists to emerging or long-haul destinations. However, the third aspect of globalisation emphasised by Shaw and Williams (2004: 7, emphasis original) is that these new structures have not significantly changed the tourism system, instead they argue for a polarisation of tourism flows: '... these have been *grafted onto* what may be termed *existing tourism landscapes*'. They offer the reinforced role of global cities such as Paris, London and New York and the remaining regional focus of tourist flows to Europe, North America/Caribbean and East Asia as justification for their argument. However, it has to be noted that globalisation forces are also being contested by the local leading to complex interactions between the two contrasting forces, as Chang *et al.* (1996) demonstrate in their analysis of urban heritage tourism in Montreal and Singapore. They stress that local factors have resulted in unique forms of heritage, organisation of production system and motives for the development of urban heritage tourism. Underlining the findings of Chang *et al.* (1996), Teo and Li (2003: 302) analyse the development of a western-style theme park in Singapore and illustrate that globalisation is in fact 'mediated by local agencies and locally constituted relationships'.

Fourth, the consequences of globalisation go beyond affecting only production and consumption, as globalisation has implications for identities and meanings. With the compression of time and space, cultures are drawn closer to each other, thus offering new opportunities for transforming cultural identities of places (Dredge and Jenkins, 2003) *and* people (Nurse, 1999). Tourism acts as a vehicle for transferring cultural artefacts, lifestyles and ideas and therefore can be an important factor in shaping or defining personal identities (Doorne *et al.*, 2003). When these identities are based on the act of 'being a tourist' or on a particular place (tourist destination), it can lead to the emergence of hybrid identities (Shaw and Williams, 2004).

Finally and most importantly, the transformations listed above that can be attributed to the globalisation process, have had implications on the geographic location and the scalar position of power in the tourism system and hence the pattern of unequal development (Britton, 1991; Shaw and Williams, 2004) and relationship within production systems or commodity chains (Mosedale, 2006). Shaw and Williams (2004) lament the missed opportunity of confronting the underlying inequalities in the system. Instead, '[t]he intensification of interconnections has created new opportunities for exploitative relationships for capital, in terms of where and how profits are extracted from tourists' (Shaw and Williams, 2004: 8). Despite this neglect to rectify what is inherently an exploitative activity within the general capitalist system, local communities and regions are able to take advantage of the characteristics of the globalisation process in order to contest the hegemony of 'the global'. There is a common agreement that although the global affects the local, the local can also have an impact on the global, as demonstrated by Chang *et al.* (1996) and Teo and Li

(2003) (see for example Giddens, 1990; Cox, 1997; Amin, 1999; Thompson, 1999; see also Chapter Seven for a detailed discussion of scales).

5.3 The 'death of geography' and spatial scales?

Ultraglobalists – epitomised by the writings of Ohmae (1990, 1995a, 1995b) – assert that the increasing connectivity and integration of economies has led to a 'borderless world' in which national borders have become porous to the flow of capital, labour, social capital and knowledge, thus achieving the free-market ideal of a 'level playing field' for global economic activity. The premise underlying their claim is the perceived decreased ability of nation-states to influence the mobility of capital and thus to control certain economic matters within their boundaries. Firms are thus characterised as 'placeless' or 'foot-loose' and outside national regulatory control as they scan the globe for opportunistic investment opportunities. In tourism, this amounts to viewing destinations as mere pawns in the strategic plans of transnational corporations, as the hegemony of the global scale over 'the local'. According to this interpretation of economic globalisation, the homogenisation of *the* economic space into one global scale spells the demise of the discipline of geography as it no longer plays a role in explaining and analysing the economic and ultraglobalists have thus pronounced the 'death of geography'.

There has been some discussion within the discipline about the role of geography and, more generally, the social sciences in the process of globalisation, which has come up with divergent views on the topic. Martin (2004), for instance, posits that the process of globalisation challenges the social sciences to a new way of thinking, as all disciplines need to reconsider

their interpretation of society, especially geography: 'How far does globalization imply the delocalization of economic and social relations and the "end of geography"?' (Martin, 2004: 147).

Others such as Yeung (1998, 2002) underline the inherent geographic nature of globalisation by presenting this *geographic* theory of globalisation. In contrast to other social scientists such as Giddens (1990, 2000) and Waters (1995) who see globalisation as causal agent of social change, Yeung (2002: 286) is '... interested in what geographic preconditions enable globalization to take place in tandem with this shaping of social life ...'. His view of the role of geographers is an attempt at 'demystifying, or at least qualifying, the alleged explanatory power of globalization and space' (Yeung, 2002: 287). In the remaining part of this chapter the author aims to refute the ultraglobalist argument by analysing the corporate landscape of large, vertically integrated tourism corporations, thus demonstrating both the importance of geography when studying the globalisation process as well as the importance of corporate geography to the study of tourism. Although these firms are important facilitators of tourist and capital flows with considerable influence over the package tourism industry, they have largely been ignored in tourism research.

Economic globalisation above all other forms has received the most interest in public debate and transnational companies have taken a leading role within this public discourse. The European Commission (1997) loosely defines economic globalisation as a growing interdependence of markets and production due to the processes affecting trade between countries. Thompson (2000: 93) contests this definition as merely an intensification of internationalisation and strongly

suggests the distinction between 'interdependence' and 'integration', where '... events are placed in an immediate proximity and they are closely co-ordinated so as to unify their elements into a single purpose or outcome'. For the purpose of this chapter, the main aspects of economic globalisation are first an increasing number and type of economic transactions and connections across national borders, second the emergence of truly transnational companies as social actors driving the process of economic globalisation and third a concurrent change in economic regulation undertaken by nation-states (Dicken, 1998, 2003b; Coe and Yeung, 2001). Globalisation is therefore viewed according to a transformationalist point of view, in that it entails a qualitative change within the global system rather than a mere increase in internationalisation. However, only the first two factors are analysed in the context of this chapter.

5.4 Transnational corporations

What is missing in the globalization agenda is the attention to *social actors* who are not only constructing globalization in their various capacities, but experiencing significant transformations in their own everyday social lives (Yeung, 2002: 302).

One of these actors (albeit an institutional actor) is the firm. Transnational companies are the main protagonists of economic globalisation in public imagination and public discourses. Although the precise nature of globalisation remains contested in academia, there is general agreement that the power of transnational corporations has increased and that there has been a concurrent reduction or at least change in the role of the national state as a site for economic regulation. Coe and Yeung (2001) posit that a geographical perspective of globalisation is needed, as spatiality is an inherent factor in

globalisation. They use the phrase 'mapping globalisation' to '... showcase the importance of exploring the complex and uneven geographies of economic globalisation ...' (Coe and Yeung, 2001: 367). It is the aim of this chapter to contribute to tourism research by analysing the changing economic landscape of integrated tourism corporations, thus aiming to demonstrate the importance of geography to the study of globalisation, revealing the importance of different spatial scales within the foreign direct investment of said companies and thus refuting the thesis of the 'death of geography' (see Chapter Seven for a detailed discussion of the notion of and relationships between spatial scales).

Economic globalisation and the capitalist world economy have also influenced the tourism sector. Although many commentators have pronounced tourism as the largest industry in the world – see most introductions to tourism textbooks – no tourism company features in the 2002 list of the top 100 non-financial TNCs compiled by the United Nations Conference on Trade and Development (UNCTAD, 2004: 276-278) which is ranked according to the value of foreign asset. However, it is possible that some of the large conglomerates, although not their main area of economic activity, own and operate tourism groups in addition to their main interests.

Table 5.1 lists the leading travel and tourism companies by turnover, the shaded companies are fully vertically integrated tourism corporations considered in this thesis. However, it seems that the development of transnational corporations occur in only certain industries directly linked to the tourism sector, airlines for instance form the majority in the list, followed by hotel

companies. In contrast, only three integrated tourism companies (TUI, Thomas Cook and MyTravel) are represented in that list.

Table 5.1 Leading Travel and Tourism Companies by Turnover 2002/2003*

Rank	Company	Country base	Sector	Turnover (US\$ million)
1	American Express ²	US	Retail travel	19,189
2	Cendant	US	Various	18,192
3	Lufthansa Group	Germany	Airline	17,730
4	AMR Corporation	US	Airline	17,440
5	JAL Group	Japan	Airline	16,611
6	UAL Corporation	US	Airline	13,724
7	Air France Group	France	Airline	13,702
8	Delta Air Lines	US	Airline	13,303
9	Carlson Wagonlit	US/France	Retail travel	12,500
10	TUI	Germany	Various	11,287
11	British Airways Plc	UK	Airline	10,983
12	All Nippon	Japan	Airline	10,147
13	JTB Corp	Japan	Retail travel	9,628
14	Northwest Airlines	US	Airline	9,510
15	Marriott International	US	Accommodation	9,014
16	Continental	US	Airline	8,870
17	Thomas Cook AG	Germany	Various	8,047
18	Accor	France	Accommodation	7,587
19	SAS Group	Sweden	Airline	7,130
20	KLM	Netherlands	Airline	7,004
21	US Airways	US	Airline	6,977
22	Enterprise Rent-A-Car	US	Car rental	6,900
23	Carnival Corporation/ Carnival Plc	US/UK	Cruise operator	6,718
24	MyTravel	UK	Various	6,256
25	Air Canada	Canada	Airline	6,234
26	Southwest Airlines	US	Airline	5,937
27	SIA Group	Singapore	Airline	5,930
28	Qantas	Australia	Airline	5,897
29	Kinki Nippon Tourist	Japan	Retail travel	5,470
30	World Travel BTI	US	Retail travel	5,300
31	Rosenbluth International ³	US	Retail travel	5,300
32	Korean Airways	South Korea	Airline	5,206

* Shaded areas denote transnational integrated tourism corporations

Source: Euromonitor (2004a)

² Travel Related Services (TRS) division only

³ Acquired by American Express in October 2003

Cendant, although listed as 'various', is in a different category from the integrated firm due to the large percentage of hotel companies within the group. While turnover of tourism companies gives an indication of the size of these companies, turnover does not provide any information on their level of internationalisation, an important aspect of economic globalisation.

Agarwal *et al.* (2000: 246) explain this process of internationalisation with the ease of securing economies of scale in these industries and the attempt to curtail competition. They also state that the internationalisation of tourism is being assisted by variations in demand, increases of fuel prices and a 'chronic over-capacity' in some industries of the tourism sector. The result of this trend towards internationalisation and/or transnationalisation has been highlighted by Williams (1995), who stressed that the consequence of internationalisation is an increasing external control over destinations, as both numbers of foreign tourists and foreign direct investment increase. Arguably, local economies are most affected by this tendency, as leakage rates increase due to the internationalisation and repatriation of profits. However, Williams' (1995) paper takes a one-sided view of destinations as passive recipients of FDI. Bianchi (2002: 281-282), in contrast, recognises that the magnitude of the impact depends on the 'historical conditions under which specific destinations became linked to particular markets [and firms]'.

A number of studies have been undertaken to examine transnational tourism corporations: Evans (2001) reviews the linkages within the airline industry; Go and Pine (1995), Knowles *et al.* (2001) and Dunning and McQueen (1981, 1982a) give an account of transnationalisation in the hotel industry; Wood

(2000) followed cruise tourists to unravel the globalisation processes of the cruise industry; whereas Williams (1995) and Shaw and Williams (2004) provide a general overview of transnational tourism corporations within the airline, hotel and tour operator industry.

However, there has been very little focus on the role of the firm in tourism as a social agent of the globalisation process and no research to date on the emergence of large vertically integrated tourism firms and their geographic expansion. The following section aims to give an explanation on the restructuring of the tourism production system and the emergence of large integrated tourism corporations, before the chapter continues with a more detailed analysis of their current spatial distribution and expansion strategies.

5.5 Restructuring

As the economy is never in a state of permanence, firms need to adapt to the changing economic environment, whether these changing circumstances of accumulation are due to changes in regulatory structures, consumer demand or competitive pressures inherent in the capitalist system. This restructuring

‘... suggests a qualitative change from one state, or pattern of organization, to another ... [and] refers to qualitative changes in the relations between the constituent parts of a capitalist economy. These changes arise from conscious decisions’

(Lovering, 1989: 198).

Restructuring can be categorised into two different scales and levels of analysis. First, the macro scale with an emphasis on global economic and

societal changes such as shifting consumer demand, the changes in mode of production towards Neofordism, a 'polyglot of production forms' (Ioannides and Debbage, 1998b: 119) and changes in the regulation of global finance. Second, the micro scale in which firm strategise to successfully compete in the new economic circumstances are the foci of attention. Although the two scales are dialectic, they intersect at the firm level and there may not be a distinction between cause and effect. Geographical research at both scales is concerned with the spatial consequences of restructuring in terms of geographical distribution of production networks (such as industrial districts, new industrial spaces etc.) and new forms of cooperation facilitated through proximity (Gertler, 1997), the switching of capital between industrial sectors, the spatial division of labour and their consequences for places. Although the restructuring approach is not commonly applied in tourism research, there are some exceptions. Agarwal (2002), for instance, connects the resort lifecycle and restructuring in an analysis of three British coastal resorts, which leads her to a theoretical engagement with local and global interactions in order to explain the development of coastal resorts (Agarwal, 2005). A number of studies examine the restructuring of local economies towards tourism after the decline of manufacturing or primary industries. Coles (2003), in his case study of Leipzig, focuses on the city's urban corporate identity as a promotion tool for tourism development in turn leading to economic restructuring. Hospers (2002) analyses the use of former industrial sites for tourism purposes as a strategy for regional renewal. While the shifting sectoral emphasis in local economies constitutes fundamental and sudden change, corporate restructuring is often a continuous process, which is subject to the changing boundaries drawn by the market, state history and space (Clark, 1993).

There are a number of restructuring strategies available to corporations such as rationalisation, diversification, merger, acquisition and market exit or divestment: ‘... in any one industry, the precise behaviour of ... firms – their strategies, their organizational structures and their geographies – may be extremely varied’ (Dicken and Thrift, 1992: 287). Bowman and Singh (1993) distinguish between three types of restructuring: *portfolio restructuring* which entails a change in the assets held by a firm; *financial restructuring* when a firm undertakes a significant shift in its capital structure and finally, *organisational restructuring*, involving a reorganisation of assets thus producing organisational change within the firm. Corporate restructuring can be along any or all of these types and ‘... can encompass a broad range of transactions, including selling lines of businesses or making significant acquisitions, changing capital structure through infusion of high levels of debt and changing the internal organisation of the firm’ (Bowman and Singh, 1993: 6). The following section gives an overview of the starting point for this chapter before turning to analysing the emergence of these corporations in the tourism production system.

The coordination of production processes via the integration of firms under common ownership is a common business strategy in the tourism industry. Gómez and Sinclair (1991) use a broader definition of integration to include contractual agreements between firms under separate ownership. While cooperation between firms can lead to similar results as integration (e.g. in terms of erecting barriers to entry), including this type of interfirm activity in the definition of integration does not offer the entire scope of benefits (such as taking advantage of synergies). There are different types of integration, which

depend on the production process of the firm to be integrated in comparison to the parent company. Horizontal integration occurs when a parent company acquires a business in the same level of the production chain, such as the attempted acquisitions of First Choice by Airtours and of Kuoni by First Choice in 1999. The consequences of horizontal integration are an increasing concentration of the industry, which is clearly demonstrated by the increasing concentration of Air Travel Organisers' Licences (ATOL) by UK tour operators in the 1980s (see table 5.2). In contrast, data for 1992 to 2005 indicate a decrease of concentration, which may be due to increasing vertical integration.

Vertical integration integrates different levels of the production process (both upstream or downstream). Examples in tourism include for instance the integration of tour operators, travel agencies, airlines, hotels and destination agencies. Table 5.3 demonstrates the extent of vertical integration of tourism corporations in 1999. It is important to note that this increase in vertical integration has spatial consequences as all the primary nodes of the commodity chain (in the source market as well as the destination) can be integrated into one large tourism corporation (see Mosedale, 2006).

Table 5.2 Top tour operators' share of all ATOL holidays, 1982-2005

	1982	1985	1988	1992	1995	1998	2002	2005
Top 5	38.0%	37.3%	62.2%	54.3%	55.8%	46.2%	46.4%	45.2%
Top 10	52.3%	49.5%	76.1%	68.0%	67.6%	57.4%	56.4%	54.0%
Top 20	67.5%	63.2%	82.4%	76.5%	74.9%	67.1%	67.2%	65.7%

Source: Mosedale (2008)

Table 5.3 Detailed company information on vertical integration, 1999

	Operator (million clients)	Travel agencies (outlets)	Airlines (planes)	Hotels (beds)	Destination agencies (locations)
TUI	12.0	3,628	62	92,000	55
Airtours	11.2	1,613	42	11,000	45
C&N	10.4	1,606	42	51,000	50
Thomson Travel Group	10.0	847	44	4,000	-

Source: Haedrich *et al.* (2000: 20)

Chapter Three discusses aspects of creating firms in order to reduce transaction costs between production steps, other advantages of vertical integration include the possibility to provide cheaper inputs, privileged access to these inputs (see Mosedale, 2006), reduced risk and dependence and increased market power (Goméz and Sinclair, 1991; Bull, 1995; Sinclair and Stabler, 1997). Renshaw (1994) points to the consequences of vertical integration on the structure of the tourism production system and especially its effects on independent tour operators, travel agents and the consumer.

More recently, Theuvsen (2004) has analysed vertical integration from a resource-based view of the firm by examining the critical resources involved in the different stages of the value chain. He concludes that due to different core competencies of tour operators, hotels and charter airlines, vertical integration cannot be explained via the traditional resource-based view. However, as the tourism production system is coordination-intensive with the tour operator bundling the different services, Theuvsen (2004) extends the traditional resource-based approach to include organisational capabilities. He argues that vertical integration with the resulting coordination and increased organisational capabilities is the basis for gaining and sustaining competitive advantages. Lafferty and van Fossen (2001) demonstrate that vertical integration between

hotels and airlines has not been successful, although they argue this is due to differences in production mode (airlines have strong Fordist characteristics, whereas small hotels operate in a pre-Fordist mode and large hotels mainly post-Fordist). However, Lafferty and van Fossen's (2001) findings confirm Theuvsen's (2004) explanation for increased vertical integration in the tourism production system, as it is the tour operators that can gain competitive advantage via increased coordination between the nodes in the commodity chain.

Porter's (1980) model for competitive structural analysis is based on five external factors: the threat of new entrants and development of a substitute product or service; the bargaining powers of buyers and suppliers and the existing rivalry between competitors. Not only does this model analyse competition between firms within the industry, but it also takes into consideration the barriers to entry and upstream (suppliers) and downstream (buyer) relationships. Dale (2000) uses this model to analyse the UK tour operating industry: vertical and horizontal integration has resulted in a situation in which a lacking access to channels of distribution (especially travel agents) and economies of scale create high barriers to entry. Vertical integration has also internalised the supplier and buyer relationship, leaving independent suppliers and buyers with few clients. The similar characteristics – especially of mainstream, sun-sand-and-sea tour packages – of the package tourism product facilitates the substitution of one product with another, leading to fierce competition between the tour operators in the UK source market. UK tour operators compete on the basis of price in order to achieve a significant market share. This also prevents new entrants from setting foot in the marketplace.

Porter's (1980) model, however, can be accused of several weaknesses. First, the model is static and does not properly address the dynamic and fragile nature of the tourism production system, exemplified by the increasing popularity of low cost carriers and the associated changing demand for short city breaks and the effects of acts of terror such as 9/11. Second, the model does not account for national or international regulation of the system that, for instance, regulate M&A. Third, vertical and horizontal integration can cross national boundaries, thus opening up new emerging markets.

While both horizontal and vertical integration take place between firms within the same production system (at the same level for horizontal integration and between stages of the system for vertical integration), *diagonal integration*, in contrast, is concerned with a new entry to the industry from a non-related sector. Examples of diagonal integration in tourism include Preussag, which has transformed itself with the initial acquisition of Hapag-Lloyd in 1997 from an industrial corporation mainly dealing in mining and steel to a service oriented firm focusing on tourism and shipping (Stier and Laufer, 2005). In fact, in only three years Preussag managed to become the leading European tourism firm with a turnover of €7 billion in tourism, which represented almost 50% of the corporation's total turnover (Stier and Laufer, 2005). Another example for diagonal integration into the tourism sector is the markedly slower entry of Rewe, a food retailer and wholesaler, with the acquisition of German travel agencies in 1988 and 1994. However, Rewe did not reach the top ten integrated tourism corporations until 2000 and 2001, with the acquisition of two German integrated tourism corporations, DER and LTU Touristik respectively (FVW International, 2003).

Poon (1993) focuses on the diagonal integration of tourism corporations into associated products and firms, such as the holiday insurance, car hire firms and estate agencies. TUI, for instance, has set up a car hire company (TUI Cars) in Mallorca and has entered into a partnership with a local real estate agent (Parador Properties) to sell second-homes in Thomson travel agencies in the UK. This type of diagonal integration in real estate is being seen by real estate agents as a logical step due to the changing tourism demand with the emergence and rise of low cost carriers to popular destinations such as Mallorca (Ultima Hora, June 2nd, 2005).

Dicken (2003b) illustrates the dimensions of the relationship between the vertical structure of the commodity chain and space and geographical scale (see figure 5.2). He stresses the fragile nature of connections between the vertical and the horizontal dimension:

'It is at the points of intersection of these dimensions in "real" geographical space where specific outcomes occur, where the problems of existing within a globalizing economy – whether as a business firm, a government, a local community or as an individual – have to be resolved'

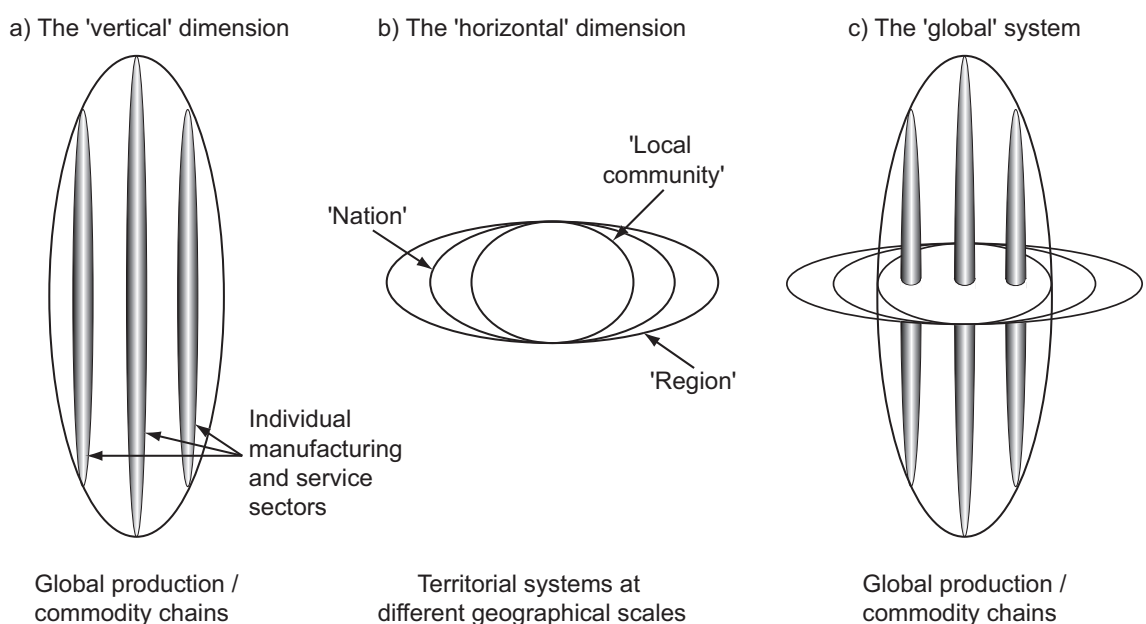
(Dicken, 2003b: 21).

Following Dicken's (2003b: 21) argument, the tourism production system or the geo-economy of tourism is constituted of '... a geographically uneven, highly complex and dynamic web of production networks, economic spaces and places connected together through threads of flows'. It is the aim of this chapter to analyse the flow of FDI by the top six integrated tourism corporations in order

to reveal the spatially uneven distribution of FDI and thus to underline the continued importance of geography in the study of economic systems.

The benefits of horizontal integration are increased economies of scale and synergies, a very important economic feature for tour operators, whereas vertical integration offers the company ultimate control over the tourism product (supply and distribution) by erecting barriers of entry for competitors, the integration of gains and improved brand marketing opportunities. Mosedale (2006) has demonstrated the consequences of integration of a scheduled carrier with a mainstream tour operator in the case study of the Virgin Travel Group and the long-haul destination of St Lucia. However, one should not overlook the consequences of integration on the source markets. In the UK, for instance, the Fair Trading Act of 1973 gives the Secretary of State for Trade and Industry the opportunity to refer a merger or acquisition to the Monopolies and Mergers Commission. This strategy of diagonal integration is indicative of a larger trend of product and market diversification in the tourism sector.

Figure 5.2 Interconnecting dimensions in a globalising economy



Source: Dicken (2003b: 22)

5.6 The European landscape of consolidation

The structure of the UK tourism industry has been widely analysed (for examples see Renshaw, 1994; Evans and Stabler, 1995; Bray, 1996; Gratton and Richards, 1997; Dale, 2000; Theuvsen, 2004), but studies often only focus on tour operators, without taking into account the increasing integration of the industry (see Theuvsen, 2004 and Renshaw, 1994 for exceptions). Evans and Stabler (1995) have analysed the UK market since the emergence of mass tourism and categorised it into three distinct phases.

Introductory phase (1950s-1964): Evans and Stabler (1995) characterise this phase by a highly fragmented industry that caters to few but affluent tourists. There is little growth in the market, but it nevertheless offers opportunities for new market entries.

Growth phase (1965-1989): this period in the development of UK package tourism was typified by rapid growth driven by international conglomerates that took advantage of the previously fragmented industry and a significant growth in mass tourism with the development of jet travel.

Mature phase (1990-1995): this period is marked by a slightly reduced market growth, but the largest tour operators return to profitability. Tour operators render their production more flexible to cater to changing consumer demands.

In their final discussion of the future prospects for the tour operating industry, Evans and Stabler (1995: 258) argue that tour operating will have to adapt to changing market conditions:

‘... there is good reason to believe that the advantages of the concept of packaging will remain but that changing patterns of demand will necessitate that the industry that provides these packages will also have to change if it is to continue to grow. Indeed, in the long run the tourism market may be radically different...’.

They further speculate on the potential strategies employed by the UK’s largest tour operators in order to continue growing or at the very least surviving: ‘What other strategies can the UK’s largest operators adopt to expand or safeguard their businesses? They will probably have to look for overseas expansion or other sectors to fuel growth ... The road to European expansion will not, however, be easy’ (Evans and Stabler, 1995: 261).

While the initial focus on one tourism market (i.e. the UK) is useful, the current situation of an internationalising industry in which corporations are moving beyond national boundaries requires a wider perspective of the trends surrounding the European tourism industry. Tour operators take an important position in the European tourism sector; Ioannides (1998) – for instance – stresses their importance as ‘gatekeepers’ in the tourism system. But slim profit margins have resulted in fierce competition for market share, which in turn has been instrumental in significant international mergers/alliances in the tourism sector (Wahab and Cooper, 2001) leading to vertical and horizontal integration. The investment of tour operators in foreign markets has a number of reasons, such as balancing the risk of fluctuating market conditions across a variety of different markets and to open up new markets with potential for growth. Another reason is of course to take advantage of synergies with owned incoming

agencies, hotels or carriers and the increased purchase power of the corporation in the destination (see Mosedale, 2006).

There has been a noticeable lack of engagement in the academic literature with the structure of the European tourism production system. This indifference can be attributed to the fragmented nature of data sources, the difficulties involved in obtaining detailed and relevant data on firm operations (especially when these are not publicly traded) and the complex relationship between the firms in the European market. Although, Vorlauffer's (1993) analysis of transnational tourism corporations, in which he highlights horizontal and vertical integration and the increasing transnationalisation of European tourism corporations, presents a significant exception. However, recent restructuring processes warrant a wider analysis of the identified trends. Table 5.4 represents the changes in ranking and turnover for the largest European tourism corporations and demonstrates a considerable transformation in the tourism production system. The considerable change in turnover between 1995 and 2004 are presented in table 5.5.

Table 5.4 Europe's largest tourism corporations (by turnover), 1995 and 2004

1995		2004	
Corporations	Turnover (€ billion)	Corporations	Turnover (€ billion)
TUI	3.3	TUI	13.1
DER	3.2	Thomas Cook	7.5
NUR ⁴	2.2	My Travel	4.8
LTU	2.0	Rewe Touristik	4.6
Thomson Travel Group	1.7	First Choice	3.5
Airtours	1.5	Kuoni	2.3
Kuoni	1.5	Grupo Iberostar	2.3
Club Med	1.2	Club Med	1.6
First Choice	1.1	Alltours	1.3
Nouvelles Frontières	1.1	Hotelplan	1.2

Source: FVW International (1996, 2005)

⁴ not consolidated

Table 5.5 Percent change in top 5 and top 10, 1995-2004

	Turnover in billion €		% change
	1995	2004	
Top 5	12.4	33.5	170.2
Top 10	18.8	42.2	124.5

Source: FVW International (1996, 2005)

It has to be said that the increase in turnover cannot only be attributed to an organic growth of the market, but rather to a wave of M&As starting in the mid to late 1990s. The following section provides a timeline of the major changes and transformations of the European source markets by consolidation via M&A.

5.6.1 The internationalisation of British tourism corporations

While the initial wave of M&As from the early 1980s onwards was due to a strategic move to increase the integration in the home-market, coupled with some small-scale acquisition in new markets, the second wave of acquisitions in the late 1990s was characterised by large-scale acquisitions in new source markets – often of the market leaders – and in the early years of the new millennium by large-scale acquisitions of British corporations (Thomas Cook, Thomson) by their German competitors.

The evolution of Airtours/MyTravel illustrates the general path of British tour operators to develop into transnational integrated tourism corporations from initial national greenfield investment (e.g. Airtours International Aviation) and acquisition (e.g. the travel agencies Pickford Travel Services and Hogg Robinson Leisure Travel) to become a vertically integrated tourism corporation and eventually to expand into foreign markets (see figure 5.3).

Following domestic horizontal and vertical integration, British corporations initiated horizontal internationalisation with large capital investment in Northern Europe via the acquisition of the dominant Scandinavian tour operators: the Scandinavian Leisure Group and Spies (acquired by Airtours in 1994 and 1996 respectively) and Fritidsresor (acquired by Thomson in 1998). Thus, British tourism corporations became a dominant force in Scandinavia (FVW International, 1998, 1999). After the initial expansion into Scandinavia, Airtours was the first British tour operator to enter the German market by way of acquiring a minority stake in Frosch Touristik International in 1998 (FVW International, 1999).

Morgan (no date) offers the following motivations for Airtours' internationalisation: first, the oligopolistic structure of the British tour operator market prevented further national growth coupled with low profit margins due to heavy price discounting as a result of strong competition; second, market diversification ensured the distribution of risk due to source market fluctuations (FVW International, 1999) and third, the danger of foreign corporations (i.e. the German Preussag and C&N) entering the British market via acquisitions.

Figure 5.3 Airtours/MyTravel greenfield investments and acquisitions, 1989-2002



italic = greenfield investment
roman = acquisition

Source: collated from company information, trade press and Horner and Swarbrooke (2004: 54-55)

5.6.2 The internationalisation of mainland European tourism corporations

In contrast to their British neighbours, the tourism corporations of mainland Europe were more firmly integrated in their neighbouring markets, especially the German speaking and the Benelux countries. In 1995, for instance, TUI acquired the Dutch market leader Holland International and increased its stake in Arke Reizen (the second largest Dutch tour operator), established a tour operator in Austria (TUI Austria) and acquired a stake of Jet Air in Belgium (FVW International, 1996, 1997). In addition, TUI entered the Swiss market by launching the tour operator TUI Suisse in 1996 (FVW International, 1997). In a similar development to TUI, Neckermann und Reisen (NUR) was present in the following countries in 1996: Belgium, the Netherlands and Austria (FVW International, 1997). The then NUR CEO Besser underlines this strategy: 'Our strategy includes only the tour operator business in Germany's neighbouring countries' (FVW International, 1997: 3). Vorlauffer (1993) provides a detailed account of the consolidation and integration (horizontal and especially vertical) processes of the German tourism sector domestically and to a lesser extent internationally due to the creation of the European single market.

The Swiss corporation Kuoni also engaged in internationalisation as it was forced early-on to expand into foreign markets due to its small home market and the necessity to stay competitive within the growing European tourism corporations (FVW International, 1999). In 1998, Kuoni's operations outside Switzerland included: Denmark, the Netherlands, Great Britain, France, Spain, Italy, Greece, Singapore and India and, in a joint venture with the German C&N Touristic, also operated a tour operator in Austria with subsidiaries in Hungary and Slovakia (FVW International, 1999).

5.6.3 The creation of transnational integrated tourism corporations

Because the highly developed travel markets in the UK and the German-speaking countries were – to a large extent – saturated and thus exhibited below average growth rates in comparison with other European markets, the large integrated tourism corporations expanded further into new emerging markets (FVW International, 2000). However, the expansion trends and strategies of German and British tourism corporations in terms of M&A and greenfield investment differ from each other: the British firms invested in countries demonstrating similar characteristics as the British home market (vertically integrated markets with a very price competitive tourism product based on charter flights), such as Scandinavia, Ireland and Canada where they secured market leadership (FVW International, 1997). The German operators, in contrast, also concentrated on neighbouring European markets, especially in Eastern Europe. TUI, for instance, invested in countries whose tourists display similar characteristics to German tourists in order to take advantage of synergies in the use of hotels and destination agencies (FVW International, 1997). In addition, this strategy increased the purchasing power of operators in destinations.

Only in 1998 did the acquisitions lead to market entry into British/German markets and thus direct competition in the home markets: first, Airtours acquired a minority stake in Frosch Touristik International (FTi); Preussag, in turn, initiated its expansion into the British market in 1998 with an initial acquisition of 24.9% of Thomas Cook, which it took over in 1999 and Thomson in 2000. In order to avoid regulatory sanctions, Preussag divested its interest in Thomas

Cook, which was bought by C&N (European Commission, 2000). Besides having tour operators in Belgium, the Netherlands, Switzerland, Austria, Spain and Greece, this acquisition positioned Preussag as market leader in two of the main European source markets (Germany and the UK) with vertically integrated tourism corporations (FVW International, 1999).

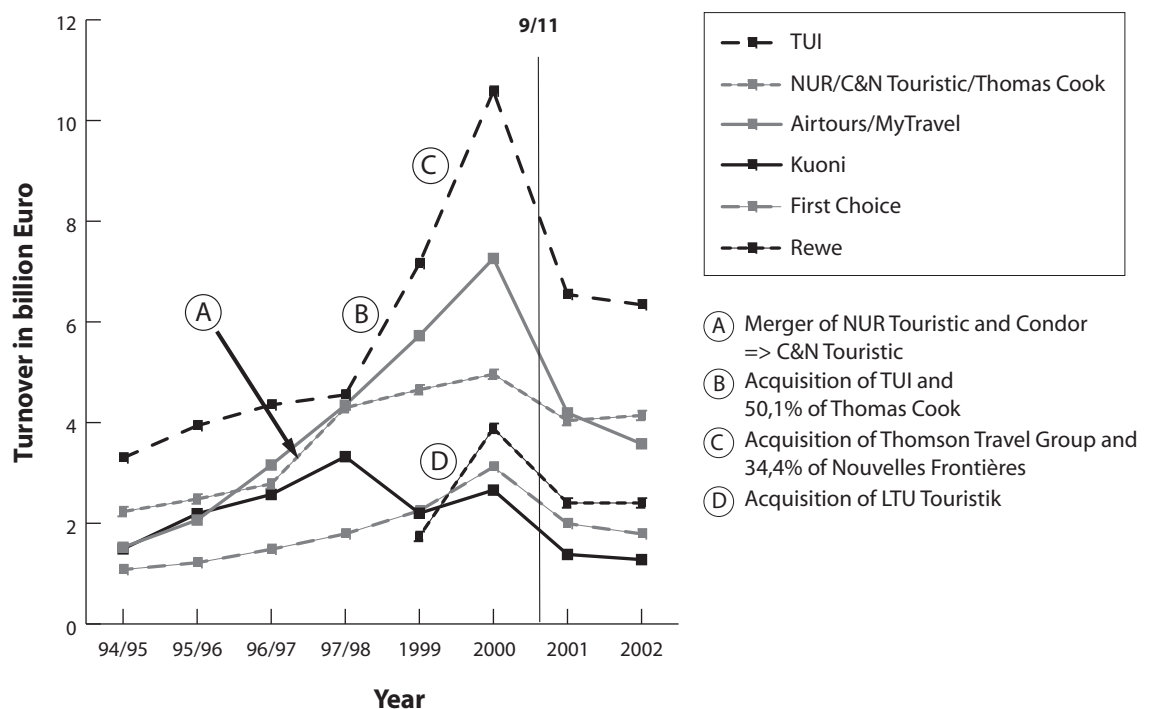
As a result of the international M&A and the creation of the large transnational integrated tourism corporations, Austria, as well as the Scandinavian countries, Belgium, the Netherlands and the emerging source markets of Poland and Hungary are without a dominant independent, domestic tour operator (FVW International, 2000).

Figure 5.4 demonstrates the link between increasing turnover and major, large-scale mergers/acquisitions from 1994 to 2002. Within this period of increased acquisition activity, two trends are noticeable. First, large-scale M&A have resulted in the creation of two mega-corporations: TUI and Thomas Cook. Rewe, initially a German retail and wholesale corporation, has also entered the top six of European tourism corporations *via* diagonal integration through the acquisition of LTU Touristik. Second, other tourism corporations such as MyTravel, First Choice and Kuoni have engaged in a number of small-scale M&A, which explains the proximity of Thomas Cook and MyTravel in terms of turnover.

The trend of large-scale M&A is exemplified by the following takeovers (see figure 5.4):

- (A) 1997: Merger of Condor and Neckermann und Reisen (NUR) to form C&N.
- (B) 1998/1999: Preussag acquires TUI and 50.1% of Thomas Cook.
- (C) 2000: Preussag/TUI acquires Thomson Travel Group (UK market leader) and 34.4% of Nouvelles Frontières (French market leader).
- 2001: C&N acquires Thomas Cook from Preussag/TUI.
- (D) 2001: Rewe acquires LTU Touristik.

Figure 5.4 Turnover of Tourism Groups, 1994-2002



Source: Company information

Possible reasons for these M&As include the concentration of market shares – important due to economic of scales and low profit margins – new market entry and market diversification, defensive strategies to buy-out any competitors, acquisition of leading brands and the exploitation of synergy effects.

An obvious result of the creation of new megacorporations via the acquisitions of Thomson and Thomas Cook by Preussag and C&N respectively and also further acquisitions by Preussag in France (market leader Nouvelles Frontières) and Italy (Alpitour) was the trend towards fewer corporations concentrating an ever-larger portion of the European source markets. However, smaller acquisitions of specialist operators or in niche markets also added to the further concentration of the European tourism production system. Three examples exemplify the small scale acquisitions: the acquisition of the Turkish Ten Tour Group, Nazar Reisen (Germany) and Marmara (France) by First Choice and the complete acquisition of Apollo (Sweden) by Kuoni. While the expansion of the large integrated tourism corporations into France begun with the acquisition of Havas Voyages by C&N and Nouvelles Frontières by TUI, the Italian and Spanish markets have also been subject to takeovers with the acquisition of Alpitour (Italy) by Preussag and First Choice investing in the Spanish Barceló Group and Globalia Group.

In 2003 though, Airtours suffered its first setback when it had to divest its investment in FTi due to the high losses suffered by the German tour operator and terminate the loss-making operations of Sun International in Belgium. It is thus rather ironic that the international expansion into other European source markets was initially started with the acquisition of Frosch Touristik by MyTravel

in 1998-2000 (a 35.92% stake in 1998 and increased to 100% in 2000), but due to stability in the market German tourism companies responded by expanding into the UK (Gratton and Richards, 1997). An example of this trend was the takeover of Thomas Cook and the Thomson Travel Group by Preussag (now TUI AG) in 1999 and 2000 respectively. Prior to this internationalisation move, the national companies had already begun their horizontal and vertical expansion thus gaining control over the tourism product via their individual charter airlines and retail agents. Hotels are less likely to be integrated, due to the geographical fixity of hotels and the associated dependence on a singular destination. Table 5.6 provides an outline of the major tourism companies in the UK and their associated firms.

Due to horizontal and vertical integration they have arguably formed large corporations with improved economies of scale and an increasing control over supply and distribution. The total turnover of the ten largest European tourism corporations in 1998/99 reached over €33 billion but experienced a further 21% increase in the following year, both increases were a result of increased vertical and horizontal integration via M&A. By contrast, the total turnover of the top five increased by 26% in the same time period to attain €31.5 billion (FVW International, 2001), suggesting an ongoing process involving the market share consolidation among the top five or even six European tourism corporations (see table 5.7 for a ranking), which resulted in a concentration of market power by a select group of companies during this time period.

Table 5.6 Vertical and horizontal integration of the major tourism companies in the UK

	MyTravel	TUI	First Choice	Thomas Cook
Tour Operator	Airtours Holidays	Thomson	First Choice Hayes & Jarvis	JMC Holidays Accoladia Thomas Cook Holidays
Travel Agent	Going Places	LunnPoly	Travel Choice	Thomas Cook Retail
Airline	MyTravel Airways	Britannia Airways UK	Air 2000	Thomas Cook Airlines UK

Source: company information

Table 5.7 Ranking of top European tourism corporations, 2002

	Country of Headquarters	Turnover (€ bn)
TUI (formerly Preussag)	Germany	6.34
Thomas Cook (formerly C&N)	Germany	4.14
MyTravel (formerly Airtours)	UK	3.58
Rewe	Germany	2.40
Kuoni	Switzerland	1.79
First Choice (formerly Owners Abroad)	UK	1.28

Source: company information

This concentration came hand in hand with two other factors. C&N, for instance, speculated that the acquisition of Thomas Cook would not only provide the corporation with a globally recognised brand as a basis for continued European expansion, new distribution channels and elevating the corporation to the second position in Europe, but would also offer extensive potential for synergies (around £17.3 million) as shown in table 5.8 (Company information).

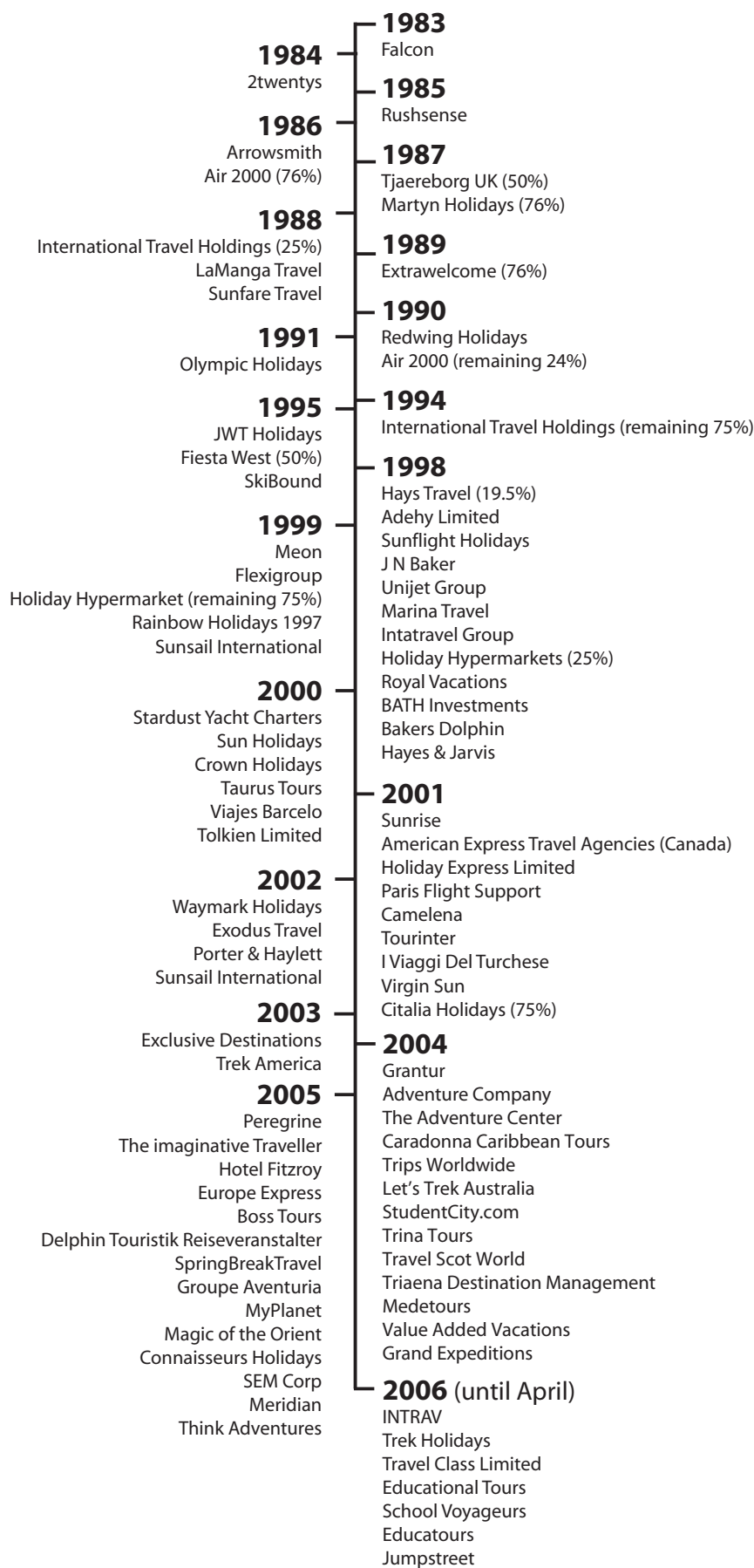
Table 5.8 Expected synergy effects from the C&N merger with Thomas Cook (from 2005 onwards)

	Savings in DM (million)
Operators/Marketing	3.0
E-Commerce	4.0
Hotels/Destinations	12.8
Carrier	34.1
Capacity Management/IT	27.0
Total	80.9
<i>After risk deduction</i>	~ 50.0 (~ £17.3 million)

Source: company information

Second, although MyTravel aspired to take over First Choice in 1999 (a move that was blocked by the European Union on the grounds that it would give three operators 'collective dominance' over the UK package tourism market) both these companies engaged in smaller-scale acquisitions (not in terms of number of acquisitions but rather in the scale of the target company) to continue their geographic expansion (figure 5.5 lists the acquisitions of First Choice since 1983). As the hostile takeover bid of MyTravel demonstrated, this strategy of small-scale acquisitions (often into new source markets) was not the initial strategy but rather the result of a lack of appropriate tourism corporations that were available for M&As.

Figure 5.5 First Choice acquisitions from 1983 onwards

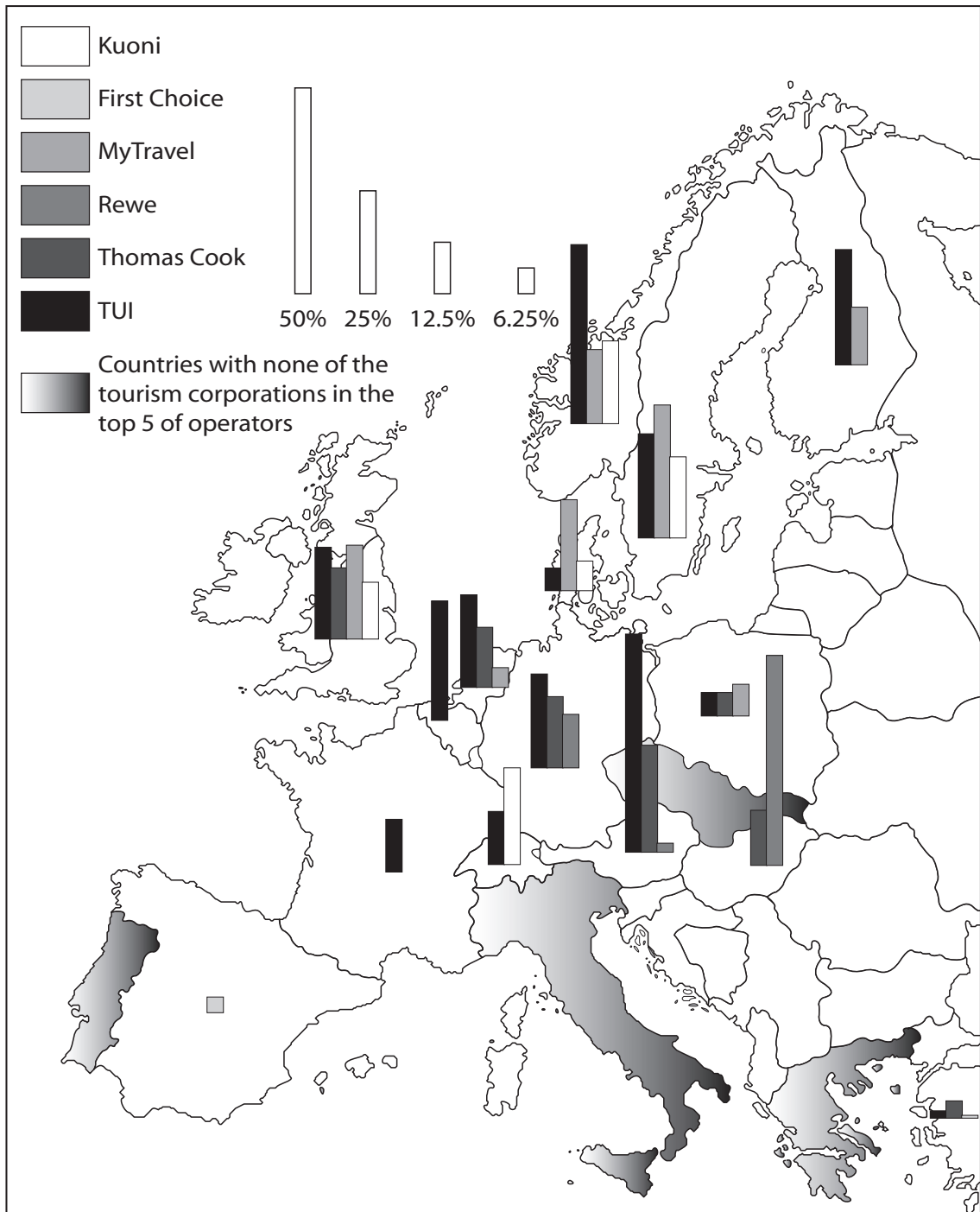


Source: collated from the trade press

Three characteristics distinguish this phase of increased M&As from the late 1990s to 2001/2002. First, the short time period in which these changes have occurred is remarkable. TUI, for instance, has transformed itself from an energy corporation to the largest integrated tourism firm with the highest expansion in less than ten years. Second, the scale of acquisitions has resulted in two highly diversified mega-corporations with a large geographic distribution. Third, as seen in figure 5.6, as a result of the M&As on the host markets the market structure has experienced a significant change, with the entry of large integrated tourism corporations resulting in a high degree of market share concentration and competition. TUI especially has strategically acquired market leaders (i.e. Nouvelles Frontières in France and Thomson Travel Group in the UK) or engaged in greenfield investment (discussed in Chapter Three) to gain a prominent position in Austria, Belgium, France, Germany, Netherlands, Scandinavia, Switzerland and the UK. Thomas Cook is competing with TUI in much of the Central European countries (UK, Belgium, Netherlands, Germany, Austria) as well as in Poland and is competing for market shares with Rewe in Poland. Rewe is somewhat limited in its drive for internationalisation (as will be demonstrated below) and is only in the top five tour operators in Germany, Austria (where it is not challenging the domination of TUI and Thomas Cook) and Poland. MyTravel, due to the initial failed confrontation with the German tour operators with the acquisition of Frosch Touristik in 1998, has concentrated its interests in the UK and Scandinavia with some interest also in Poland and Netherlands. First Choice is surprisingly absent from the top five tour operators in the UK and due to its focus on the niche markets is also absent from the top five of most of the European source markets with the exception of Spain and

Greece. In contrast, Kuoni has wider significant market shares outside of its home country (Switzerland) in the UK and Scandinavia (excluding Finland). These general trends are corroborated by the turnover of transnational integrated tourism corporations in Europe presented in table 5.9.

Figure 5.6 Tour operator market share in European countries of the six transnational integrated tourism corporations, 2002/2003



Source: Euromonitor (2004b)

Table 5.9 Position of the transnational integrated tourism corporations in Europe, 2001

	Turnover in € million
Benelux Countries	
1. TUI	1,400
2. Thomas Cook	1,156
3. OAD	316
France	
1. Club Med	1,985
2. Nouvelles Frontières (now TUI)	1,232
3. Voyages Fram (30.3% owned by TUI)	541
Germany, Austria & Switzerland	
1. TUI	6,787
2. Thomas Cook	4,064
3. Rewe	4,000
Italy	
1. Alpitour (10% owned by TUI)	1,070
2. Costa Crociere	707
3. HIT	520
Scandinavia	
1. MyTravel	1,640
2. TUI	1,134
3. Kuoni	417
Spain	
1. Iberojet	358
2. Travelplan	300
3. Tiempo Libre/Mundicolor	275
UK & Ireland	
1. MyTravel	4,302
2. TUI	3,811
3. First Choice	2,486
4. Thomas Cook	2,215

Source: FVW International (2002a: 20-21)

5.7 Internationalisation of tourism corporations

Although Meyer (2003) presents a compelling analysis of internationalisation by mapping spatial patterns of tourist flows, thus demonstrating the role of tour operators in channelling tourists, the internationalisation of ownership following the trend of consolidation and new market entry via M&A (presented above) has largely been ignored in tourism research.

Internationalisation can take various forms depending on the chosen strategy and the current situation of the market. Two main expansion strategies can be identified: *non-equity modes* such as franchises, management contracts, leasing and alliances with no ownership interest and *foreign direct investment* (FDI) which can be through greenfield investments, M&As and joint ventures. Due to the service industry gaining increasing importance in the global economy, the United Nations Conference on Trade and Development (UNCTAD, 2004) has focused its annual *World Investment Report* on the trends in services. While the hotel and airline industry features prominently in the report, integrated groups are notably absent from the discussion about FDI and internationalisation. It is this general lack of analysis that has led to this thesis.

The main industries of the tourism sector differ according to their chosen strategies. Hotel corporations, after a period of M&As, increasingly employ non-equity modes of operation, such as franchising or management contracts (UNCTAD, 2004), airlines also engage in non-equity approaches such as strategic alliances (UNCTAD, 2004), while tour operators have used M&As for vertical and horizontal integration (Theuvsen, 2004).

Table 5.10 shows the percentage of non-equity operations for selected hotel groups in 2003. While 90% or more of the total rooms are owned in full or partial ownerships by Orient-Express Hotels and Shangri-La Hotels and Resorts, the US and European hotel companies in that table have a greater percentage of non-equity operations, e.g., management contracts or franchises. This trend towards non-equity ownership is further exemplified by the divestment strategy followed by the Intercontinental Hotels Group. The group, one of the largest

hotel corporations, put \$1 million of its \$6 million portfolio for sale in 2003, in order to reduce its capital investment and focus on management contracts and franchising for geographical expansion (UNCTAD, 2004). It is interesting to note the large equity holdings of Orient-Express Hotels and Shangri-La Hotels and Resorts go against the trend towards non-equity engagement. This large percentage of equity holdings for these two companies can be explained by the fact that they specialise on high-end properties targeting only a small proportion of clients. According to UNCTAD (2004) flagship hotels and high quality ranges are often equity investments in order for the corporation to keep them under close control.

Due to the highly regulated air travel markets, there has been very little FDI in the airline industry, as a result less than 25% of airlines are foreign owned and only 6.4% own shares in foreign companies (UNCTAD, 2004). Alliances (either individual or as a group) enable airlines to obtain the efficiencies and benefits normally linked with international M&As: fleet rationalisation, economies of scale, joint purchasing and marketing etc. The number of alliances has therefore risen from 20 in the early 1990s to over 1200 in 2001 (UNCTAD, 2004). See table 5.11 for the importance of various agreements between airlines in 2001. Hotels and especially airlines expand via non-equity modes (UNCTAD, 2004), whereas the integrated tourism corporations use M&As to expand geographically.

Table 5.10 Modes of operation of selected hotel groups, 2003

	Home economy	Full or partial equity (percent of total rooms)	Management contract (percent of total rooms)	Franchised, leased or other (percent of total rooms)
Starwood Hotels & Resorts	US	24 ⁵	41	35
Accor	France	21	17	62
Orient-Express Hotels Ltd. ⁶	Bermuda ⁷	92
Hilton Group plc	UK	17 ⁸	32 ⁹	50 ¹⁰
Shangri-La Hotels and Resorts	Hong Kong, China	90	10	-

Source: UNCTAD (2004: 136)

Table 5.11 Type of alliances in the airline industry, 2001

	Number	Per cent of total agreements
Code-sharing	911	75
Frequent flyer programmes	114	9
Cargo	106	9
Marketing	78	6
Joint venture on destination	55	4
Pooling agreement	33	3
Joint-ground handling	32	3
Regional connection/franchise	31	3
Others	165	14
Total number of agreements	1,222	-

Source: UNCTAD (2004: 138)

Most of the research in foreign direct investment (FDI) has been centred on the general aspects of international capital flows in the primary and secondary sectors. Although a few researchers have dealt with some aspects of tourism and FDI in a variety of countries (Bull, 1990; Franck, 1990; Dwyer and Forsyth, 1994; Stimson *et al.*, 1998; Sadi and Henderson, 2001 and Jiménez, 2002), the research has been rather superficial due to the complex nature of the tourism production system and differences in definitions have resulted in a lack of

⁵ Includes leased rooms

⁶ Figures based on reported revenues and earnings, not hotel rooms.

⁷ Management decisions are made in the UK.

⁸ Based on numbers of hotels, not rooms.

⁹ Based on numbers of hotels, not rooms.

¹⁰ Based on numbers of hotels, not rooms.

comparative studies on the importance of FDI in tourism development. Instead of analysing FDI flows between countries or analysing the country-specific landscape of the tourism production system (Vorlaufer, 1993; Evans and Stabler, 1995; Gratton and Richards, 1997; Dale, 2000; Haedrich *et al.*, 2000), this chapter considers the entire geographical distribution of FDI engaged by large integrated firms. As such, the onus/focus is not on production i.e. the geographic location of stores or offices but on the location of ownership, i.e. at the firm level.

Investment can take one of two forms: portfolio investment is the acquisition of securities without assuming control over the management of the acquired unit or inclusion in its management. In contrast, direct investors are involved in the decision-making process and therefore take partial - if not complete - control over the management of the receiving unit. Another key difference between portfolio and foreign direct investment, as identified by Dunning (1972), is the fact that portfolio investment usually funds units within sectors of the recipient country/economy, which hold comparative advantage over comparable units of the investing country. FDI investors, in contrast, finance units of the recipient economy with the potential for comparative advantage or with initial low comparative advantage and thus promises gains within the receiving country. This means that FDI is more complex than mere transactions of capital and can include managerial and technical guidance and the dissemination of knowledge (e.g. of production technology) (Dunning, 1972). In instances when the non-monetary components of FDI constitute a comparative advantage over competitors, these elements might be more beneficial to the recipient unit than the invested capital.

5.8 Capital and space in tourism

Previously in this chapter, the author has demonstrated the recent changes in the tourism sector that have been characterised by an increasing concentration of market shares by just a few corporations. However, what still needs to be addressed are the geographic consequences of these changes. Figures 5.7 to 5.12 paint a picture of the economic landscape of package tourism by mapping the network of shareholdings of the six leading integrated tourism corporations in 2002. An analysis of shareholdings provides a better indication of internationalisation in tourism than the location of offices, as complete vertical integration including destination agencies and accommodation providers mostly requires *foreign* direct investment due to the international nature of spatial fixity in the tourism sector.

The shareholding network of First Choice is comparatively small, consisting of only 104 firms with headquarters in 16 countries. It is characterised by a strong focus presence in the source markets of the UK and Spain (due to the acquisition of Viajes Barceló in 2000) and some engagement in Central Europe. It has established itself in the Canadian market with its Canada Division including the tour operators Signature Vacations, Royal Vacations and Sunflight Holidays as well as the travel agent Sun Holidays. All other shareholdings outside of Europe, notably in the US, Egypt, Australia and Costa Rica are in niche markets such a cruise operations. The absence of shareholdings in Scandinavia and new emerging markets such as Eastern Europe, Russia, China and India is noteworthy.

While Kuoni holds a similar number of shareholdings as First Choice with 114, it has a wider range of expansion with shareholdings in 24 countries. For example, Kuoni has expanded into new emerging markets such as India (two tour operators, a business travel agent and a business providing financial services), China (a tour operator), Singapore (a tour operator) and features a wide geographical network in business travel agents (Austria, British Virgin Islands, Denmark, Germany, India, Japan, Netherlands, Republic of Korea, Singapore, Spain, UK and the US). Kuoni also owns shareholdings in major tourism destinations such as hotels in the Caribbean and incoming tour operators or destination agencies in South Africa, Greece, India, Italy, US, Netherlands and Austria. Kuoni is also well represented in Central Europe with a strong presence in Switzerland, Austria, Germany, the Netherlands, Denmark, the UK and Sweden. However, despite its wide geographical spread, Kuoni has not entered the Eastern European market.

MyTravel's shareholdings in Europe are concentrated in the UK, the Benelux countries and Scandinavia, with few shareholdings in France, Germany and Switzerland. Although MyTravel was the first British tourism corporation to enter the German market (with the acquisition of a minority stake of Frosch Touristik International in 1998), they experienced a financial loss and eventually sold the German tourism group in 2003 (Company information). Instead, MyTravel focussed on the Scandinavian market as it displayed the same characteristics as the British market: a very price competitive environment with a tourism product centred on charter flights, providing ideal conditions for vertical integration (FVW International, 1997). An exception to this strategy is the acquisition of Ving Sp. Z.o.o., a Polish tour operator and the expansion into

North America. In contrast, MyTravel's destination-based shareholdings are concentrated in Spain with shareholdings of mainly hotels and destination agencies present in Cyprus, the Gambia, Greece, Malta, Mexico and Portugal.

In comparison to other integrated tourism corporations, the geographical distribution of Rewe's shareholdings is highly skewed towards Germany (65% of shareholdings). Rewe also has not shareholdings in Scandinavia or the Benelux and a limited number of source market-based shareholdings in Austria, France, Ireland, Italy, Russia, the UK and US. In fact, Austria is the only country, other than Germany, in which Rewe owns a variety of firms across the commodity chain. Due to this limited investment in source markets, the large part of Rewe's geographical distribution is based on destination services such as destination agencies, hotels and cruise ships (as in Egypt).

Thomas Cook's network is widely distributed with shareholdings in Africa, Asia, North America and Europe. In contrast to Rewe, Thomas Cook has invested more widely in source markets: its interests are spread more evenly across Europe, although Thomas Cook's investments in Bulgaria, Croatia, Gibraltar, Greece, Portugal, Spain and Turkey are in destination-based services. Of special interest are Thomas Cook's source market investments in Eastern Europe (Poland, Czech Republic, Slovakia and Slovenia), Canada and India. This demonstrates that the company is intent on active expansion of their source markets rather than relying on the integration of operations along the commodity chain via its destination-based interests in core tourism destinations around the Mediterranean (Europe *and* Africa), the Caribbean and South East Asia.

TUI owns both the largest network in terms of number of shareholding and in geographical distribution owning shareholdings in 43 countries (see table 5.12). While TUI's major source market involvement is in Central and Northern Europe, it has expanded into new and emerging source markets such as Eastern Europe, Russia and China. In May 2005, TUI created an outbound tour operator in joint venture with an Indian inbound operator in order to move into a new, profitable source market (not represented in figure 5.12, as the data is from 2002 only). TUI states statistics from the United Nations World Tourism Organisation estimating that the number of Indian tourists will increase by 10% each year as reason for the corporation's interest in this emerging source market (TUI, 2007a). Presently the estimation of the size of the Indian middle class that can afford to travel is about 45-70 million, making India one of the emerging markets for tourism. However, TUI has also invested in less common source markets such as in Bahamas, Israel, Jordan, Mexico and more established source markets in which it had no previous interest such as the US.

Table 5.12 Size and distribution of transnational integrated tourism corporations

	Number of shareholdings	In Countries
First Choice	104	16
Kuoni	114	24
MyTravel	146	24
Rewe	144	21
Thomas Cook	165	33
TUI	441	43

Source: FVW International (2002b)

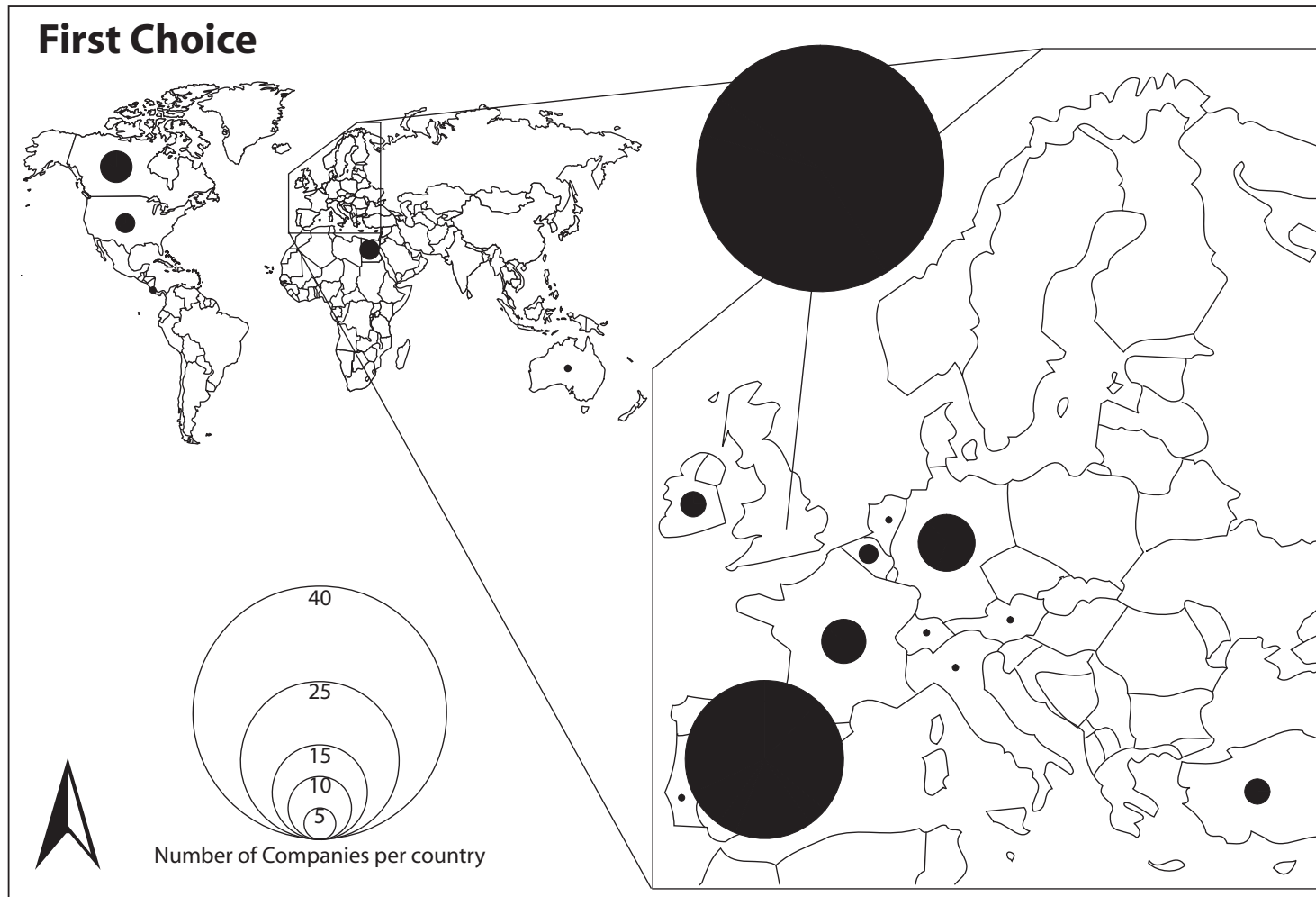
Aside from investment in source markets, TUI has engaged in foreign direct investment in order to take advantage of vertical integration by acquiring destination-based firms in order to gain increasing control of the commodity chain. It is well established in the more popular tourism destinations for European tourists, such as Spain, the Dominican Republic; while also holding shareholdings in Africa, the Eastern Mediterranean and Rumania, for instance.

From the data on geographical expansion coupled with information on recent joint ventures by Thomas Cook and TUI, two types of new markets are catching the interest of integrated tourism firms: former/current state socialist countries (Russia and China) and emerging economies such as India.

Generally, figures 5.7 to 5.12 demonstrate several important characteristics of the geographic expansion of the leading integrated tourism firms:

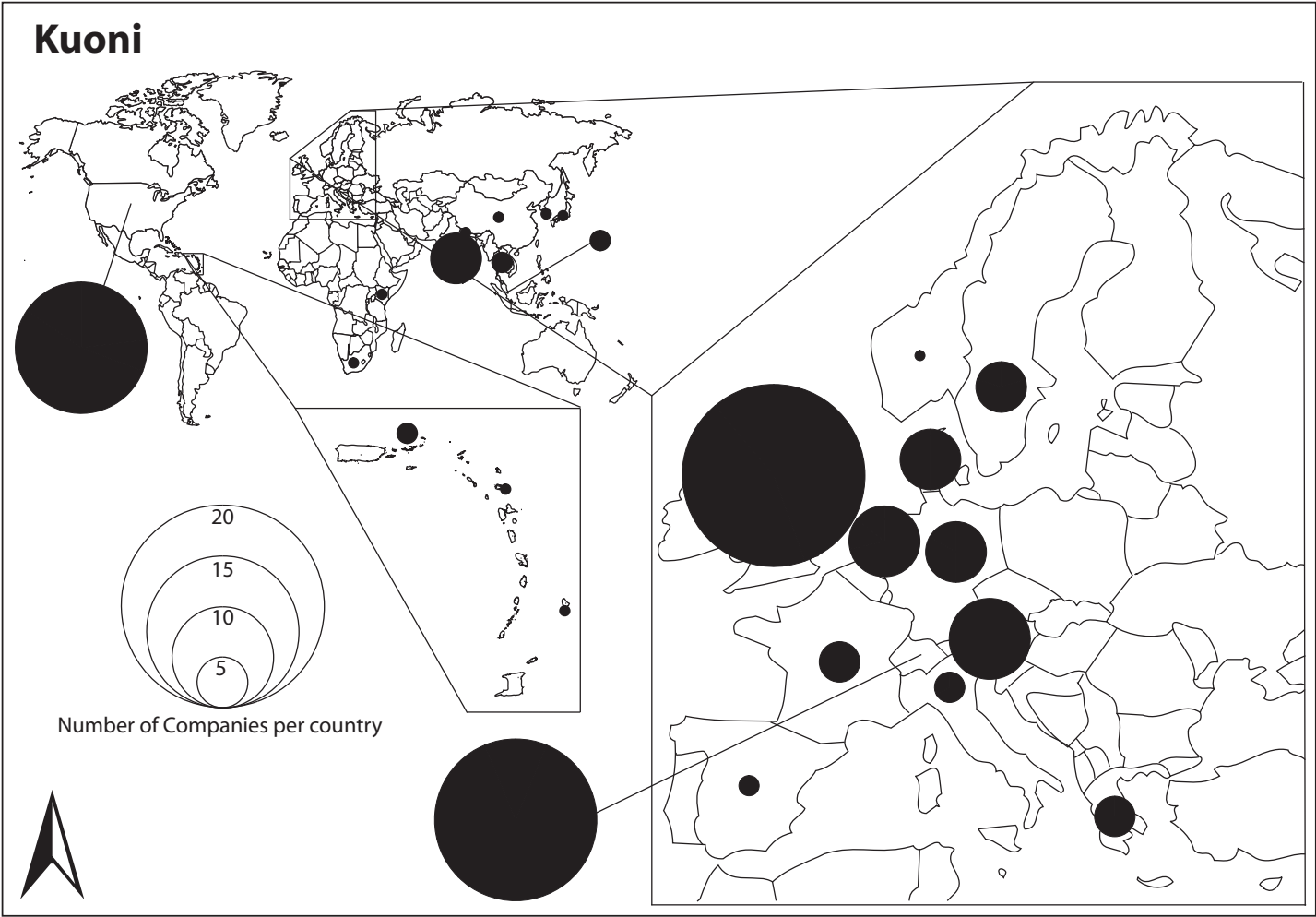
- their shareholding networks are highly developed in their home countries;
- the extent of expansion varies greatly between the firms with Rewe at the lower end of the scale and TUI with the largest expansion;
- none of the six leading firms own shareholdings in South America.

Figure 5.7 Distribution of shareholdings held by First Choice, 2002



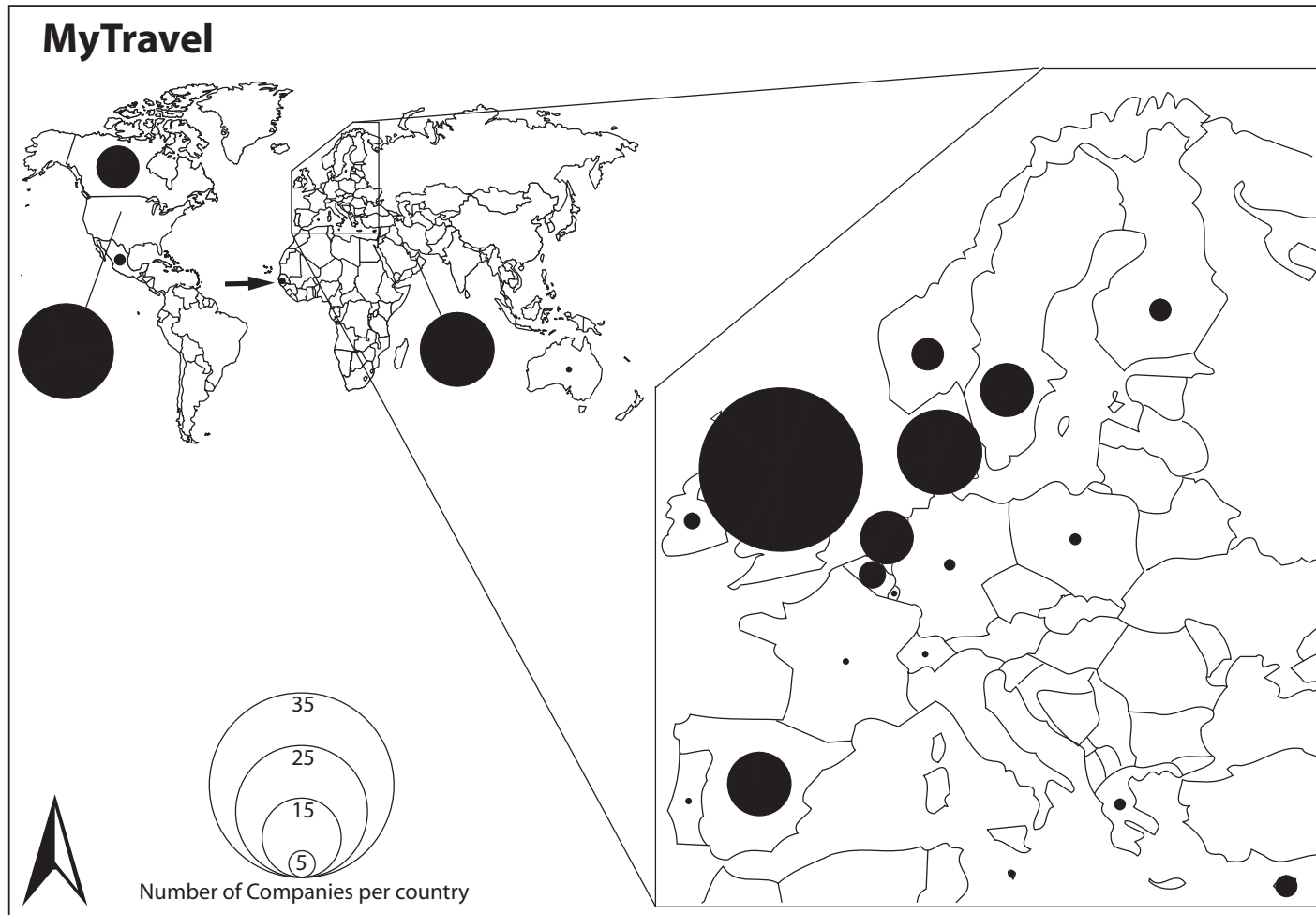
Source: FVW International (2002b)

Figure 5.8 Distribution of shareholdings held by Kuoni, 2002



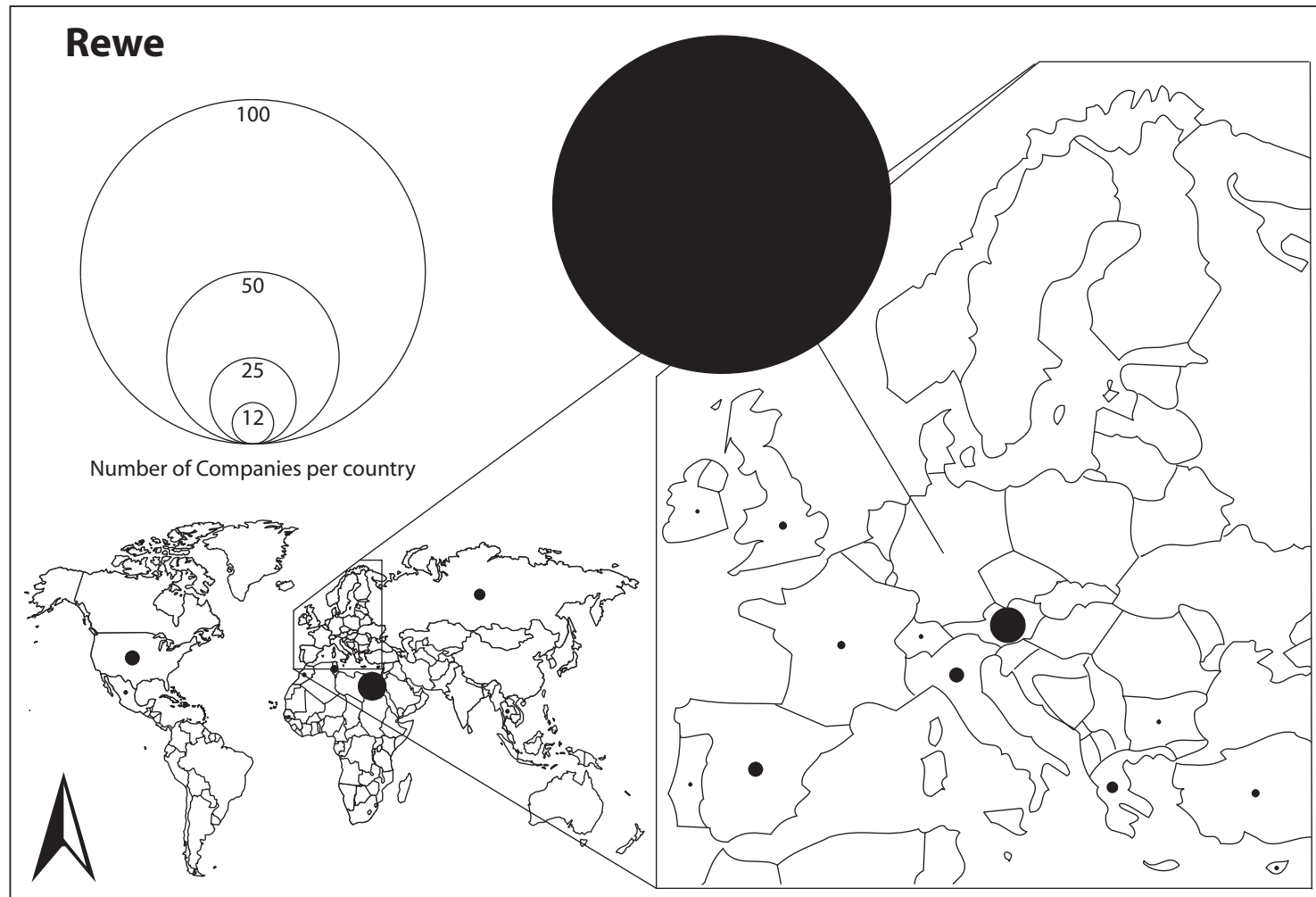
Source: FVW International (2002b)

Figure 5.9 Distribution of shareholdings held by MyTravel, 2002



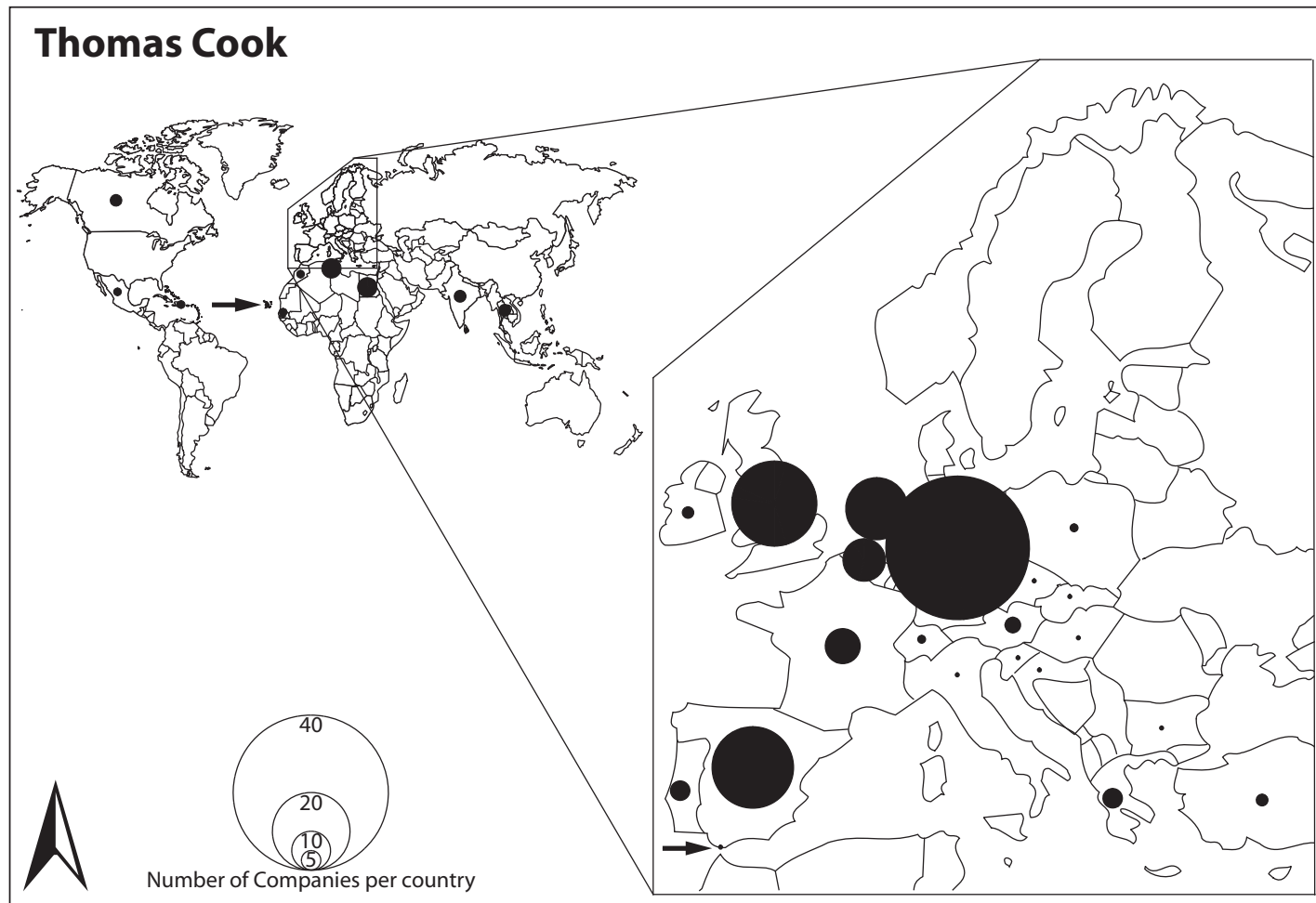
Source: FVW International (2002b)

Figure 5.10 Distribution of shareholdings held by Rewe, 2002



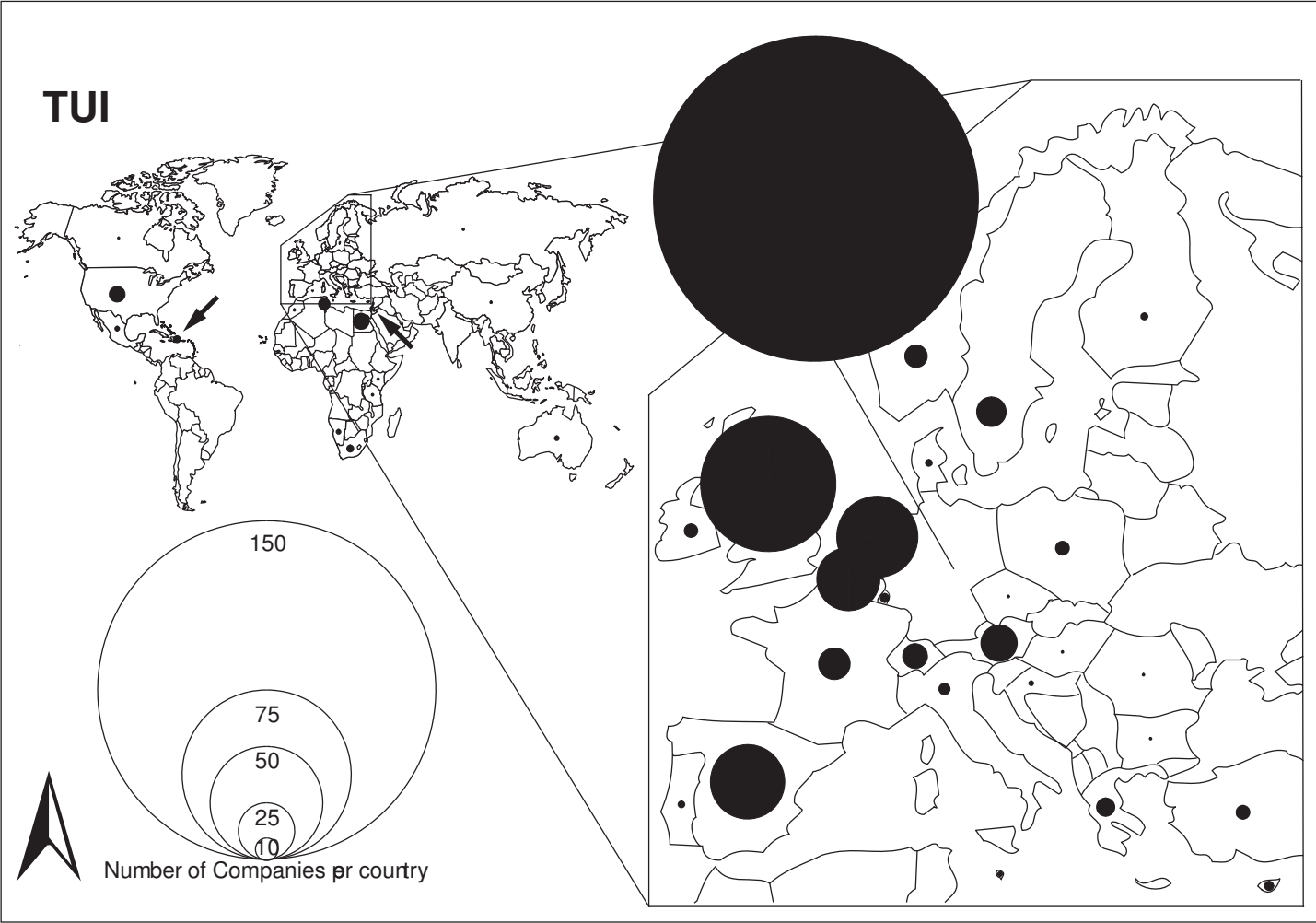
Source: FVW International (2002b)

Figure 5.11 Distribution of shareholdings held by Thomas Cook, 2002



Source: FVW International (2002b)

Figure 5.12 Distribution of shareholdings held by TUI, 2002

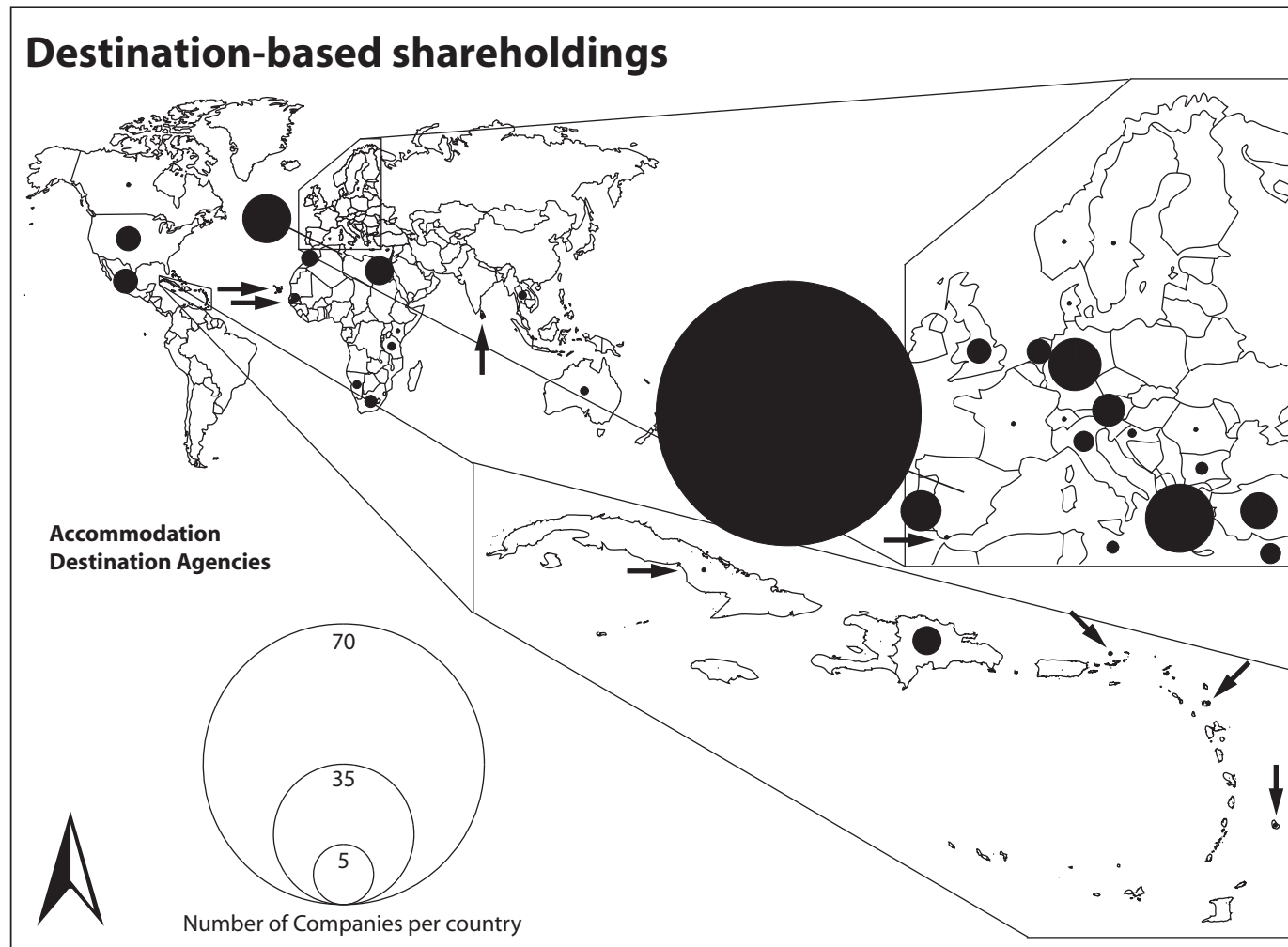


Source: FVW International (2002b)

Due to the integrated nature of these firms it is particularly interesting to analyse the distribution of the different types of shareholdings: accommodation providers, destination agencies, travel agencies, tour operators, airlines and other – often smaller – vertically integrated firms. Figures 5.13 and 5.14 demonstrate the larger numbers of shareholdings based in the source market (travel agencies, tour operators, airlines and integrated firms) compared to destination-based shareholdings (accommodation providers and destination agencies). There is also a clear distinction in geographic distribution with all shareholdings in Africa (with the exception of Kenya), South East Asia and Australia being destination-based. Source market firms predominate in North America (although fairly few), Western, Southern and Northern Europe.

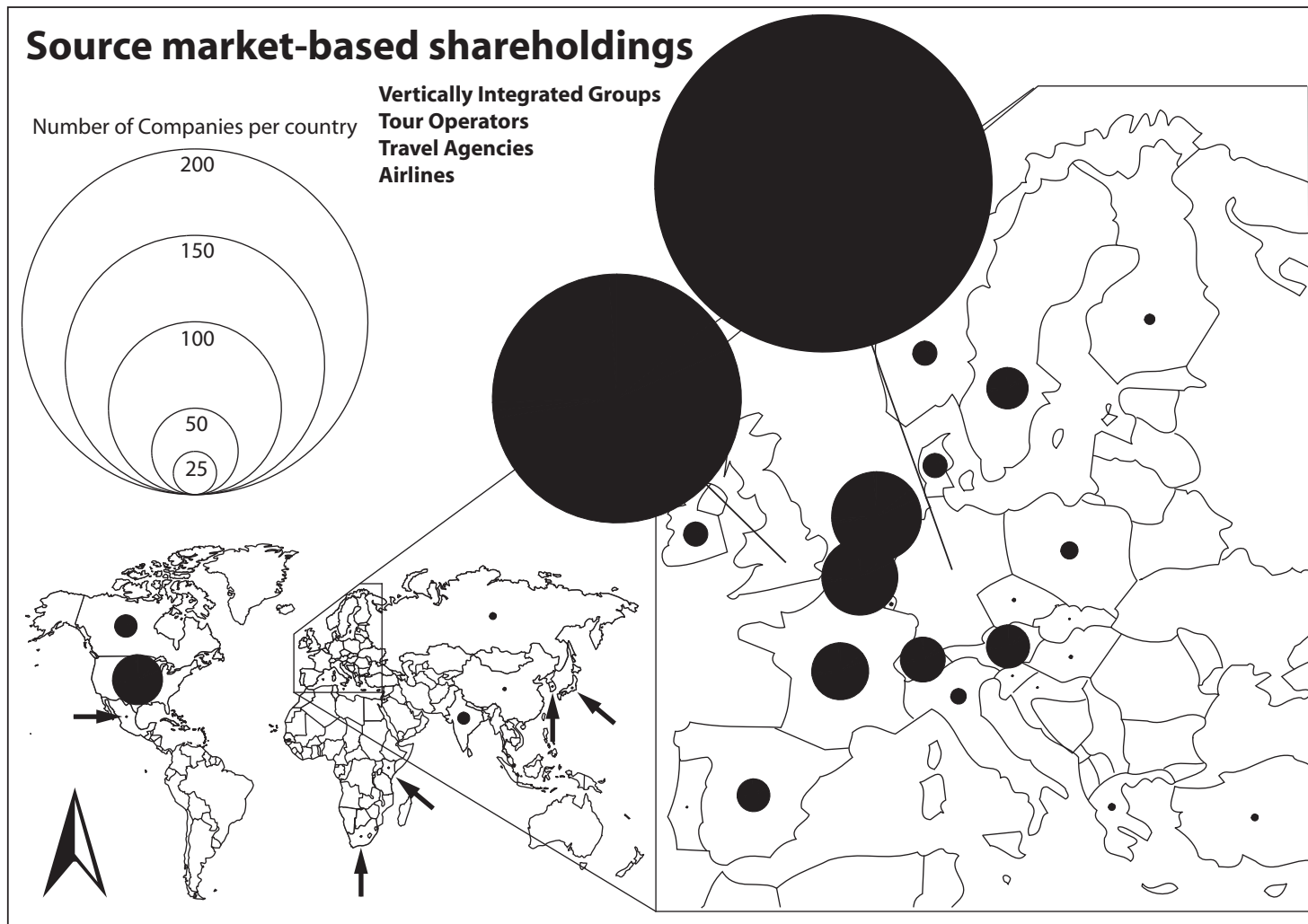
Of particular interest is the comparison between the geographic distribution of the corporations and the actual market size of European countries to determine possible reasons for the uneven development or eventual discrepancies. Table 5.13 ranks the European countries according to the expenditure of residents on personal travel and tourism. Most striking is the relative lack of source market shareholdings in Italy and Spain (see figure 5.14), coupled with the absence (or near absence in the case of Spain) of the leading integrated corporations in the top five market shares (see figure 5.6).

Figure 5.13 Distribution of destination-based shareholdings of the six leading integrated tourism corporations, 2002



Source: FWW International (2002b)

Figure 5.14 Distribution of source market-based shareholdings of the six leading integrated tourism corporations, 2002



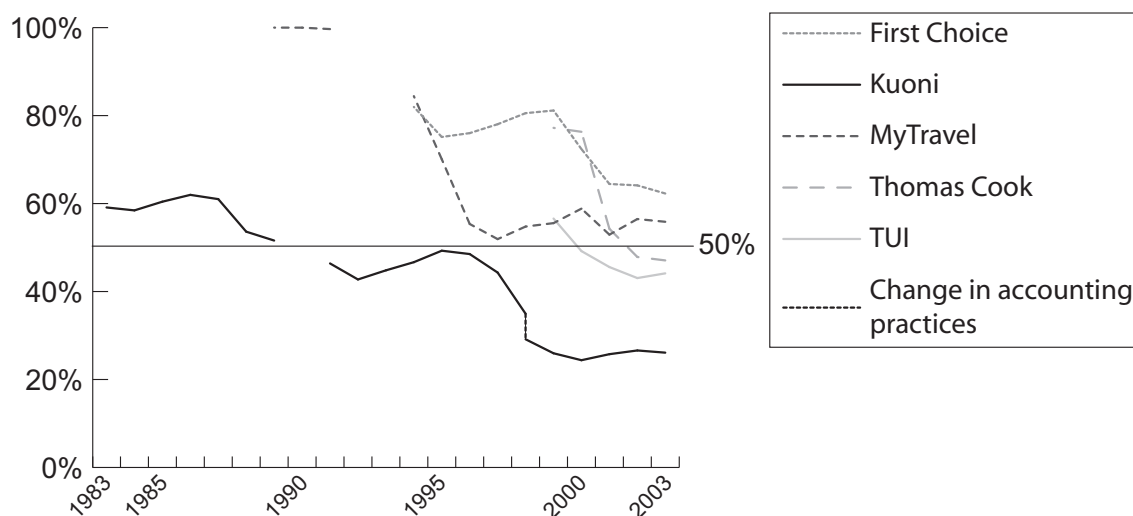
While the scope of geographical expansion of the top integrated tourism corporations is apparent from the data presented in figures 5.7 to 5.12, it does not give an indication of the scale of internationalisation; that is, the relative importance of foreign markets in terms of turnover for the companies, which is an important aspect of determining the internationalisation of these corporations. Figure 5.15 shows the relationship between foreign and home turnover for First Choice (a British company), Kuoni (a Swiss company), MyTravel (a British company), Thomas Cook (a German company) and TUI (a German company) from 1983-2003. A change in accounting practices for Kuoni from 1997 onwards in order to comply with the International Accounting Standards makes a comparison with the older data more difficult. The data show that since 1989 the UK has represented over 50% of MyTravel's turnover (this is very likely the case since its creation as Airtours in 1972). Foreign turnover for TUI has exceeded the turnover produced in Germany in 1999/2000 due to the acquisitions of Thomas Cook and Thomson Travel Group. Thomas Cook, which, like TUI, is also a German company that has incorporated a British integrated company *via* large-scale acquisition (C&N acquired Thomas Cook from Preussag/TUI in 2001), obtained 77% of its 2003 turnover in Germany and the UK and 97% in Europe (Company information, 2004). Kuoni presents a different situation: as a Swiss company its home market is limited and foreign turnover exceeded Swiss turnover in the early 1990s as the company internationalised early to gain access to bigger markets.

Table 5.13 Expenditure on personal travel and tourism per European country, 2002

Ranking	Country	Market size (US\$ billion)
1.	UK	128.05
2.	Germany	127.97
3.	France	94.37
4.	Italy	74.07
5.	Spain	55.16
6.	Netherlands	24.33
7.	Switzerland	22.87
8.	Austria	18.80
9.	Belgium	18.40
10.	Sweden	12.00
11.	Portugal	9.89
12.	Turkey	9.48
13.	Denmark	9.17
14.	Norway	9.11
15.	Greece	7.61
16.	Finland	7.39
17.	Poland	7.37
18.	Ireland	4.78
19.	Hungary	3.21
20.	Czech Republic	3.00
21.	Croatia	1.46
22.	Romania	1.43
23.	Luxembourg	1.15
24.	Bulgaria	1.08
25.	Slovenia	1.04
26.	Slovakia	0.80
27.	Malta	0.18
28.	Bosnia & Herzegovina	0.16

Source: adapted from WTTC (2004)

Figure 5.15 Percent of turnover achieved in the home country for First Choice, Kuoni, MyTravel, Thomas Cook and TUI from 1983-2003



Source: company information

5.9 Conclusion

As this chapter has demonstrated, the European tourism industry has clearly been undergoing significant changes that are related to globalisation and internationalisation processes epitomised by the emergence of mega-corporations. The tourism sector has experienced a significant structural change during a wave of large- and small-scale M&As resulting in a concentration of turnover and market share in a few transnational integrated corporations. Although the leading corporations have engaged in large M&A (both in size and quantity), the leading corporations have not evolved to become 'global' corporations as demonstrated by the maps of shareholdings. Instead, despite the trends towards newly emerging source markets such as Russia, China and India, the main source market orientation of these firms is still decidedly European, regional-based. Within the leading six corporations Thomas Cook and TUI have been transformed into mega-corporations with the highest level of geographical expansion. They are however, still heavily dependent on their home countries and Europe for the generation of turnover. Kuoni, although at a lesser level of turnover, shows a higher degree of internationalisation due to its diversification in terms of source markets. The geographical expansion shows the uneven flow of FDI, especially when analysing the strong international division of labour between destination- and source market-based firms. Two contrasting internationalisation strategies were identified: first, the 'big is beautiful' strategy of large-scale M&A in order to secure the leading positions in new markets and to benefit from vertical integration across the value chain and second, a strategy of relatively small-scale acquisitions in niche or core markets. The landscape of the European

tourism production system is therefore linked to the strategies of the key dominant players as well as the strategies of domestic tourism firms in countries in which the large TNCs have not entered the market yet. These national firms will have to balance the benefits of independence and a strong position in their domestic market with the risk of staying outside of a formalised network that facilitates economies of scale and scope in a highly competitive operating environment.

What this chapter demonstrated is the need to move away from looking at operations in isolation from each other, at least when these operations are part of integrated firms. A number of tourism researchers still cling to the traditional notion of tour operators despite the internalisation and integration of operations within firms (Buhalis, 2000; Koutoulas, 2006). While Koutoulas (2006) points in detail to the vertical integration of TUI in his chapter on the influence of European tourism corporations on Greek hotels, he nonetheless persists to use the term tour operators. While this seems like a triviality, Mosedale (2006) has demonstrated the results of integration strategies on destinations, which should not be ignored. Tour operating is merely one portion of the integrated corporations operations.

At the beginning of this chapter the author presented three positions towards globalisation (traditionalist, globalist and transformationalist) and argued for a transformationalist perspective which views globalisation as a process rather than a homogenised end-state involving a qualitative change from the previous period of internationalisation. It can be argued that the shift towards transnational organisation via the integration of operations across source

markets represents such a qualitative change (Yeung, 1998). Jones (2005: 178), however, argues that the debate concerning corporate globalisation in terms of corporate operations and distribution is missing the point:

‘The question of whether or not TNCs warrant the label “global corporations” has been constructed in terms of whether they operate, produce or trade in a sufficient number of places across the globe ... this conceptual approach is inadequate and cannot provide a sophisticated theoretical understanding of the changes currently associated with large firms and the globalization of economic activity’.

Globalisation is a concept that includes more than an increase in capital movement (e.g. in the form of foreign direct investment), it is rather a social process that transcends all spheres of society. It is therefore not sufficient for economic geographers to measure globalisation with the number of transactions via an analysis of trade and financial flows or foreign direct investment, as globalisation also affects the spatial structure and organisation of production, distribution, representation and consumption of goods (Clancy, 2002). While it is noteworthy to determine whether or not an industry is more or less internationalised, the real question that critical economic geographers should pose themselves is how these internationalisation processes differ between individual firms and sectors, through what methods or avenues is internationalisation being achieved, what are the spatial implications of this process and why is there an uneven development in the process?

This uneven nature of geographic expansion of integrated tourism corporations in terms of scope and the international division of labour underlines the fact that the discipline of geography still offers a necessary perspective on the analysis

of economic processes and contradicts the globalist theory of homogenised markets and a borderless world. It is necessary for the economic geography of tourism to focus its attention on the rapidly developing economic geographies of transnational tourism capital in order to theorise and analyse these developments as they offer ample research opportunities into the corporate geographies and the relationship between firms, space and place. Engaging in this topical area of research may also lead to a strengthening of ties between tourism and economic geography (Ioannides, 1995) as tourism economic geographers could contribute valuable insights to the debate.

The analysis of shareholdings also throws up the question of the boundaries of the firm: is ownership really the best way to delineate a firm? Dicken (1994: 106) recognises the importance of coordination rather than ownership and therefore argues for a fluid or dynamic definition of firms and their boundaries – ‘the imprecision of firm boundaries’ – reaching to include intra- and extra-firm relationships. Badaracco (1991: 314) also sees the need to redefine the boundaries of the firm as it ‘displays no sharp dividing line separating the inside of the firm from the outside. Rather, it shows the firm as a dense network at the center of a web of relationships’.

This chapter was concerned with the relationship between corporate entities and territorial spaces. However, as Dicken (2003) contends, firms are not placeless, they exist in a web of social networks manifested across space and touching down in places. The following chapter therefore examines how a particular place has been influenced by (and in turn has influenced) the flows of tourists and capital emanating from the transnational integrated tourism corporations.

Chapter 6: 'Placing' the transnational integrated tourism corporation

6.1 Introduction

As demonstrated in the previous chapter, globalisation processes have resulted in an uneven landscape of the European tourism sector, indicating the continued importance of geography, space and place in determining the economic landscape. The data presented in Chapter Five portrays important information on the movement of capital and is primarily concerned with the *quantification* of social interactions leading to a geographically expanded tourism production system. This data is inadequate for the analysis of the underlying *qualitative* processes (e.g. social relations) and the relationship between the transnational integrated tourism corporations and place as warranted by a transformationalist perspective of globalisation. Pred and Watts (1992: 11), for instance, declare the importance of place and the historical development of social configurations: '[h]ow things develop depends in part on *where* they develop, on what has been historically sedimented there, on the social and spatial structures that are already in place there'. The following section focuses on the links between the transnational integrated tourism corporations and place, emphasising, in particular, the implications of the restructuring processes within the European tourism production system for Mallorca.

6.2 Transnational integrated tourism corporations and the facilitation of tourist flows to Mallorca

Tour operators have played an important role in channelling tourist flows towards Spain since the beginning of organised tourism in the Mediterranean. The Spanish government of the 1950s backed foreign tour operators by waiving the national carrier's (Iberia) control of airspace and allowing tour operators to set up charter operations (Serra, 2003), in order to gain much needed foreign exchange. As a result, the evolution of the tourism development in Spain has always been closely linked to and influenced by the actions and interests of foreign (mainly German and British) tour operators. The significance of tour operators has also been central to the development of tourism in the Balearic region and, to this day, integrated tourism corporations still retain considerable importance. This is especially applicable for Mallorca, where in 2005, 58.0% of British and 61.6% of German tourists (British and German tourists make up 65.2% of all visitors to the Balearics) arrived on package tourism trips (INESTUR, 2006). Sastre (2002b) estimates that, excluding domestic tourism, around 90% of all foreign tourists access the island via charter flights operated by the large integrated tourism corporations.

Table 6.1 not only demonstrates that tourism production in Mallorca has historically been dominated by transnational integrated tourism corporations, but further demonstrates the impact of the changing structure and dynamics of the tourism production system. In the countries presented in the table, the market increases for package tourism to Mallorca, ranged from a low of 19.0% for France (followed by Germany with 40%) to 63.3% for Belgium (Sastre, 2002b). These figures are congruent with the rapid growth of tourism

development in Mallorca that has been discussed in Chapter Four. When comparing the total number of tourists transported to Mallorca by TUI in 1992 and 2000 (an increase of 72.3% from 600,000 to 2,200,000; see tables 6.1 and 6.2) it becomes apparent that the growing market is not the sole reason for such a significant rise (Sastre, 2002b). Instead, the structural changes in the European tourism production system, in terms of horizontal integration and internationalisation (see Chapter Five) have contributed to the intensification and concentration of flows to Mallorca.

Table 6.1 Tourist flows to the Balearics by tour operators and source market

	1992			2000		% change 1992/2000
	Number of Tourists	%		Number of Tourists	%	
Germany						
TUI	600,000	35.7	TUI	1,140,000	40.7	47.4
Neckermann	450,000	26.8	Thomas Cook	960,000	34.3	53.1
			ITS	320,000	11.4	
			MyTravel	240,000	8.6	-
Others (24)	405,000	37.5	Others	120,000	4.3	
Total	1,680,000	100	Total	2,800,000	100	
United Kingdom						
Thomson	480,000	33.8	TUI	830,000	30.0	42.2
Airtours	350,000	24.6	MyTravel	1,020,000	37.0	65.7
Owners Abroad	280,000	19.7	First Choice	320,000	11.6	12.5
			Thomas Cook	510,000	18.5	
Others (15)	312,000	30.0	Others	80,000	2.9	
Total	1,422,000	100	Total	2,760,000	100	48.5
France						
Fram	60,000	35.3	Fram	80,000	38.1	25.0
Jet Tours	30,000	17.6				
Others (15)	80,000	47.1	Others	130,000	61.9	
Total	170,000	100	Total	210,000	100	19.0
Italy						
Alpitur	60,000	46.2	Alpitours	130,000	52.2	53.8
Aviatur	35,000	26.9				
Others (8)	35,000	26.9	Others	120,000	48.0	
Total	130,000	100	Total	250,000	100	48.0

Table 6.1 cont.

	1992			2000		% change 1992/2000
	Number of Tourists	%		Number of Tourists	%	
Netherlands						
Holland Int.	30,000	35.2	TUI	80,000	50.0	
Sunair	20,000	23.5	Thomas Cook	50,000	31.2	
Arke	20,000	23.5				
Others (5)	15,000	17.7	Others	30,000	18.8	
Total	85,000	100	Total	160,000	100	46.9
Belgium						
Sunair	30,000	54.5	Thomas Cook	110,000	73.3	
Others (7)	25,000	45.5	Others	40,000	26.7	
Total	55,000	100	Total	150,000	100	63.3
Scandinavia						
Spies	55,000	34.4	MyTravel	210,000	58.3	
Vingresor	40,000	25.0	TUI Fritidsresor	90,000	25.0	
Always	30,000	18.7				
Others (7)	35,000	21.9	Others	60,000	16.7	
Total	160,000	100	Total	360,000	100	55.6
Switzerland & Austria¹			Austria			
Hotelplan	35,000	29.2	TUI	60,000	66.6	
Kuoni	30,000	25.0	Others	30,000	33.4	
Others (11)	55,000	45.8	Total	90,000	100	
			Switzerland			
			Kuoni	50,000	29.4	
			TUI	30,000	17.6	
			Others	90,000	53.0	
			Total	170,000	100	
Total	160,000	100	Total	230,000	Na	

¹ data for Switzerland and Austria combined in 1992, but presented separately in 2000

Source: Sastre (2002b: 474-475)

Table 6.2 Top three tour operators for the Balearics in 2000

Tour Operator	Number of Tourists	Percentage
1. TUI	2,200,000	29.3
2. Thomas Cook	1,630,000	21.7
3. MyTravel	1,470,000	19.6
Others	2,210,000	29.4
Total	7,510,000	100

Source: Sastre (2002b: 475)

Horizontal integration and concurrent internationalisation have resulted in a higher importance of the top tourism corporations for the Balearics and the destination of Mallorca in particular. Airtours/MyTravel, for instance, has increased its units of package tours from the UK to the Balearics by 65.7% in the period from 1992 to 2000 and in the same time period also expanded its market share by 12.4% to reach 30% (Sastre, 2002b). First Choice (called Owners Abroad in 1992) in comparison, has only experienced a 12.5% augmentation of units and lost 8.1% of market share in the UK (Sastre, 2002b). This situation can be explained by the differing growth and M&A strategies of the two corporations, as First Choice is focusing on the specialist market rather than the typical 3S product.

The impacts of internationalisation within the tourism production system become apparent when analysing the changing configuration of tour operators across national source markets from 1992 to 2000. In 1992, TUI was the most important German tour operator with a market share of 35.7%, followed by Neckermann with 26.8%. In the UK, the top three operators for the Balearics were Thomson (33.8%), Airtours (24.6%) and Owners Abroad (19.7%) (Sastre, 2002b). In 2000, after considerable M&A activity and greenfield investment in new source markets (see Chapter Five), three integrated tourism corporations (TUI, Thomas Cook and MyTravel) were channelling 70% of all tourists to the Balearic Islands (Sastre, 2002b) (see table 6.1).

The internationalisation of the European tour operators has led to a substantial increase of tourists transported to the Balearics. In 1992, tour operators were only present in their home countries whereas the restructuring of the European

tourism system (see Chapter Five) has resulted in a markedly different landscape of tourist flows and their facilitation by tour operators/integrated tourism corporations. Horizontal integration and internationalisation has led to a growing influence of integrated tourism corporations on the Balearics.

In 1992, TUI was the number one tour operator in Germany, after a number of M&A's – notably the Thomson Travel Group in the UK in 2000 and the merged Holland International and Arke Reizen in the Netherlands in the late 1980s – it moved to being the most important European tourism corporation with a total market share of 29.3% and transferring tourists to the Balearics from Germany, the UK, the Netherlands, Scandinavia, Austria and Switzerland (Sastre, 2002b).

The number two of 1992, Neckermann, has also engaged in considerable M&A activity to transform itself into Thomas Cook, although its percentage of tourists to the Balearics dropped from 26.8% to 21.7% between 1992 and 2000, it is present in the following source markets for the Balearics: Germany, the UK, the Netherlands and Belgium (Sastre, 2002b).

The consequences of horizontal integration via foreign direct investment (internationalisation) are especially prominent in the case of Airtours/MyTravel. In 1992, Airtours/MyTravel was not present in the Scandinavian market, with three local tour operators (Spies, Vingressor and Always) controlling 78.1% of the market share to the Balearics (Sastre, 2002b). However, due to similar market conditions as in the UK, Airtours/MyTravel focused its international expansion on Scandinavia by acquiring Spies in 1996, Vingressor and Always in 1994 with the acquisition of the Scandinavian Leisure Group from SAS, thus

becoming the leading tourism corporation with 58.3% of the Balearic market share in 2000 (Sastre, 2002b).

However, as table 6.1 illustrates the tourist flows to the Balearics by tour operators only, it does not provide information on the vertical integration of these tourism corporations. Taking TUI as an example, vertical integration has resulted in control (either through ownership, strategic alliance or both) over the major nodes in the commodity chain of package tourism to the Balearics as it owns the charter airline Hapagfly and the low cost airline Hapag Lloyd Express, the destination agency and incoming tour operator TUI Espana (formerly Ultramar Express) with its headquarters in Mallorca, a rental car agency (TUI Cars) operating in Mallorca, shares in the Mallorcan hotel group Riu and – in terms of diagonal integration – a strategic alliance with a Mallorcan real estate agent to sell second homes via its travel agencies. This integration has arguably facilitated the coordination of production processes and therefore also the flow of tourists to the destination.

The importance of tour operators has been absolutely decisive in the Balearic region. Williams (1995: 119) highlights their role in Spanish tourism development: although they were not the sole causal factor in the growth of mass tourism in Spain, ‘... they were the most powerful instrument shaping new economic and cultural relationships between particular regions and market in Northern Europe’. He argues for an analysis of capital ownership in order to fully comprehend the role played by tourism corporations.

Estimations of the importance of Mallorca for European tour operators range from a likely inflated 20-25% (Galvarriato and Antonio, 1985) to 10% of tourist flows channelled via tour operators to the Mediterranean (Bardolet and Sastre, 1997). Around 90% of foreign tourists access Mallorca via charter flights operated by the large integrated tourism corporations (INESTUR, 2006). Despite these impressive figures, the importance of the tour operators for the economy of the Balearics is even greater than indicated, as they were instrumental in facilitating the construction of hotel facilities on Mallorca during the tourist boom of the early 1960s. Due to a lack of financial capital from banks, Mallorcan hotel entrepreneurs were in fact only able to increase hotel capacity due to financial support from the European tour operators (Bardolet and Sastre, 1997). Although interest on these loans was minimal or even non-existent, the non-monetary conditions were in form of a percentage of the profit per client, a freezing of prices during the loan period and preferable prices of between 10-50%. In return, tour operators guaranteed hoteliers a certain level of occupancy (Sastre, 2002a, 2002b). The Balearic Hotel corporations (large family enterprises) benefited from this association with the main European integrated tourism corporations by financing hotel development and thus reducing the inherent risk of foreign market entry. This resulted in an economic dependency of hotels towards tour operators. Although this has decreased due to increased financing opportunities from Spanish financial institutions (Sastre, 2002a), this power relationship is still existent albeit in slightly different format: the ownership of shares in Mallorcan hotel groups.

The previous section has demonstrated the general dependency of Mallorca on European tour operators and the resulting power relationships. However, as

with the discussion of structural change in the tourism production system (Chapter Five), the previous section was based on the rational logic of economic transactions via economic institutions rather than recognising that economic action is the outcome of social and economic processes within a network of social relations, which constitute the firm. Since the author argued for such a socio-economic view of tourism firms in Chapter Three, this chapter attempts to analyse integrated tourism corporations as institutions that are constituted of and embedded in networks of social relations which inform and result in economic action.

One key point to make is that the large integrated tourism corporations analysed as part of this thesis, have evolved from national firms in Western European countries only. Firms from outside Western Europe arguably differ because of variations in locational factors, regulatory systems and market and network structure. Mosedale (2006), for instance, points to the need for further research into the differences in structure and type of governance between European commodity chains and commodity chains from other source markets and the implications these have for destinations. Currah and Wrigley (2004: 6) corroborate this opinion in context of research into retail firms:

‘What is required, then, is a more detailed interrogation of the retail TNC as a multi-locational firm that has the power to manipulate geographical space and to insert places into its organizational structure in innovative ways as part of its competitive strategy’.

The interactions between transnational corporations and space identified by Currah and Wrigley (2004) are mediated through networks of social relations over time.

6.3 Networks, place and space

Networks are inherently dynamic as they are set within ongoing social processes and ‘... constituted, transformed and reproduced through asymmetrical and evolving power relations by intentional social actors and their intermediaries’ (Dicken *et al.*, 2001: 105). A specific network is therefore situated within a time and space-specific broader network of ‘society’ and can span across multiple spatial scales.

According to Dicken *et al.* (2001: 91), ‘Networks are essentially *relational processes*, which when realized empirically within distinct time- and space-specific contexts, produce observable patterns in the global economy’. This view of the economy as relational networks changes the unit of analysis from individuals, firms, institutions, nation-states etc. to the networks of which they are a part of. An analysis of relational networks therefore requires a deep understanding of the socio-spatial foundation of economic actors and institutions in order to portray the multiple forms of relationships that constitute the global economies: ‘Such a relational view of the capitalist global economy clearly stresses interconnectedness, hybridities and possibilities’ (Dicken *et al.* 2001: 91). However, these networks do not operate in a spatial vacuum. Dicken (2005: 8) underlines the importance of the ‘institutional and geographical environments within which networks not only operate but also within which they are formed and shaped’:

‘every element in a transnational production network – every firm, every function – is, quite literally, *grounded* in specific locations. Such grounding is both material (the fixed assets of production) and also less tangible (localized social relationships and distinctive institutions and cultural practices)’

(Dicken, 2005: 8).

As a matter of clarification, the term network as used in this thesis refers to the topological structure of social relations as opposed to the network as a form of organisational governance. Amin (2002) puts forward the topological view as social relations are stretched across space and therefore transcend the scalar organisation of space. Places are therefore not reduced to being separate sites connected to each other via geographical links, but are rather constituted by social practices that create place regardless of predetermined territorial organisation. Amin’s (2002: 386) interpretation of globalisation is: ‘one which emphasises a topology marked by overlapping near – far relations and organisational connections that are not reducible to scalar spaces’.

In contrast, the use of the term ‘network’ for explaining the type of governance within organisations is especially prominent in business studies as a new organisational form different from market and hierarchical governance (Powell, 1990). However, when referring to the topological structure of social relations, all types of organisational governance from markets to hierarchies are constituted of networks. Such a view conceptualises the firm as an arrangement of ‘differentiated networks’ (Nohria and Ghoshal, 1997), which span a number of relationships within and beyond firm boundaries. Wrigley and Currah (2004)

analyse organisational learning and adaptation of retail TNCs by focusing on three types of overlapping relationships: intra-firm, inter-firm and extra-firm networks. *Intra-firm networks* are often portrayed as being constituted as bargaining processes, with different divisions of the firm vying for capital from the headquarters of the parent company. Phelps and Fuller (2000), for instance, analyse the competition for international export contracts between divisions of production-based TNCs in order to enter new markets and ensure continued growth of the division. In integrated tourism corporations, intra-firm relationships and networks are essential for the successful integration of production in order to benefit from synergies and the internalisation of different levels of the value chain (Bastian, 2004). However, little is known about the integration process within tourism corporations and the social relations or networks related to this.

In addition to integrated operations, the large integrated tourism corporations tend to engage in portfolio investment within the tourism production system and also enter into strategic alliances with other firms. Fyall and Garrod (2005) provide an analysis of collaborative strategies in the tourism production system and provide a list of potential motives for collaboration grouped eight main categories (see table 6.3). The most common examples of *inter-firm* collaboration are in strategic alliances in the airline industry and hotel consortia (Go and Pine, 1995; Evans *et al.*, 2003; Fyall and Garrod, 2005). Although Fyall and Garrod (2005: 315) do not use the term 'network' in that context, their view of collaborative marketing is essentially one of a global economy constituted of relational networks: '[the] established [adversarial] marketing paradigm is becoming increasingly untenable in the global marketplace. Indeed, the adoption of more "relational" collaborative approaches to marketing is necessary'.

Table 6.3 Potential motives for collaboration

Type of motives for collaboration	Benefits of collaboration
Market entry and market position-relative motives	gain access to new international markets circumvent barriers to entering international markets posed by legal, regulatory or political factors defend market position in present markets
Product-related motives	enhance market position in present markets fill gaps in present product line broaden present product line
Product/market-related motives	differentiate or add value to the product enter new product/market domains enter or maintain the option to enter into evolving industries whose product offerings may emerge as either substitutes for, or complements to, the firm's product offerings.
Market structure modification-related motives	reduce potential threat of future competition raise/erect barriers to entry alter the technological base of competition
Market entry timing-related motives	- accelerate pace of entry into new product/market domains by accelerating pace of research and product development and/or market entry
Resource use efficiency-related motives	lower production costs lower marketing costs
Resource extension- and risk reduction-related motives	pool resources in light of large outlays required lower risk in the face of large resource outlays required and technological, market or other uncertainties
Skills enhancement-related motives	learn new skills from alliance partners enhance present skills by working with alliance partners

Source: Beverland and Brotherton (2001) in Fyall and Garrod (2005: 139)

Tremblay (1998: 848) offers a broad theorisation of the economic organisation in the tourism production system in order to focus on the structure of the economic system rather than firm-centred approaches: 'What is required is a dynamic theory of industrial coordination which discards the sharp intra-firm and inter-firm categorization of economic modes of coordination by moving away from ownership-defined linkages'. Tremblay's (1998) main argument is that firms engage in economic action through a network of cooperative and competitive linkages that are shaped by the competencies of the firms as well as the available market inputs. He provides a classification of possible collaborative networks for the tourism system. The first type of network is set

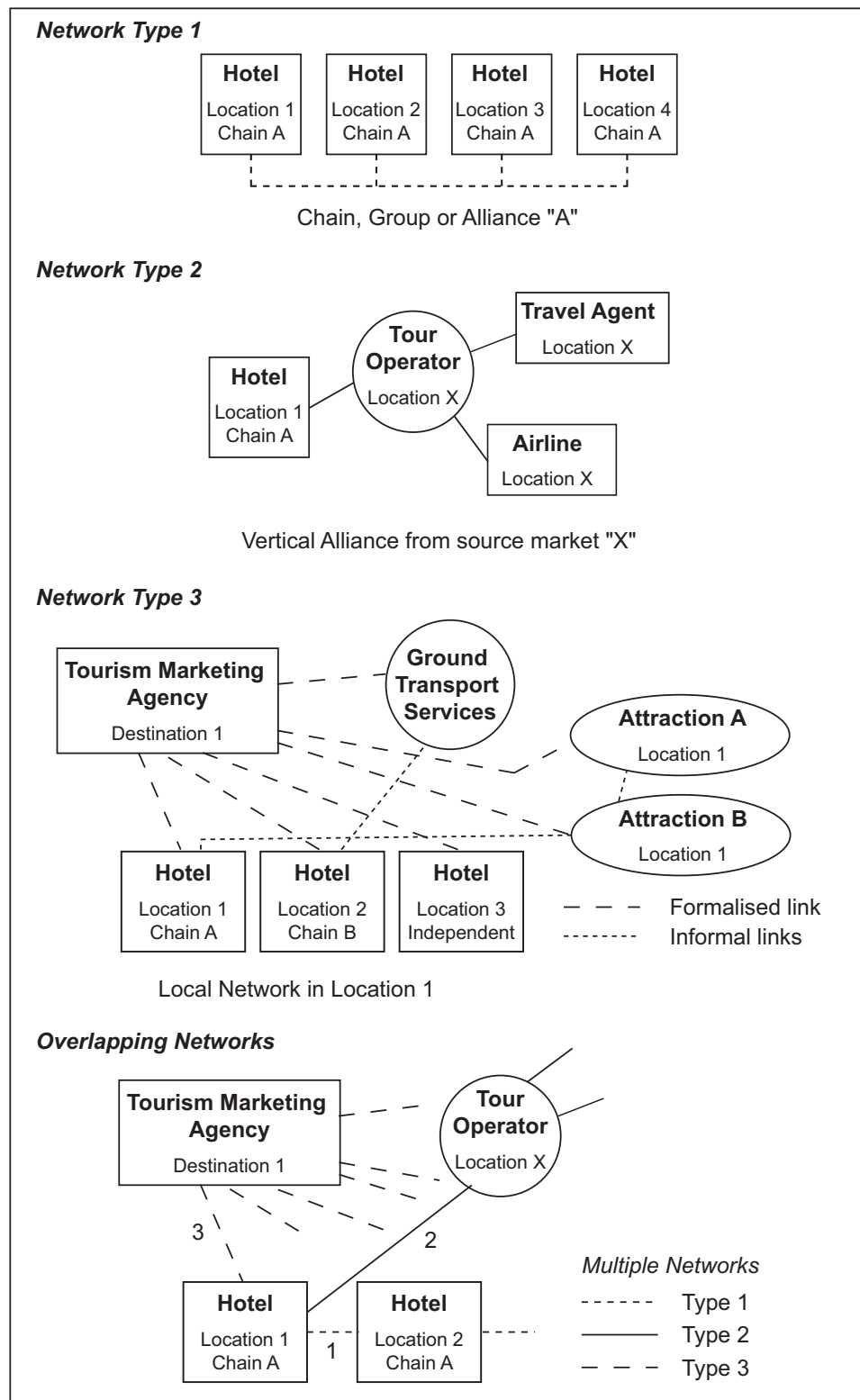
horizontally between firms with similar competencies but operating in different markets and destinations. This type of inter-firm relationship is characteristic of strategic alliances between airlines and hotel consortia, which can take advantage of economies of scale and scope (such as joint marketing or greater buying power) without the need for ownership (Go and Pine, 1995).

The second type of inter-firm network is a vertical alliance of firms within the same commodity chain. In contrast to the first type of network, which is based on similar competencies between firms, this collaborative relationship is founded on different steps of production requiring different capabilities and technologies (Tremblay, 1998). By coordinating their activities via networks, these firms link dissimilar competencies to create the standardised product and are thus able to control production and quality. The third network also constitutes of vertical links within the commodity chain, but contrary to network type two it is solely based on the destination. A prime example of this type of association between firms is governmental tourism boards, which are responsible for representing and marketing the destination abroad. These governmental bodies essentially act as destination-marketing agencies and have an important role in mediating the relationship between the firms operating in the destination (as illustrated in figure 6.1) and the tourist generating countries (Mosedale, 2006). 'Local destination networks play a crucial role in balancing the interest of various stakeholders and can boost a destination's competitive advantage by linking the fragmented capabilities found in a community' (Tremblay, 1989: 853). The fourth type of network consists of all three previous types overlapping, thus illustrating the 'network' employed by integrated tourism corporations (as demonstrated in Chapter Five).

While Tremblay (1998) paints an accurate picture of the different types of integration within the tourism production system, he fails to recognise that these types of inter-firm relationships are not necessarily collaborative but can take on aspects of competition and conflict as exemplified by the competition for market shares between tour operators via pricing strategies. Mosedale (2006), for instance, highlights the role of competition between scheduled and charter airlines on routes to the Caribbean as a main factor in the growing influence of the Virgin Travel Group over tourist flows to St Lucia. See also the contributions in Papatheodorou (2006) for some examples on corporate rivalry and the competitive advantage in the airline industry (O'Connell, 2006), airports (Graham, 2006), visitor attractions (Wanhill, 2006) and the US travel retail sector (Ioannides and Daughtrey, 2006).

While all relational networks in the tourism production system inevitably involve different spatial scales, *extra-firm relational networks* are inherently linked to firm-space relationships, as both firms and communities aim to extract the maximum benefit from that relationship (Dicken, 2003b). The other aspect of firm-place relationships is the competition between communities for limited international capital in the form of FDI, which results in specific place-place relationships in order to provide incentives for TNC investment (Dicken, 2003b) and gain a competitive advantage over competitor places (Porter, 1990). In fact, Porter (1990: 19) argues that the competitive process in itself is localised: 'Competitive advantage is created and sustained through a highly localized process. Differences in national economic structures, values, cultures, institutions and histories contribute profoundly to competitive success'.

Figure 6.1 Network types in the tourism production system according to Tremblay (1998)



Source: Tremblay (1998: 851, 852, 853, 854)

Dunning (1993), in his eclectic paradigm (see Chapter Three) points to these location-specific characteristics in explaining the internationalisation of firms via foreign direct investment. Dicken (2000), on the other hand, gives a more balanced account of the relationship between TNCs and places by arguing that it is important to 'place' firms as well as to 'firm' places. He recognises that the spatial origins of firms are important, but that TNCs also use space and place for competitive strategy.

'In one sense, therefore, the economies of *places* reflect the ways in which they are "inserted" into the organizational *spaces* of TNCs either directly, as the geographical locus of particular functions, or indirectly through customer-supplier relationships with other (local) firms. Because the TNC, by definition, is a multi-locational firm operating across national boundaries, it has the potential to manipulate geographical space and to use places as an intrinsic part of its competitive strategy'

(Dicken, 2000: 283, emphasis original).

What is therefore required is a detailed analysis of integrated tourism firms as relational networks in context of their relationship with a specific case study destination.

6.4 'Grounded' networks

Objective three of this thesis aimed at analysing the socio-spatial practices of transnational integrated tourism corporations by examining the structure of their inter-, intra-firm and extra-firm networks, thus gaining an understanding of their embeddedness. However, the difficulties encountered during the fieldwork

stage of the thesis (see Chapter Four) require an alternative approach towards satisfying that particular objective. This chapter therefore attempts to give an indication of the embeddedness of transnational integrated tourism firms by 'placing' them (Dicken, 2003a), i.e. by focussing on the connections between these firms and a particular place, Mallorca. As previously noted, transnational firms and networks are 'deeply influenced by the concrete socio-political, institutional and cultural 'places' within which they are embedded, produced and reproduced' (Dicken, 2005: 8-9). The relationship between firms and space/place is therefore especially complex as noted by Dicken and Malmberg (2001) and what Dicken (2003b) describes as 'placing' firms and 'firming' place.

As stated previously, European tour operators were instrumental in the creation and development of Mallorcan hotel groups via loans from the 1960s onwards. These special relationships continued once debts were repaid and in many cases resulted in strategic alliances. The following section therefore provides a series of case studies illustrating the particular relationships between the six integrated transnational tourism corporations that are the focus of this thesis and Mallorcan hotel groups. These connections evolved from inter-firm to intra-firm relations as the integrated tourism corporation partially or fully acquired their former business partners and in some cases also set up separate joint ventures to further internalise operations.

6.4.1 Corporate case studies

6.4.1.1 TUI

TUI has long-standing connections to three Mallorcan hotel groups: Iberotel, Riu and Grupotel. TUI's first formal involvement in foreign direct investment in Mallorca took place in 1971 with the acquisition of a 50% stake in Iberotel (TUI, 2007b). The complete acquisition happened in 1989, after the expansion of Iberotel into Tunisia and Turkey.

TUI is also closely linked to Riu, another Mallorcan family hotel group. The cooperation between TUI and Riu started as early as 1968, when Touristik Union International (not the current TUI AG) acquired the German tour operator Dr. Tigges Fahrten. Dr. Tigges had set up close links with the Mallorcan family hotel business since 1962 (TUI, 2007b). TUI formalised this relationship and internalised the accommodation production process by acquiring a 49% stake in Riu in 1977. In 1993, TUI and Riu formed a hotel management company (Riusall) in joint venture, which managed Rius's hotels and the Iberotel chain of TUI. See table 6.4 for a list of hotels that were transferred from Iberotel to Riu due to a geographical reorientation of Iberotel (Hosteltur, 1998).

After a gestation period in Mallorca in which Riu increased its hotel portfolio and consolidated its operations, it expanded to the Canaries and Andalusia in the 1980s (Sastre, 2002c; Serra, 2003) and embarked on international expansion in 1991 with the opening of a hotel in the Caribbean (TUI, 2007b). A third expansion wave started in 1999 with the incorporation of twelve hotels in North Africa and the Eastern Mediterranean via management contracts or franchising (Serra, 2003; TUI, 2007b). In 2001, Riu owned 57 hotels in Spain, 35 of which

located in the Canary Islands, 15 in the Balearics and 37 hotels outside of Spain distributed over 10 countries (Sastre, 2002c). This cooperation and subsequent expansion elevated Riu to the second largest Spanish hotel group behind Sol Meliá and 23rd world-wide, with 11,500 employees and a turnover of €5225.9 million (Sastre, 2002c).

The final hotel interest of TUI in Mallorca is a joint venture with Grupotel called Grupotel DOS S.A. that was established in 1998. This formalised the relationship between TUI and Grupotel and incorporated the 32 hotels in Mallorca to the integrated tourism corporation.

Table 6.4 List of Iberotel hotels that were transferred to Riu

Country	Hotel	Category	Number of beds
Tunisia	El Mansour	4*	3,572
	Oceana Hmamet	5*	
	Mehari Tabarka	4*	
	Bellevue Park	4*	
	Green Park	4*	
	Mehari Dierba	3*	
	Royal Garden	5*	
Total	7		
Egypt	Grand Sharm	5*	2,038
	Palm Beach	4*	
	Makadi Beach	4*	
	Arabella	4*	
Total	4		
Marocco	Tikida Beach	4*	1,184
	Tafoukt	4*	
	Tikida Garden	4*	
Total	3		
Turkey	Marmaris Park	3*	1,952
	Bodrum Park	4*	
	Sarigerme Park	4*	
Total	3		
Cyprus	Cypria Maris	4*	478
Total	1		
Bulgaria	Gergana Beach	3*	804
	Slavuna Beach	3*	
Total	2		
Total	20		10,028

Source: Hosteltur (1998: 34)

The relationships between TUI and Iberotel, Riu and Grupotel have developed over time and across different organisational constellations and processes. At first, TUI (or Dr. Tigges) was involved in standard, intra-firm tour operator – hotel linkages with Iberotel and Riu. As the development of the hotel sector in Mallorca was limited in the 1960s and in order to increase their capacity to the island, TUI financed the local expansion of hotels through loans and acquisitions. The linkages were merely in context of the destination of Mallorca, as represented by Tremblay’s (1998) third network type, where firms with dissimilar competencies within the same production process coordinate their operations in order to create a standardised product of assured quality.

However, as the linkages between the tour operator and the hotel groups resulted in a competitive advantage for both parties (bed spaces and assured quality for the tour operator, occupancy guarantees as well as capital for expansion for the hotel group), these relationships were extended across space to include other 3S destinations. Due to this competitive advantage, a shift occurred towards Tremblay’s (1998) second network type, a vertical international alliance via the integration and internalisation of production processes.

Table 6.5 Position of Mallorcan Hotel groups in TUI Hotels & Resorts, 2006

	Number of Hotels	Number of Beds	Locations
Riu	109	74,781	Bahamas, Bulgaria, Greece, Cape Verde, Caribbean, Croatia, Malta, Morocco, Mexico, Portugal, Rumania, Spain, Tunisia, USA, Cyprus
Iberotel	17	14,501	Egypt, Italy, Turkey
Grupotel	23	13,326	Balearics, Barcelona
Others	130	62,236	
Total	279	164,844	

Source: company information

The local Mallorcan relationships (tangible in the form of hotels and intangible such as quality assurance) have not only resulted in an initial 'placing' of TUI, intensified via further foreign direct investment in Mallorca (destination and car rental agencies), but have also led to changed processes in space due to the international expansion of that relationship. These investments have provided a tangible benefit for TUI as the Mallorcan hotel groups constitute 62% of rooms and 53% of hotels (see table 6.5) incorporated into TUI Hotels & Resorts, the hotel division of TUI.

6.4.1.2 Thomas Cook

Thomas Cook's connection with Iberostar is based on preceding links between the Spanish integrated tourism corporation and the German tour operator Neckermann (which became C&N and eventually Thomas Cook AG). It follows a similar trajectory as TUI's networks to Mallorca, except that the initial formalised agreement was signed with a destination agency (Iberostar) rather than a hotel group. The agreement signed in 1979 between Neckermann and Iberostar involved the representation of Neckermann in Spain (Sastre, 2002c). The initial competitive advantage of this cooperation was the quality of representation for Neckermann within Spain. However, the cooperation was extended in 1985 when Neckermann participated in the creation of Iberostar Hotels & Resorts (Sastre, 2002c) and subsequent expansion with the establishment of a hotel in the Caribbean in 1992 and in 1998. Neckermann transferred the management of its hotels in Spain, Greece and Tunisia to the joint venture (Serra, 2003). As represented in table 6.6, Iberostar Hotels & Resorts owns and operates 92 hotels with over 61,600 beds in 16 countries, with expansion into North Africa and Eastern Europe.

Table 6.6 Capacity and location of Iberostar Hotels & Resorts, 2007

Number of Hotels	Number of Beds	Locations
92	> 61,600 beds	Latin America and the Caribbean: Brazil, Cuba, Dominican Republic, Jamaica, Mexico Europe: Bulgaria, Croatia, Gibraltar, Greece, Italy, Montenegro, Spain, Turkey Africa: Morocco, Tunisia

Source: company information

The relationship between Neckermann and Iberostar was first formalised via an agreement for nation-wide representation and finally internalised by establishing the joint venture Iberostar Hotels & Resorts. Similar to the previous case study of TUI, the spatial aspect of the relationship was first localised, then nationalised and eventually led to an international cooperation with clear advantages to both parties.

6.4.1.3 First Choice

In comparison to German tourism corporations, British firms were late to engage in foreign direct investment in Mallorca with the acquisition of stakes in hotel groups or nationally integrated tourism firms. First Choice, for instance, started cooperating with Barceló (a Spanish integrated tourism corporation based in Mallorca and owned by a Mallorcan family) in 1996, when Barceló Viajes took over the representation of First Choice in Spain (Serra, 2003). In 2000, First Choice acquired Barceló Travel Division, which included the option of creating a hotel joint venture to which Barceló would contribute 15 hotels (~10,000 beds) in mainland Spain, the Balearics and the Canary Islands. This acquisition had a two-fold objective for First Choice. First, to internalise the

representation of First Choice in Spain, Portugal, the Caribbean, Mexico and Latin America through Barceló Viajes international network of destination agencies. Approximately 50% of Barceló Viajes passengers are First Choice customers (First Choice, 2000; Preferente, 2000b). Second, to gain greater control of the production processes via vertical integration of the accommodation sector: 'While the Group is currently integrated across retail, tour operating and airline activities, First Choice now considers it strategically and commercially advantageous to have a direct interest in certain of the principal hotels used by the Group' (First Choice, 2000).

Barceló, in return for the sale of Barceló Travel Division, obtained a 21% stake in First Choice and a seat on the Board of Directors. This guaranteed Barceló's position in the destination market (Serra, 2003). However, First Choice sold the Barceló Travel Division back to Barceló in 2003 in order to re-structure its Spanish portfolio and focus on the high growth destination services (company information).

While First Choice had the option to create a hotel joint venture with Barceló, this option was not exercised (see table 6.7 for information on Barceló Hotels & Resorts). However, cooperation between the two firms remained close as Simon Barceló was on the Board of Directors until 2007, when Barceló reduced its holdings in First Choice. First Choice's strategy – demonstrated by the type of businesses acquired in the last twenty years – has been to focus on its niche specialist businesses (see Chapter Five) with the aim to generate at least 66% from this sector (Company information). Compared to other transnational, integrated tourism corporations, the company's mainstream tour operator is not its sole focal point.

Table 6.7 Capacity and location of Barceló Hotels & Resorts, 2007

Number of Hotels	Number of Beds	Locations
130	34,393	Latin America and the Caribbean: Costa Rica, Cuba, Dominican Republic, Ecuador, Mexico Europe: Bulgaria, Czech Republic, Spain, Turkey, North America: USA Africa: Morocco, Tunisia

Source: company information

6.4.1.4 Airtours/MyTravel

Airtours maintained a strategic alliance with Hotetur, after acquiring 50% of the Mallorcan hotel group in 1999, which extended to the purchase of the Bellevue complex in Mallorca owned and operated in a joint venture (Preferente, 2000a). In addition, Hotetur has also managed the hotels of Globales since 2002, which were under contract with Airtours from 2000 to 2015 (Preferente, 2002). Hotetur, which owned 23 hotels prior to the management agreement with Hoteles Globales (see table 6.8) thus incorporated the 33 hotels of Hoteles Globales: 16 hotels in Mallorca, nine in Menorca, one in Ibiza, four on the Spanish mainland (Costa del Sol) and three in Tenerife (Preferente, 2002). Due to this addition of the Globales hotels as part of the 50% acquisition by Airtours, Hotetur was elevated to number seven in the list of the largest Spanish hotel groups with a total of 57 hotels and 12,839 rooms (Preferente 2002).

This strategic alliance between Hotetur and Airtours/MyTravel increased MyTravel's access to Spanish speaking destinations, such as Spain, Mexico, the Dominican Republic and Cuba, whereas Hotetur benefited mainly from the management contract with Hoteles Globales by doubling its facilities and

extending its presence in the Balearic Islands (Preferente, 2002). However, MyTravel disposed of its 50% interest in Hotetur in 2005, thus also ending the relationship between Hotetur and Hoteles Globales via a management contract, leaving Hotetur with half of its previous hotel activity (Company information, 2005).

**Table 6.8 Hotels owned by Hotetur at the time of Airtours (now MyTravel)
50% acquisition**

Destination	Hotel	Category	Number of rooms/apartments
Mallorca	Bellevue Complex	3 keys	1,474 apartments
	Hotel Vistanova	3*	198 rooms
	Hotel Lagomonte	3*	272 rooms
	Apartamentos Lagomonte	3 keys	210 apartments
	Apartamentos Bellamar	2 keys	20 apartments
	Hotel Belsana	3*	76 rooms
	Aparthotel	3 keys	23 apartments & 1 studio
	Hotel Linda	3*	189 rooms
	Hotel Leo	3*	285 rooms
	Hotel Costa Portals	3*	100 rooms
Total	4		1,727 apartments
	6		1 studio 1120 rooms
Lanzarote	Apartamentos Club Lanzarote Bay	3 keys	200 apartments
	Aparthotel Puerto Tahiche	3 keys	130 apartments & 105 studios
	Apartamento Tahiche	3 keys	68 apartments & 16 studios
	Apartamentos Aquarius	3 keys	167 apartments
	Apartamentos Teguisse Golf	3 keys	156 apartments
Total	5		721 apartments 121 studios
Cuba	Varadero Palma Real Complex	4*	466 rooms
	Hotel Acuazul	3*	78 rooms
	Hotel Varazul	3*	69 rooms
	Villas Sotavento	3*	110 rooms
	Tropicoco Complex	4*	538 rooms
Total	5		1,261 rooms
Dominican Republic	Hotel Villas Doradas Beach Resort	3*	244 rooms
	Hotel Dorado Club Resort	3*	190 rooms
	Hotel Boca Chica Beach Resort	3*	437 rooms
	Total	3	
Total	23		2,448 apartments 122 studios 3,252 rooms

Source: Preferente (2000a: 12)

These case studies demonstrate that a firm's position in place and/or in a network of social relations can be determined in terms of function (the type of production engaged in) as well as organisation. All the four transnational integrated tourism corporations mentioned above have operations in Mallorca both in terms of channelling tourists to the island and in most cases also in terms of offering services in the destination (such as representation, car rentals, real estate in the case of TUI). The organisation of the networks developed over time as initial cooperation was between distinct firms, whereas with increasing time these firm boundaries became blurred (Dicken and Malmberg, 2001), developing from non-ownership cooperation (formal agreements such as between TUI and Riu) to the integration of operations via joint ventures (as in the case of TUI and Riu as well as Thomas Cook and Iberostar) or partial/complete acquisition (e.g. First Choice and the Barceló Travel Division or MyTravel and Hotetur). This illustrates the evolution from long-term, preferred partners towards joint venture partnership and/or complete integration. While this situation fits Granovetter's (1973) typology of strong ties (briefly discussed in Chapter Three), it does not conform to his interpretation that strong ties may be restrictive compared to weak, arm's-length, short-term relationships. Instead, the networks between the transnational integrated tourism corporations and the Mallorcan tourism firms (either hotel groups or themselves integrated tourism corporations) are characterised by reciprocal interdependencies leading to lower internationalisation risks.

These interdependencies are centred on the division of labour between the parties, as Riu and Iberostar provide the accommodation for the mainstream tour operating businesses of TUI and Thomas Cook respectively. Serra (2003:

2) notes that the initial context of the relationship between the transnational integrated tourism corporations and the Mallorcan hotel groups was one of dependency:

‘It was the tour operator which was making the effort of promoting and distributing hotel capacity. It was the tour operator which was close to the market and to the consumer having, thus, a high influence on the image conveyed to the markets. This has been a constant feature of the Balearics [*sic*] until recently. Consequently, marketing hotels was nearly equivalent to selling capacity to the big tour operators and negotiating prices with them’.

Implicit in this statement is the notion that this situation of dependency has changed. Serra (2003) then continues to stress the importance of the historical partnerships and strategic alliances with major European tour operators in the development and expansion of Mallorcan hotel groups (Sol Meliá represents the exception). See table 6.9 for a list of national and international interests of Balearic hotel groups in 1999 and table 6.10 for the position of Spanish hotel groups in the 2001 ranking of hotel corporations.

Although the large tour operators controlled the tourism development in Mallorca, the Mallorcan hotel groups have used the relationships and consequent strategic alliances with these tour operators to facilitate their international expansion. This international expansion of the leading hotel groups followed a similar pattern to the developing popularity of tourist destinations (Serra, 2003): from Mallorca to the rest of the Balearic Islands, the Canaries and mainland Spain (mainly Andalusia) before expanding into the Spanish

speaking areas of the Caribbean and Central America, then Africa, the Eastern Mediterranean (e.g., Greece, Cyprus, Turkey) and finally newly emerging destinations such as Bulgaria and the Cape Verde Islands.

The motives for collaboration on part of the hotel groups are therefore two-fold: in the initial phase, cooperation with the dominant tour operators resulted in the strengthening of their position within Mallorca by raising the barriers to entry and subsequently to gain capital and reduce the risk of international expansion due to guarantees from the transnational integrated tourism corporations. These motives correspond to 'market structures modification-related motives' and 'market entry and market position-relative motives' as identified by Beverland and Brotherton (2001) (see table 6.3).

Table 6.9 National and international interests of Balearic hotel groups, 1999

	Number of hotels in Spain	Number of hotel rooms in Spain	Number of hotels outside of Spain	Number of hotel rooms outside of Spain
Barceló Hoteles	24	6512	38	9,198
Hoteles Globales	18	3637	?	?
Hoteles Piñero	10	1699	?	?
Hotetur Club	4	748	6	1,163
Iberostar	11	3,296	23	8,214
Riu	44	11,309	33	10,026
Sol Meliá	105	25,859	142	39,508

Source: Rodríguez (2002: 167)

Table 6.10 Ranking of global hotel groups highlighting the position of Spanish companies, 2001

Rank in 2001	Hotel group	Number of Rooms	Number of Hotels
1	Cendant Corporation	553,771	6,624
...			
12	Sol Meliá	85,987	350
...			
34	Riu Hotels & Resorts	26,000	96
...			
39	Barceló Hotels & Resorts	23,707	105
...			
47	Iberostar Hotels & Resorts	19,176	56

Source: Serra (2003: 2)

The tour operators' (which then evolved to become transnational integrated tourism corporations) motivation to collaborate with Mallorcan hotel groups was initially to defend their market position in Mallorca by controlling the limited hotel capacity, to develop the tourism product, to subsequently lower the risk of product internationalisation (the development of new destinations) without the need for foreign direct investment and to guarantee a certain level of quality

Arguably the main reason for the tour operators' interest in strategic alliance with and foreign direct investment in Mallorcan hotel groups is their specialisation on the holiday sector. As Serra (2003) states, they have concentrated on their expertise in the holiday market and have not diversified their products or operations (e.g. urban hotels). This expertise coupled with their stability and long working history between the entrepreneurial families and the tour operators probably present the main reasons for their strategic cooperation.

6.5 Conclusion

The relationships between the large integrated tourism corporations and Mallorcan hotel groups are indicative of the overlapping networks as proposed by Tremblay (1998) and are also a prime example of their strategy of vertical integration (see Chapter Five). While this outlook on these inter-firm linkages provide an outline of and an explanation for the relationships between the European integrated tourism groups and Mallorcan hotel companies, the concept of embeddedness is based on social relations between the individuals that make up the firm:

‘Embeddedness refers to the process by which social relations shape economic action in ways that some mainstream economic schemes overlook or misspecify when they assume that social ties affect economic behavior only minimally or, in some stringent accounts, reduce the efficiency of the price system’

(Uzzi, 1996: 674).

As set out in Chapter Three, Zukin and DiMaggio (1990) classify the concept of embeddedness into four distinct types: structural, cognitive, cultural and political. This typology of embeddedness covers two perspectives: cognitive, cultural and political embeddedness are concerned with the social context, whereas the main foci of structural embeddedness are the architecture or structure of the network and the social exchanges between the individual members.

In his theoretical analysis of firm networks in the tourism production system, Tremblay (1998) not only fails to recognise the importance of interpersonal relationships but also ignores the quality of the inter-firm relationships. As Uzzi (1996: 675) argues, ‘[t]he type of network in which an organization is embedded defines the opportunities potentially available; its position in that structure and the types of interfirm ties it maintains define its access to those opportunities’. On the one hand, a network can be a loose collection of firms that collaborate on a particular project, but their relationships are reminiscent of market conditions: impersonal, diffuse and shifting (Baker, 1990). On the other hand, networks can be composed of a tight group of firms, which have substituted market conditions with ongoing, exclusive relationships. The relationships in

such a tight network are more than just channels for the transfer of information on price and quality of products and/or services by putting emphasis on trust and reciprocity (Uzzi, 1996). In contrast, '... transaction cost economists argue that concepts such as trust and reciprocity only muddy the clear waters of economic analysis' (Uzzi, 1996: 676). In his study of the apparel industry, Uzzi (1996) analyses the main benefits of embedded ties. He demonstrates that trust is the governing mechanism of these relationships, which then translates into the exchange of fine-grained information (more proprietary and tacit than arms-length ties) and joint problem-solving arrangements (providing more flexible solutions and rapid feedback).

While the research did not generate the type of data necessary to give a detailed account and analysis of the processes and mechanisms governing the relationships or the type of flows involved (see Chapter Four for an explanation), the secondary data does provide some insights into the embeddedness of transnational integrated tourism corporations in Mallorca, in respect to the historical development from inter-firm to intra-firm linkages. The analysis of these relationships has demonstrated varying approaches between German and British tourism firms. German tour operators early on formalised their relationships with the fledgling Mallorcan hotel groups and developed strong ties across time, which resulted in the internalisation of operations into the integrated firm (this foreign direct investment was reciprocal in the case of TUI and Riu). In contrast, British tour operators did not acquire stakes in their Mallorcan partners until 1999 (MyTravel – Hotetur) or 2000 (First Choice - Barceló Travel Division). In the case of First Choice, the cooperation was mainly in the representational rather than the accommodation sector, as First Choice

chose not to exercise an option for the establishment of a joint hotel venture. The ties between the British and Mallorcan firms also seem to have been less strong as they have since ended their formalised relationships.

Granovetter (1973) suggested that networks differ in their effectiveness depending on the strength of the ties. He proposed the view that weak ties would be more beneficial due their dynamic nature and the opportunity to continuously explore the best ties. Strong ties could be perceived as being restrictive and discourage the search for alternative, more efficient ties; locking firms into stable relationships. However, as demonstrated in this chapter, the strong ties between TUI, Riu and Thomas Cook, Iberostar have resulted in mutual internationalisation.

The relationship between transnational integrated tourism corporations and place is therefore reciprocal and follows Dicken's (2003) position that firms influence place but in return are influenced by it. In the context of Mallorca, the mass tourism development leant itself to the maximisation of profits through vertical integration by the German and British tour operators. However, as the account by Serra (2003: 1) has demonstrated, Mallorca was also affected by the actions of tour operators: '... the Balearic Islands have been growing on a model on volume, price competition, standardisation of the holiday experience, offer mainly focused on sun, sand & sea, relying exclusively on tour operators for capacity distribution'. The growth of Mallorcan hotel groups in conjunction with the transnational integrated tourism corporations is one result of this influence. This 'special' relationship has continued into space, with the

geographical expansion of the relationship through foreign direct investment, thus further strengthening the ties.

The discussion presented in this chapter has demonstrated, on the one hand, that business networks have inevitably been transformed in the context of vertical and horizontal integration and internationalisation within the source markets. On the other hand, these networks have shown to be instrumental in the internationalisation and vertical integration of the corporations in the destination-based markets. Closer examination of the embeddedness of destination firms is necessary to draw conclusions for the benefits arising from strong ties and access to the dominant networks of transnational integrated tourism corporations and implications for destination firms that are not linked to these networks. This raises further questions of how or whether regulatory institutions are embedded in these transnational networks and what relative position they occupy. Chapter Seven examines the implications of the globalisation trend on the regulation of tourism and its production and the embeddedness of tourism firms within regulatory networks of social relation.

Chapter 7: Tourism Regulation: shifting scales of governance?

7.1 Introduction

The discussion in Chapter Five of the geography of tourism production and the restructuring of the tourism industry demonstrated the geographical pattern of internationalisation exhibited by large, integrated tourism corporations. However, previous tourism research on the structure of the tourism production system has been surprisingly silent about the implications of this globalisation trend on the regulation of tourism and its production and the embeddedness of tourism firms within regulatory networks of social relation. One of the characteristics of globalisation is the increasing connectivity of these social relations, or as Held (1995: 20) eloquently put in writing: 'the stretching and deepening of social relations and institutions across space and time'. This spatiality is marked by what might be termed 'the global', e.g. the rise of transnational tourism corporations (see the 1990 special issue on tourism and transnationalism in *Tourism Management*), as well as 'the local', e.g. unique local factors influencing tourism development (see Chang *et al.*, 1996 and Teo and Li, 2003). According to Amin (2002: 385) this influence of globalisation on place and space indicates the need for 'a new ontology of place/space relations'. A discussion of spatiality and the complex interaction between place and space is important in the context of this thesis as objective four relates to the spatiality associated with the regulation of transnational integrated tourism corporations.

This chapter will therefore discuss the different contested perspectives on the spatialities of globalisation, before turning to the theories of regulation with examples from tourism production and finally analysing the changes in scales of regulation in the case study of Mallorca and the Balearic Islands.

7.2 Spatialities of Globalisation

The previous chapters have demonstrated that a number of scales interact in the current restructuring of the tourism production system: on the one hand, firms stretch and deepen their social relations over space and time, while on the other hand they are embedded in local networks that link the spatial scales thus raising the connectivity within the system via flows of tourists, ideas and information (Amin, 2002). Held *et al.* (1999: 16) emphasise that globalisation is a:

‘... process which embodies a transformation in the spatial organization of social relations and transactions – assessed in terms of their extensity, intensity, velocity and impact – generating transcontinental or interregional flows and networks of activity, interaction and the exercise of power’.

Space and geography are hence at the forefront of the globalisation process (see Chapter Five), so much is clear. However, there is disagreement over the ontology of space and the relations between spatial scales associated with these transformations and their implications for government and governance. Routed in the view that spatial scales are not fixed entities but are instead products of society and therefore continually transformed by the

dominant discourse and resulting conflict with non-dominant discourses (see Marston (2000) for a review of the literature on spatial scales), some researchers such as Jessop (2000) and Swyngedouw (1997) argue that globalisation processes result in a tension between socially constructed scales, whereas Amin (2000) advocates a relational perspective of spatial scales. Their views are explained next, before turning to the implications for regulation.

Swyngedouw (1997) identifies a simultaneous shift in the place of regulatory power away from the national state and towards both the supranational and local scale. He calls this concept 'glocalisation', on one level signifying the breakdown of the national scale and the reconstitution of the local as well as the global. This is exemplified by the growing importance of supranational organisations such as the EU, the WTO or NAFTA and the emergence of local/regional governance, for example the devolution in the UK. At the same time, neoliberal policies have positioned the state in the background and put the onus on private enterprise, thus redefining the boundaries between public and private, as shown in the loss of the welfare state. An example of such scalar thinking would be Gotham's (2005) analysis of the global and local forces acting on the Mardi Gras in New Orleans. He argues against the homogenising force of globalisation and underlines the contesting power of place, thus taking the view of distinct spatial scales (the global and the local): 'Tourism is an uneven and contested process that involves a set of global forces imposed from above in conjunction with localized actions and organizations attempting to preserve place difference, local traditions and

indigenous cultures' (Gotham, 2005: 322).

This hierarchical or essentialist view of spatial scales mirrors Jessop's (2000: 352) notion of the 'hollowing out of the state':

'... de- and reterritorialization are occurring. Given the primacy of the national scale in the advanced capitalist economies in the era of Atlantic Fordism, this can be described as the 'hollowing out' of the national state or, in more formal terms, as the denationalization of statehood'.

Amin (2002) and Jessop (2000), even though they agree on the importance of the local scale within globalisation, theorise about the ontology of the 'spatialities of globalisation', as Amin criticises Jessop's view of the relativisation of spatial scales where the local scale of organisation and action is nevertheless nested in a hierarchy of scales.

'These [globalisation] processes occur on various spatial scales, operate differently in each functional subsystem, involve complex and tangled causal hierarchies rather than a simple, unilinear, bottom-up or top-down movement and often display an eccentric "nesting" of the different scales of social organization'

(Jessop, 2000: 340).

Jessop (2000: 343) stresses the notion of the 'relativization of scale', as old scales are being transformed and re-ordered; new spaces and new scales of

organisation emerge, so that there is 'no pre-given set of places, spaces or scales'.

In terms of tourism research, Hazbun (2004) demonstrates the shaping of international tourism development by local and global factors using examples from the Middle East and the Mediterranean. He argues that the type of tourism development (linear or enclave) and the resulting land rents coupled with the mode of territorial control are the main factors in reterritorialisation. The Tunisian government, for instance, has largely retained complete control of its tourism enclaves, whereas Egypt operates a development licence for 'protected' coastal areas and Turkey has decentralised the governance of tourism development. Hazbun (2004: 336) contends that

'... the physical and cultural space tourists now inhabit in the Middle East is not the product of an unchanging natural or historical landscape, but instead an ever changing political construction, the product of struggles between state, societal and transnational actors over the control of transnational flows, the use of space and the nature of cultural representations'.

In the scalar or relational interpretation of the geography of the global economic system,

'[t]hese [geographical scales of social organisation] are not seen as mutually exclusive or parallel scalar configurations, but as intersecting and overlapping scales, leading to the restructuring of places as

territories as they engage in the multiscalar processes and politics’ (Amin, 2002: 387).

Cox (2002: 105) argues that these regulationist interpretations of globalisation by Jessop (2000) and Swyngedouw (1997) are skewed, as they view globalisation as a process that is imposed on nation-states and thus these need to reluctantly address its implications:

‘The economic events which the state needs to regulate in order to achieve its goals are – territorially – increasingly beyond its grasp. This is the way in which capital comes into opposition with the state and undermines its (effective) power. The result of this assumption is that the way in which the state has been involved in the construction of globalization, not just materially but also discursively and how it has exaggerated its effects for its own purposes, is missed. Instead of examining as the starting point capital’s restructuring strategies in the context of the long downturn and as they are mediated by the state, globalization is introduced as, in effect, a *deus ex machina*’.

For Cox (1998, 2002), the problem with the regulationist approach to economic globalisation and the state’s changing scalar fixes in response to it, is its obsession with order rather than struggle, which ‘... cannot be forced into a simple national-international or local-global understanding of geographic scale’ (Cox, 2002: 106).

Amin (2002) bases his concept of relational scales on Jessop's (2000: 341) notion of globalisation as a socio-spatial process signifying the '... creation and/or restructuring of scale as a social relation and as a site of social relations'. But in contrast to Jessop's (2000) scalar view of the globalisation process as multi-scalar, multi-temporal and multi-centric, Amin (2002, 2004) advocates a non-scalar perception of global economic changes. He proposes a relational understanding of the interaction between scales and social and economic relations between them. Amin (1999: 44, original emphasis) therefore views globalisation '... in *relational* terms as the interdependence and intermingling of global, distant and local logics, resulting in the greater hybridisation and perforation of social, economic and political life'. In his more recent work, Amin (2002: 389) distances himself more emphatically from the scalar notion of globalisation and argues that globalisation has created a non-scalar landscape of social relations:

'I take it to suggest a topological sense of space and place, a sense of geographies constituted through the folds, undulations and overlaps that natural and social practices normally assume, without any a priori [*sic*] assumption of geographies or relations nested in territorial or geometric space'.

In contrast to a hierarchical view (Swyngedouw, 1997) or the relativisation of scales (Jessop, 2000), Amin's (2002: 395) interpretation of the spatialities of globalisation is based on the concept of networks that transcend spatial scales:

‘Thus I do not see globalisation in terms of a shift in the balance of power between different spatial scales, or in terms of a deterritorialisation and reterritorialisation of social organisation. Instead I see it as an energised network space marked by, first, the intensification of mixture and connectivity as more and more things become interdependent (in associative links and exclusions)’.

This replaces the territorial aspect of local, national and global scales with a relational understanding of scales as a nexus of social relations within fields of influence (Amin, 1997). As this thesis adopts a socio-economic view of the economy (i.e. it is constituted of social relations that are connected into larger networks of social relations across space; see Chapter Three), it follows Amin’s (2002) argumentation of a relational concept of scales rather than Jessop’s (2000) relativisation. As networks transcend space and hence different scales, places attached to these networks become linked to each other across space: ‘Therefore, places are more than what they contain and what happens in them is more than the sum of localised practices and powers and actions at other “spatial scales”’ (Amin, 2002: 395). However, adopting such a conceptual position towards spatial scales does not imply a universal rejection of scales *per se* but provides an alternative organisation within networks while still recognising the existence of scalar organisation in certain practices and in institutional frameworks (Amin, 2002).

Although not stated explicitly, Milne and Ateljevic (2001) adopt this relational conception of the spatial organisation of production and regulation in their

compelling discussion of the global-local nexus of the tourism production system and processes of economic development. They view tourism as a transaction process that transcends the scalar notions of space as it is influenced by both

‘... global priorities of multi-national corporations, geo-political forces and broader forces of economic change and the complexities of the local – where residents, visitors, workers, governments and entrepreneurs interact at the industry “coal face”

(Milne and Ateljevic, 2001: 372).

However, their focus is not solely set on the global-local dichotomy but includes the interaction between multiple ‘nested scales’: ‘[tourism] is essentially a global process, which manifests itself locally and regionally and explicitly involves the construction of place’ (Milne and Ateljevic, 2001: 386).

In a similar vein to Amin (2002), Sheppard (2002) proposes a positional perspective of economic and social organisation across space and time. In his argumentation he draws on the feminist theory of a researcher’s positionality (see Chapter Four) and situatedness in terms of gender, race, class, sexuality etc, by highlighting the *geographic* situatedness of entities within the global economy. In other words, how different economic institutions are positioned in relation to each other. This perspective is based on three aspects of connectivity: first, positionality is relational in that the actions of an agent are dependent on his/her position to others in the network. Second, this automatically involves power relations in terms of exerting influence over

others and, in keeping with situated knowledge, challenging the power of 'objectivity'. Third, this positionality is (re)produced as it is path-dependent yet, at the same time, subject to change via imperfect repetition (Sheppard, 2002).

'In principle, positionality can be mapped by depicting the relationships between different agents, in different places and at different scales ... whereas proximity in geographic space is generally thought to be symmetric, positionality is often an asymmetric relationship'

(Sheppard, 2002: 323).

Healey (2004) goes beyond the notion of scale in delineating the relational from the essentialist concept, she incorporates five other criteria which she perceives to be the key differences between the two concepts: position, regionalisation, materiality and identity, development and representational form (see table 7.1). While the perception on the organisation of scale was previously discussed in terms of the views of Swyngedouw (1997), Jessop (2000), Amin (2000, 2002) and Sheppard (2002), the additional criteria identified by Healey (2004) is briefly explored.

Positionality is not viewed as a traditional geographical characteristic in terms of geographic location, but is rather viewed in relational terms according to the relative distance (spatial and temporal) from significant nodes in the multiple networks of social relation the transnational firm is embedded in. The relational range crosses scales and in the process connects multiple sites to networks of social relations. Transnational firms are a case in point where

operations are linked across borders, transcending spatial scales in the production process. However, these processes not only transcend scales, but they intersect and interact in and with space and different scales (see figure 5.2 for an illustration of the interconnecting or interweaving dimensions of integrated firms with territorial systems organised in hierarchical scales).

Healey (2004: 49) extends this analysis of spatial scale and positionality within the relational system to include the organisation of locales or sites (*regionalisation*), where ‘nodes are actively constructed by mobilization effort and boundaries established by mental maps of place qualities’. This interpretation of the organisation of place stands in contrast to the essentialist socio-spatial organisation differentiated by the physical fabric of place and recognises the ‘fragmentation and splintering of social relations’ (Healey, 2004: 49). Healey (2004) sets these social relations in context of the physical fabric, which result in a dynamic system of multiple and interconnected layers of social relations.

Table 7.1 A comparison of essentialist and relational views of spatial scales

Criterion	Essentialist conception	Relational conception
Treatment of scale	Nested hierarchy	Relational reach in different networks
Treatment of position	Hierarchy and borders	Different positions in different networks
Regionalization	An integrated, differentiated physical fabric	Fragmented, folded conceptions of space; multiple networks coexist
Materiality and Identity	A material physical future can be built, meshed with social relations in an integrated way	Materialities are co-existent with conceptions of identity and iconographies of space/place
Concept of development	An integrated linear trajectory	Multiple, non-linear, continually emergent trajectories
Representational form	Material metaphors of functional integration, expressed in maps	Metaphors of movement and ambience, expressed in multiple ways

Source: Healey (2004: 48)

The fourth criteria distinguishing relational geography from its essentialist predecessor is concerned with the *materiality* of spatial relations and its role in constructing *identities* (Healey, 2004). She contends that a relational perspective is also associated with a social-constructivist view, in that objects and materialities are infused with meaning, which influence the identities and naming of spatialities: ‘... the formation of the spatial patterning of the materialities of social relations and place qualities is co-emergent with the “naming” of these spatialities and qualities’ (Healey, 2004: 49).

A relational perspective on spatial relationships also has implications on *development*, as development is no longer perceived as following a linear trajectory. Instead, resulting from the view that space consists of multiple layers of network relations, many development pathways are possible determined by the position within the system of networks.

Finally, Healy (2004) turns to the *representation* of spatiality used to illustrate spatial relationships or processes. This is closely associated with the ‘naming’ of spatialities mentioned in context of materiality and identity above. Healy (2004) is particularly interested in these implications of a relational perspective as she compares the academic debates on spatial scalarity in the social science with the use of spatial concepts, vocabulary and representations in practice within European strategic spatial plans. Her analysis of the spatial vocabulary and representations used in these plans reveals the shifting discourse by some planning authorities in Europe from an

essentialist to a relational view of spatial scales. However, this shifting discourse is only possible if support is present in the institutional framework:

‘... shifting a planning discourse will be hard without other supporting shifts in the institutional context which makes a new discourse more welcome ... If it is so difficult to change the spatial content of a planning discourse, is there any merit in seeking to shift the geographical imagination from traditional, essentialist conceptions to the new relational geography?’

(Healey, 2004: 64).

On the one hand her study demonstrates the shifting discursive politics of spatial organisation in European planning; on the other hand, it also shows the discursive power carried by the traditional hierarchical categories (Barnes, 1996; Gibson-Graham, 1996; Kelly, 1997 and 1999). In this case, the question is whether an examination of the institutional regulatory framework is possible in a relational perspective if it is essentially organised in hierarchical or nested scales. Healey (2004: 45) acknowledges that her study was already linked to ‘attempts by urban and regional political and policy communities to reposition the relations of urban regions within interactions between global forces and local dynamics’. The institutional situation in Mallorca, however, appears to be strongly linked to the hierarchical organisation of space in a strong national-subnational dichotomy, with an underlying theme of independence for the Balearic Islands and/or Mallorca. While a relational perspective more closely represents how firms and their networks of social relations interact with space and place (Amin, 2002; Sheppard, 2002; Healey, 2004) the institutional reality

in the Balearics is ordered in nested hierarchies of national, regional, subnational and local scales. Rather than engaging with the relational challenge set by the academic interpretation of space in relational terms, the existing institutional framework in Mallorca concentrates on the binary nature of national – subnational politics and makes the realisation of the relational concept more and more problematic.

But what are the consequences of a relational approach and socio-economic view for the study of transnational integrated tourism firms? ‘Tourism corporations are simultaneously placeless and place-full’ (Gotham, 2005: 310). They are set in networks of social relations as well as within the scalarity of the institutional framework that is structured into supranational, national and subnational scales (Hall, 2005). Gotham (2005: 311) highlights the fact that interactions and processes within the tourism sector occur across and within multiple scales:

‘The generalized processes of commodification and homogenization that characterize the international tourism industry are not monolithic but are mediated at various spatial and institutional levels, from the macro-level of globalized institutions to the micro-level of people’s day-to-day lives’.

With the increasing acceptance of the importance of networks and positionality within these networks over traditional concepts of clearly demarcated firm boundaries and the changing nature of economic ordering or

struggle, it has become necessary to retheorise the implications for regulation and governance.

‘A new configuration of articulated economic spaces and scales of governance is emerging in the tourism industry. Our challenge as tourism researchers is to embrace this complexity and not to shy away from dealing with a world of constant evolution and change’

(Milne and Ateljevic, 2001: 387).

In light of the relational perspective on spatiality and Healey’s (2004) research on the vocabularies of European planning documents, the principal questions to be considered in this chapter are whether the regulatory institutions have also shifted to incorporate network relations across places and scales and how these institutions are integrated in the production networks of transnational integrated tourism corporations? First, a review of regulation theories is presented with examples from tourism, before analysing the spaces of regulation in the case study of Mallorca.

7.3 Theories of Regulation

Although globalisation processes are being perceived as taking place in the international sphere of human society (especially trade and politics), it also has distinct ramifications on local areas as globalisation strategies (M&As, alliances, networks, vertical, horizontal and diagonal linkages) increase competition between previously national industries. Theories of regulation focus on the transformations in the social relations of capitalist production and

the regulatory responses to these transformations. Accordingly, regulation is used

‘...to denote a specific local and historical collection of structural forms or institutional arrangements within which individual and collective behaviour unfolds and a particular configuration of market adjustments through which privately made decisions are coordinated and which give rise to elements of regularity in economic life’

(Dunford, 1990: 306).

This particular school of thought on understanding economic problems and crises was developed in France in the 1970s by economists such as Aglietta (1979), Lipietz (1979) and Boyer (1978). In a thorough analysis of theories of regulation, Dunford (1990) argues that these are constituted of four key concepts: regimes of accumulation, industrial paradigms or trajectories, modes of regulation and hegemonic structures.

As industries are interdependent (in terms of production, distribution, exchange and consumption) a *regime of accumulation* is the systematic organisation of these interdependent processes in order to guarantee the reproduction of the economic system. Although this systematic organisation can to some extent be centrally coordinated in integrated tourism corporations, usually the regime of accumulation is the consequence of the independent action of individual actors, which might not take rational decisions for the reproduction of the system. The economic processes are thus embedded in contradictory social relations, which leads regulationists to

the view that a state of crisis is the usual or normal situation and that regimes of accumulation are stable systems in which capitalism can reproduce itself.

An argument that has been strongly presented by Ioannides and Debbage (1998: 108) in relation to the tourism sector is also that multiple types of modes of production or regimes of accumulation are in effect: 'The travel industry displays a complex and inchoate polyglot of production forms ... Thus neatly bracketing the amorphous travel industry into purely pre-Fordist, Fordist, or post-Fordist elements is impossible' (Ioannides and Debbage, 1998: 119). For example, Torres (2002) analyses the mode of production and consumption in the mass tourism resort of Cancun, Mexico and concludes that although Cancun was specifically designed as a Fordist tourism resort, it comprises both post-Fordist and neo-Fordist consumption and production.

It is unlikely that the neoclassical view of an economic equilibrium within the regime of accumulation can be achieved in the real world, because the state of equilibrium depends on a perfect market without externalities. *Modes of regulation* are therefore established in order to direct and stabilise the process of accumulation: '... it is through these structural forms that multiple, decentralised individual and collective rationalities with their limited horizons result in regular overall processes of economic reproduction' (Dunford, 1990: 306). The modes of regulation are institutions or rules (such as structural and legal constraints, collective agreements and general rules of conduct within the economy and society), which ensure the unfolding and coordination of individual and collective behaviour, thus providing a stable and reproducible

economic system. Dunford (1990) identifies four major social relations that are codified into institutional forms: the monetary system, wage and labour relations, modes of competition and the role of the state (e.g. in the provision of collective services).

The mode of regulation that is applied in any one country depends on the chosen political, economic and institutional strategy. These *hegemonic structures* arguably extend the economic sphere to encompass civil society as a whole. While the focus has been on two types of hegemonic structures – Fordism/Keynesianism and Neo-Fordism/neo-liberalism – these are stylised, extreme ends of the spectrum and it is now argued that ‘... there are not two dichotomous economic types, but varying composites of regimes of production’ (Shaw and Williams, 2004: 33). See table 7.2 for a list of characteristics of the two hegemonic structures.

Table 7.2 Hegemonic structures: Fordism/Keynesianism versus Neo-Fordism/neo-liberalism

Fordism/Keynesianism	Neo-Fordism/neo-liberalism
<i>Regime of accumulation</i>	
Mass production/consumption	Flexible production
Standardisation	Smaller scale production
Large volume sales	Increased market segmentation
Economies of scale	More individualised consumption
<i>Mode of regulation</i>	
Strong state intervention	Globalisation weakens national regulation
Welfare state (sustains consumption)	‘Rolling back frontiers of the state’
Keynesian economic management (government spending instrumental in countering cyclical and other crises in the economy)	Privatisation

Source: Shaw and Williams (2004: 32)

Regulation of FDI seems to be declining, as UNCTAD (2000) states that 94% of changes in regulations and laws governing FDI between 1991 and 1999 were more favourable to investment. UNCTAD (2002) further reports that 93% of the changes in FDI laws and regulations in 2001 were favourable to FDI compared to only 7% of controls. This is a clear indication that neoliberal/classical thinking within governments and their advisors is on the rise. Shaw and Williams (2004) state that policies regarding FDI changed from the elimination of barriers in 1945 to 1955, to active promotion of FDI in 1955 to 1970, to the provision of infrastructure from 1970 to 1985. UNCTAD (2000) gives a more detailed account of the changes in FDI regulation from 1991 to 1999 (see table 7.3). In terms of tourism, Desforges (2000) demonstrates the implications of a change in hegemonic structure in Peru from state-centred tourism development (via state owned businesses or subsidies to private enterprise) to the application of neoliberal policies such as a reduction in state expenditure and privatisation. Another drastic change in economic and social strategy of governments/countries, involves the transition of former socialist countries with central planning economies towards market-based economic systems (capitalist or socialist), as identified by Williams and Baláz (2002). Their conclusion for their case study of the former Czechoslovakia follows a path-dependent path creation argument in that the drastic change in regime of accumulation and hegemonic structure has meant that there has been '... a lack of time for the social and political co-evolution of those institutions which were essential for the regulation of the emergent markets' (Williams and Baláz, 2002: 43). Their emphasis on the importance of informal networks in

the transition process is echoed by Lloyd (2003: 363) in her analysis of the development and regulation of traveller cafés in Vietnam:

‘Personal networks facilitate a partnership in which government authorities or SOEs gain financial benefits from entrepreneurs in exchange for protection, the use of licences and access to information. These networks, shaped by patron-client relationships, are integral in establishing and maintaining business relationships and take place without much reference to the instrumental arms of the state’.

Finally, the last concept of regulation theories are the *industrial trajectories*, changes in the production process that influence the organisation of labour and production and hence the regime of accumulation. A prime example for this influence is the introduction of the semi-automatic assembly line by Ford, which resulted in the mechanisation of transfer, rationalised the flow of work and increased divisions of labour (Dunford, 1990). In tourism, the invention of the jet engine could be seen as such a milestone in industrial trajectory. Although it was not the beginning of mass tourism, with the advent of the jet engine and cheap charter flights it became possible for tour operators to internationalise their destinations and to channel larger numbers of tourists (on these dedicated tourist aircrafts) to these destinations.

Table 7.3 Information on global investment regime changes, 1991-1999

	1991	1992	1993	1994	1995	1996	1997	1998	1999
Number of countries that introduced changes in their investment regimes	35	43	57	49	64	65	76	60	63
Number of regulatory changes of which:	82	79	102	110	112	114	151	145	140
more favourable to FDI	80	79	101	108	106	98	135	136	131
less favourable to FDI	2	-	1	2	6	16	16	9	9

Source: UNCTAD (2000: 6)

The main advantage of regulation theories is the dynamic nature of the relationship between the regimes of accumulation, modes of regulation, industrial trajectories and hegemonic structures, which mirror the social and economic process of development. Because the system of regulation is a path-dependent path creation, that is dependent on the historical context (beyond the concept of industrial trajectories) and due to different hegemonic discourses on economic and social strategy, they differ – sometimes considerably - between countries.

Hall (2000) characterises regulations as taking the form of either soft (non-binding, such as codes of conduct and declarations) or hard (binding) regulations. With this differentiation Hall (2000) aims to demonstrate that the degree of implementation also determines the level of regulation. EU directives, for instance, could be weakly implemented in member states thus resulting in 'soft' regulation. The United Nations, for example, drew up a draft Code of Conduct on Transnational Corporations, although it was intended as an enforceable and thus hard regulation, the UN failed to find a consensus on the document and it remained a non-binding set of rules. The Organisation for Economic and Cooperative Development (OECD) devised non-binding guidelines for TNCs at the same time because the UN code of conduct was seen by Western governments to be a tool for transfer of wealth to developing economies (Hedley, 1999). Tourism has not been featured in binding international agreements with exception of its inclusion in the Uruguay round of the General Agreement on Trade and Services (GATS), a supranational

agreement to liberalise trade in the service sector. Other binding international agreements have an impact on tourism even though tourism is not specifically being addressed. An example would be the 1944 Chicago Convention, which established a set of rules for international air travel (Shaw and Williams, 2004). Non-binding treaties that are specific to tourism include the 1980 Manila Declaration (tourism as a basic human need), the 1985 Tourism Bill of Rights and the 1995 Bali Declaration on Tourism (Shaw and Williams, 2004).

As discussed previously, regulation is primarily concerned with stabilising an inherently unstable regime of accumulation that cannot guarantee its own reproduction. The importance of the nation-state as site of regulation is however contested. With the emergence or intensification of globalisation, governments are on the one hand losing the ability to control transnational capital flow but are nevertheless adopting the neoliberal/classical notion of deregulation and free markets, which results in a transfer of power and control to supranational organisations such as the World Trade Organisation (WTO) or the European Union (EU). However, the national governments still have the authority and control to implement the negotiated agreements (Shaw and Williams, 2004) and to provide the overall regulatory context, including the appropriate training of the workforce, general education, investment in infrastructure, competition law etc. (see table 7.4 for a list of state involvement in regulating tourism).

Table 7.4 The state and the regulation of tourism

	General	Tourism specific
Relations with the global economy	Passport and visa controls, customs (important for border-trading tourism), foreign exchange controls and exchange rates	Tourist visas and tourist exchange controls
Influencing the movement of international capital – inbound and outbound	Absolute and conditional controls on the amounts and locations of investment and levels of profit remittances	Particular incentives or controls on capital movements
Provision of legal framework to regulate production	Health and safety laws, company reporting requirements, competition law, environmental protection, consumer protection	Particular laws and regulations for travel agents, tour operators, airlines etc., dealing with issues such as guarantees against failure, travel safety and food hygiene
Macro-economic policies	Public spending and taxation policies have a particularly strong impact on tourism because of its status as a luxury/basic good	There is no 'one fit' macro economic policy which suits all economic sectors and tourism – in common with other sectors – seeks to lobby governments to influence its direction. Some countries have social tourism policies which support tourism consumption by disadvantaged sections of society
Intervention in particular regions or localities	National and local states may intervene where the local economy faces difficulties and tourism may be one of, or the lead sector in, any regeneration strategy	Intervention to restructure the economies of tourism resorts in crisis
Reproduction of the labour force	Education and training, health and housing, teaching of language and other skills at schools, regulation of wages and working conditions	Training courses in tourism at all levels, housing provision in resorts (important given high land and house prices and relatively low wages)
Social investment	State provision in response to perceived investment failures by private capital e.g. in roads or water supply	Direct state investment in and ownership of facilities such as airports, airlines and regenerated waterfronts
Climate of security and stability	International and national security and stability as an essential ingredient in the removal of uncertainty, which is a major obstacle to trade and investment	Security particularly important given the volatility of tourism demand in face of uncertainty or risk

Source; Shaw and Williams (2004: 37)

Not only does Dicken (1999) affirm that the view of helpless national economic policies facing TNC investment and activity is exaggerated, but he states that these policies influence the strategic behaviour of TNCs and their distribution. TNCs will establish subsidiaries or buy existing businesses in country A, the higher the comparative advantage (often created through government subsidies or tax holidays) a firm can gain in that country compared to another one. In a scenario where global capital is scarce, but a number of countries are eager for FDI, competition will lead to erosion or dilution of regulatory frameworks. So the control of the economy has been transferred from the government to the 'interaction of the two main actors, governments and global corporations' (Ostry, 1990: 1).

Where foreign regulatory differences do exist, TNCs may well use them in their negotiations with governments, particularly where the latter are anxious to attract specific TNC investments. Such competitive bids between states (and between regions and communities within states) to attract TNC investment has undoubtedly intensified in recent years (Dicken, 1999: 118).

The bargaining power of FDI investors in negotiations with national governments depends on three interrelated factors: first, the relative demand by the negotiating parties for the product that is being sought; second, external constraints that are imposed on the parties and impact the bargaining position and third, the status of negotiation between the parties. As Hedley (1999: 226) notes, transnational firms are able to take advantage of differences in regulation between countries:

'In today's world, in contrast to the historical effects of differences among nations, variability among states diminishes sovereignty. For example, variations in national law on tariffs, financing, competition, labor, environmental protection, consumer rights, taxation and transfer of profits are all carefully weighed by corporations in making their decisions on where and how to conduct business'.

Hedley (1999) therefore concludes that trans- or supranational legislation is necessary in order to effectively regulate firms across national borders. International organisations dealing with trade issues that can be of relevance to tourism, among other sectors and industries, include the International Monetary Fund (IMF), the Organisation for Economic Cooperation and Development (OECD) and the World Trade Organization (WTO). The World Tourism Organisation, in contrast, has a specific interest in tourism and defines its role as promoting tourism as a tool for economic development, job creation and education (WTO, 2002). However, due to internationalisation and globalisation of the economy and society, regulation systems form part of a larger international system under the auspices of supranational regulatory institutions such as the WTO, NAFTA or the EU. Hall (2005) examines the role and increasing significance of supranational organisations in tourism governance, development and regulation. Hall (2005) argues that non-tourism specific bodies are increasingly acting to regulate tourism and are active in creating institutional arrangements governing human mobility. He therefore presents a case for a multiscalar approach to tourism policy and regulation, which highlights the relationships between regulatory structures and

institutions (see table 7.5 for some examples of regulatory strategies at different spatial scales). Dunford (1990: 310) also focuses on the hierarchical aspect of regulation:

‘Theories of regulation are founded on a division of the world into a system of states and of multiple sovereignties and an identification of national modes of regulation. These national units are organised hierarchically into a global system and processes of globalisation play a secondary role’.

Although this statement by Dunford (1990) attributes the regulatory power to nation-states, the location of regulatory power is contested.

Table 7.5 Regulatory forms and mechanisms at different spatial scales: some examples

Regulatory form/mechanism	Regional/Local	Nation-state	Supranational
Business relations (including forms of competition)	Local growth coalitions	State policies on competition and monopoly	Trading frameworks
	Localized inter-firm networks	Business representative bodies and lobbying groups	Transnational joint venturing and strategic alliances
Labour relations (including wage forms)	Local labour market structures and institutions	Collective bargaining institutions	International labour and social conventions
	Institutionalization of labour process	State labour market and training policy	Regulation of migrant labour flows
Money and finance	Regional housing markets	Fiscal structure	Supranational financial systems
	Venture capital and credit institutions	Management of money supply	Structure of global money markets
State forms	Form and structure of local state	Macroeconomic policy orientation	Supranational state institutions
	Local economic policies	Degree of centralization/decentralization in state structures	International trading blocs
Civil society (including politics and culture)	Local trade union/production politics	Consumption norms	Globalization of cultural forms
	Gendered household structures	Party politics	Global political forms

Source: Peck and Tickell (1992: 353)

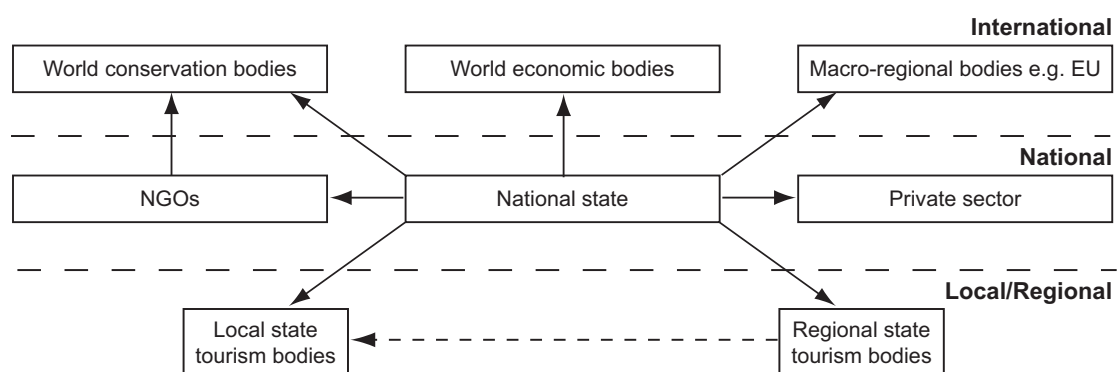
Shaw and Williams (2004) contend that the argument of the curtailment of the state as a location of regulatory power is overstated. Instead they posit that there has been transformation in the importance and role of the nation-state, due to increasing institutional connections between scales: ‘... the state exists in new and more complex relations – including partnership and multi-level governance – with other tiers of state regulation and with other bodies’ (Shaw and Williams, 2004: 47). See figure 7.1 for an illustration of the complex institutional interactions of national states. Pearce (1997) in his analysis of the organisational structure of Spanish tourism adopts an interorganisational framework that recognises both the importance of spatial scales and time (see figure 7.2). Following an open system approach, he sets the network of tourism organisation in context of the wider social, political and economic environment. The regulatory network therefore does not only span the institutional settings of tourism organisations but transcends into what Pearce (1997) calls ‘the wider environment’ via exchanges and social relations. By including time as an additional dimension of the framework, Pearce (1997) acknowledges the dynamic nature and interdependency of these relationships. This attribute of the framework is especially important in his analyses of the institutional changes following the foundation of a new political system in Spain and its entry into the European Union (Pearce, 1996, 1997).

While Pearce (1997) recognises the reach of social relations into the ‘wider environment’ he stops short of adopting a relational approach and organises

space hierarchically into the international, national, regional and local scales and highlights the connections between the scales (see figure 7.2). The discussion of regulation in tourism has demonstrated that tourism researchers (the author is no exception) have yet to engage with the relational approach and its implications for tourism regulation and planning. Although the main aim of Williams and Shaw's (2004: 12) book *Tourism and Tourism Spaces* is 'to explore the relationship between tourism and tourism places and spaces, while also deepening our theoretical perspective on this relationship', they fail to mention the relational perspective and choose to focus instead on the global-local dialectic.

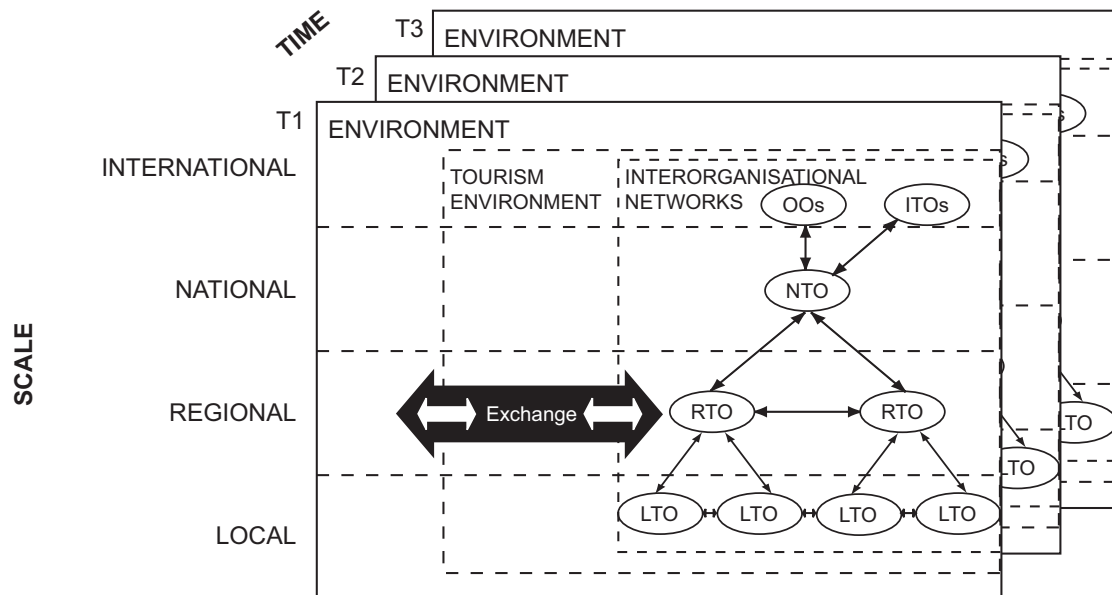
Despite agreeing with Amin's (2002) notion of a relational spatial organisation and placing the transnational tourism firm in networks of social relations within this relational space, this is seen as an alternative form of organisation that may have to function within a dominant hierarchical organisation of regulatory institutions.

Figure 7.1 Interactions between national states and other institutions



Source: Shaw and Williams (2004: 47)

Figure 7.2 Pearce's (1997) framework of interorganisational analysis of tourism organisation



Source: Pearce (1997: 157)

The following section therefore analyses the institutional structure of tourism regulation in context of the hierarchical scales of regulation paying particular attention to (re)regulation and the transfer of regulatory powers to the regional scale. Rather than a loss of control by nation-states as implied in the 'hollowing-out' thesis by Jessop (2000), national states have actively withdrawn from direct involvement in tourism and its regulation. In Spain, this has taken two forms: one is the privatisation of the previously state-owned network of parador hotels; the other is the transfer of power (especially in tourism matters) to the autonomous communities in the 1980s.

7.4 Spaces of Regulation: Examples from Mallorca

Another characteristic of the regulation approach that is analysed in this chapter is that systems of regulation are embedded in the capitalist economy it aims to regulate as well as in civil society. Jessop (2002: 196) argues that the regulation approach ‘... seeks to integrate the analysis of political economy with that of civil society and the state to show how they interact to “normalise” the capital relation’. Regulatory institutions are therefore likely to form or are at least associated with parts of the networks of production. An analysis of these networks is therefore necessary to gain a detailed understanding of institutional embeddedness of the integrated tourism corporations that are the subject of this thesis. This section examines how regulation is articulated at different scales, whilst the issues of relational scales and multi-level governance are considered in the conclusions.

7.4.1 The national scale

During Franco’s regime in Spain, tourism was seen as a means to obtain foreign exchange in order to overcome structural deficiencies of the Spanish economy (Valenzuela, 1998) and to bolster the economy in order to maintain the dictator’s popularity with the masses: ‘General Franco’s regime used tourism to overcome the autarchy, to increase his popularity and to provide foreign direct exchange to finance an underdeveloped economy’ (Amor *et al.*, 1994: 430). It is not surprising then that the Spanish state mainly saw its role in the promotion of tourism rather than in regulating the negative impacts associated with rapid tourism development:

'In Spain, the process of tourist development in the 1960s and 1970s is characterized, amongst other considerations, by abundant, dispersed and sectoralized legislation, by centralization of the administrative structures for tourism, to the detriment of local organizations, as well as by a pronounced economic perspective, which led to unplanned and disorderly development with scant respect for environmental and cultural concerns'

(Blanco Herranz and Fayos Solá, 1994: 121, cited in Pearce, 1996: 121).

The reasons of this peculiar situation of the Francoist regime are, in spite of everything, easily explicable. In the first place, tourism is located in a grey zone between administrative law, which regulates everything in relation to the organisation, promotion and discipline of tourism and commercial law, which regulates the articles of association of tourism companies (mainly the contracts signed by these companies and the responsibilities for third parties, that is to say the tourists, for the provision or inadequate provision of services). Second, the tourism industry has been largely self-regulated, in that they have set their own rules and norms of contractual agreements, which dominated over tentative attempts by the government to limit their autonomy. The third reason for a lack of regulation on a national scale given by Aguiló (2002) is the lax attitude of the commercial legislator towards subsequently adding regulations pertaining to new forms of company contracts to the Code of Commerce or the Civil Code. The only tourism contract that is currently specifically regulated is, by mandate of European law, the assembly of package tours.

7.4.2 The subnational scale

A few years after Franco's death in 1975, the Spanish government, in a move of decentralisation, accorded regional self-determination to 17 autonomous communities. However, as Segui Llinas (1995) states, autonomy was granted in varying degrees, as the historic communities of Andalusia, the Basque Country, Catalonia and Galicia with pre-existing institutional structures received greater powers compared to newly created communities such as the Balearic Islands.

For the new communities, their newly acquired regional self-determination resulted in the formation of an intermediary institutional scale between the formerly highly centralised state and municipalities. See Pearce (1997) for a detailed analysis of the ensuing relationships and concerns that developed between the regional tourism organisations (ministries) and the Spanish state in form of the 'Plan FUTURES'.

7.4.2.1 Institutions

The Conselleria de Turisme del Govern de les Illes Balears was created in 1983 after the Balearic Islands were awarded autonomy from the Spanish state (as set out in the Spanish Constitution) and was instrumental in setting up the necessary institutional framework for planning the tourism development of the Balearic Islands. The main institutions and their domain of influence are briefly illustrated in the following section before turning to an analysis of the changing tourism legislation.

During the 23 years of its existence, the Conselleria de Turisme has promoted a number of organisations and institutions in order to successfully plan tourism development, including the Hotel School, l'Entitat del Turisme de les Illes Balears (Enturib), Diversitat 21, la Fundació Balears 21, el Centre d'Investigació de Tecnologies Turístiques (CITTIB), L'Institut Balear de Turisme (Ibatur) and also the Institute de Promoció de la Qualitat Turística (IPQ).

The Hotel School has become an important institution by educating tourism professionals within the Balearic Islands and has thus helped to increase the competition within the tourism sector.

The tourism organisation of the Balearic Islands (Enturib) includes three main areas. The first area is the promotion of the Balearic in national and international markets through the Balearic Institute of Tourism (Ibatour). The second area of responsibility includes the promotion of establishments that have successfully obtained certain levels of quality via the Institut de Promoció de la Qualitat Turística (IPQ). Finally, Enturib is responsible for the promotion of innovation and technology by analysing and investigating the tourist sector, which it does through the Centre d'Investigació de Tecnologies Turístiques (CITTIB).

CITTIB has the task of organising and establishing a tourist information system to increase the knowledge of and follow tourist flows, to select and monitor indicators and to study the behaviour of the markets. By doing so,

CITTIB develops the investigation, the study and the implementation of existing technologies in the tourist sector and the dissemination of analyses and studies and the commercial operation of the studies or tourist resources.

The objectives of the IPQ are to promote tourist establishments that have obtained quality certificates, to search for, manage and encourage new techniques of commercialisation and to promote different tourist products. One of the most important initiatives of the IPQ is directed at small and medium-sized enterprises by offering joint commercialisation of their products under a series of brands. Small and medium-sized enterprises benefit by obtaining data on the source markets, by participating in the differentiated promotion of their establishments, by increasing their commercialisation and by improving their negotiating position vis-à-vis tour operators.

Even following the transfer of power to the autonomous communities, the attitudes towards tourism development did not change markedly: 'Ideology seems to have little influence on the prioritisation of tourism and the policies developed for the industry before and after the fall of Franco's dictatorship' (Valenzuela, 1998: 44). In the case of the Balearics, tourism planning was not based on an integral and clear vision of tourism development, but instead planning was reactive and problems were solved in a piece-meal fashion with partial and disparate plans (Salvà, 1989). Far from aspiring to a balanced regional planning and to the protection of the natural environment so elemental for tourism development in the Balearics, tourism planning gave carte blanche to the agents of development. This 'new' model of tourism

development has been termed by some researchers and professionals as 'balearisation', a negative example of rapid tourism development at all costs.

7.4.2.2 Regulations

After the transfer of regulatory responsibility for tourism to the autonomous community of the Balearic Islands, the regional government had to establish a legal framework missing on the national scale. A number of researchers have analysed in more or less detail the tourism regulations of the Balearic Islands and Mallorca, established since the transfer of regulatory power with the creation of the autonomous community (Pearce, 1996; Picornell, 1998; Ripoll, 2000; Blasco, 2002; Picornell, 2002; Tobarra and Salaberri, 2005).

The Cladera I Act of 1984, constituted the first of a series of norms and regulations that gradually increased the necessary requirements for new hotels and tourist apartments in order to increase the overall quality of tourism establishments. In 1990, the Law of the Modernization of Tourist Establishments was the first attempt of the autonomous government to adopt measures in order to renovate and restructure the hotel supply, as the supply surplus compared to demand caused a decrease of prices. However, Blasco (2002), among others, contends that the legal instruments in place were imprecise and insufficient to ensure the optimal implementation of the law.

On a different level, the *Plan de la Ordenación de la Oferta Turística (POOT* or Plan for the Restructuring of the Tourism Product), which had been in planning since 1989 but was passed in 1995, was the first regulation to

attempt the supramunicipal regulation across Mallorca (and Eivissa-Formentera in 1997). Its main aims were to prevent the excessive urbanisation of coastal zones, to coordinate urban and tourism planning, restrict the growth in tourism supply on the basis of the current situation of the existing infrastructures, establish standards of quality and designate priority zones for the implementation of new forms of tourism as opposed to mass tourism.

Another key regulation for the Balearic Islands was the approval of the General Tourism Law in 1999. The law was an attempt to synthesise the existing legislation and regulation into one set of simplified rules and regulations. It continues the strategy of increasing the standard of hotels by replacing old establishments. A novel aspect of the law is the focus on the rights and responsibilities of the tourist. However, some researchers (notably Aguiló, 2002; Blasco, 2002) argue that this law is again largely limited to fundamentally reorganising some aspects of the hotel supply and in relation to other tourism subsectors of tourism offers little more than definitions without or very limited regulation.

Most of the laws, decrees, regulations and norms that have been established by the Autonomous Government of the Balearic Islands refer to issues of planning, restructuring and sustainability in tourism development seeking to limit tourism growth, to render the existing tourism supply competitive, to preserve the natural, heritage and cultural resources. 'In reality, however, they have demonstrated little effectiveness ... some tools have had more negative

than positive effects' (Picornell, 2002: 929; translated by the author). These negative effects can be attributed to the lengthy and elongated process leading to the adoption of laws and regulations as many applications were initiated just prior to the introduction of these new laws and regulations (Aguiló, 2002; Picornell, 2002).

Apart from the legal framework directly governing tourism development, indirect regulations include environmental legislation that ensures the preservation of natural spaces, such as the 1984 Law for the Protection of Areas of Special Interest, which enabled the protection of es Trenc and es Salobrar de Campos (beaches of special interest to the Balearic community) and the 1991 Law of Natural Spaces, protecting the Serra de Tramuntana and further 46 areas in Mallorca.

7.4.2.2.1 Insular

The statute of autonomy granted to the Balearic Islands already anticipated the transfer of some regulatory powers to the individual Consell Insulars (Insular Councils) regarding issues pertinent to the specific islands. But it was not until 1993, that certain competencies were transferred to the Consells. In the case of Mallorca, however, the regulatory power remained with the regional government. As it has its headquarters in Palma de Mallorca, it was argued that a transfer of power was not necessary. However, the administration of the Consell de Mallorca expects to be granted regulatory and planning powers in due course (Interview with Josep Bestard, Director of the Insular Department of Tourist Information, Consell de Mallorca).

In 1998, the Consells de Menorca and Eivissa and Formentera were granted further powers over tourism planning and inspection of the tourist sector. Other, tourism related, responsibilities that the insular councils assumed include urban planning, heritage management, sociocultural promotion and regional planning. All these are fundamental to establishing urban growth and to implement the desired tourist model for the Balearics.

7.4.2.2.2 Municipal

The Zonal Landscaping Plan of 1990 (*Plan de Embellicimiento de Zonas*) recognised the important role of municipalities in the planning and provision of tourism and provided financial assistance for major infrastructure developments in zones of high tourism activity. Most of the municipalities of the Balearic Islands have a tourism council, but the municipality of Calvià has had most input and participation in the planning of tourism. Amongst other tourism resorts, the municipality comprises Magaluf, the infamous 18-30 resort. The majority of its inhabitants are therefore employed in the tertiary sector and the municipality takes a great interest in tourism development. In the late 1980s, it was the first municipality to create a general plan for a tourism-based municipality, which considered grand redevelopment projects. With this initiative, the municipality of Calvià attempted to reverse its tourist image of low quality tourism, to diversify the supply and simultaneously reduce seasonality. However, these objectives were not completely achieved as only the city centre of Magaluf and the seafronts of Palmanova and Santa Ponça were redeveloped.

Nevertheless, the municipality continued during the 1990s to establish initiatives to increase the quality of the tourism product. The 1991 General Plan of Urban Planning reclassified 9% of the municipality as urban area and the Plan of Tourist Excellency for Calvià was developed to improve the municipality as tourist destination. In fact, at the end of the 1990s important levels of urban clearance were obtained through a plan based on the acquisition and demolition of obsolete hotels, thus recovering 7.19 hectares of public space.

7.5 Conclusion

This chapter has set out to evaluate the role of regulatory scales in context of the emergence of transnational integrated tourism corporations. While the author is sympathetic to the relational perspective of spatial relationships, the data gathered did not permit to transcend the hierarchical organisation of the institutional framework in which the transnational tourism corporations are embedded. Network information on the social relationships and their relative position in the institutional network (as was the initial proposal for this thesis, see Chapter Four) would have provided valuable insights into the relational position of actors within the transnational tourism firm in regulatory networks and the spatial organisation of these networks (scalar or relational).

However, as Amin (2002) stresses the relational perspective as one of several possible types of spatial organisation, this chapter nevertheless provides a contribution to understanding the role of the scales of regulation in the local

embeddedness of transnational, integrated tourism corporations (Objective Four).

As illustrated to some extent in this chapter, the institutional framework in the Balearic Islands and Mallorca, in which transnational integrated tourism corporations operate and are embedded, is still structured and organised according to a hierarchical perspective of spatial scales. This structure does currently not reflect the academic notion of the 'relational, non-linear and non-contiguous meanings of time, space and place' associated with relational geography (Graham and Healey, 1999: 641).

It demonstrates that there has been a shift of regulatory governance to the subnational level of the regional government of the Balearics. It was demonstrated that the subnational scale has received significant planning powers, which enables the regional state to regulate the tourism infrastructure, as it has done with the accommodation sector. However, despite the involvement of the regional government in providing suitable education for the local tourism industry via the partnership with the Hotel School, many of the indirect regulations governing tourism and FDI are still located at the national scale. Many direct regulations governing FDI have shifted to the supranational scale, e.g. the EU. There is therefore a complex and changing mosaic of scales through which regulation is articulated and which shapes the activities of transnational integrated tourism corporations. This echoes Jessop's (2000: 343) observation on the 'relativization of scale', noted earlier: as old scales are being transformed and re-ordered; new

spaces and new scales of organisation emerge, so that there is 'no pre-given set of places, spaces or scales'.

The situation within the subnational scale of regulation resembles more closely the concept of multi-level governance (Hooghe, 1996). Although the regional government is still the centre of accumulated authority, especially in the case of Mallorca as it has so far not transferred regulatory power to the *Consell Insular de Mallorca*, the relationship between the different subnational scales are characterised by cooperation. The regional pattern of multi-level governance as observable in the Balearic Islands therefore has the authority to indirectly and directly influence its relationship with transnational integrated tourism corporations via its planning legislation and framework (indirect), as well as via its promotional activities (direct). In this sense, therefore, regulation in Mallorca can be seen in terms of Jessop's (2000) notion of shifting scales in context of globalisation. There may also be, as Amin (2002: 389) contended and as noted earlier,

'a sense of geographies constituted through the folds, undulations and overlaps that natural and social practices normally assume, without any a priori [*sic*] assumption of geographies or relations nested in territorial or geometric space'.

However, unravelling the 'warps' (Graham and Marvin, 2001), 'folds' (Amin and Thrift, 2002), 'undulations' (Amin, 2002) and 'bits' (Mitchell, 1995) that have emerged in the physical fabric of spatial organisation requires an intensive research agenda, which lies beyond the scope of this doctoral

thesis. Further implications of this thesis, resulting research agendas as well as a summary of the main findings and conclusions are presented in the following chapter.

Part Five

CONCLUSIONS

Chapter 8: Conclusion

8.1 Introduction

This thesis has attempted to apply concepts from the 'new' economic geography to tourism research within the context of restructuring processes in the tourism production system and specifically the emergence of transnational integrated tourism corporations. Socio-economic approaches to the analysis of corporate geography formed the theoretical foundations for researching the relationship between these tourism corporations and place via the concept of embeddedness within networks of social relations. Consequently, this research has utilised both 'old' and 'new' concepts of economic geography in examining restructuring processes and their implications for places. The examination of the present economic landscape formed by the tourism corporations in Chapter Five was based on secondary and tertiary data sources, whereas Chapters Six and Seven both explored theoretical concepts and endeavoured to draw on a survey and subsequent interviews to map the network structures and obtain information on the qualitative attributes of network relationships.

The analysis was based on a sample of the top six European integrated tourism corporations, whereas the case study of Mallorca provided some information on the relationships between these corporations and place. Despite the problems encountered (see Chapter Four), the thesis has provided a mostly theoretically-informed account, which was aimed at providing new insights into the changing nature of the tourism production system (in relation to integrated tourism corporations) and its implications for destinations. Secondary data sources have enabled to draw legitimate conclusions pertaining to the aim and objectives albeit not necessarily incorporating the theoretical innovations of the 'new'

economic geography. Instead, the author has had to resort to a more traditional analysis in line with the 'old' economic geography. This final chapter reviews the main findings of the research, referring back to the aim and objectives as set out in the introduction, discusses the limitations of this particular study and offers a research agenda for future work.

8.2 Summary of major findings

The aim of the study, as outlined in the introduction, has been to contribute to the knowledge of restructuring processes in the tourism production system and to analyse the implications of these socio-spatial practices and strategies of transnational, integrated tourism corporations in light of the 'new' economic geography using examples from Mallorca. This section presents the major findings of this thesis in context of its aim (see above) and the related research objectives.

The Cultural Turn is a new paradigm in the social sciences that has fundamentally changed the research focus of economic geography from a political economy approach intent on uncovering the meta-narrative resulting from the capitalist structures controlling economic actions towards a 'new' economic geography applying a sociocultural approach and recognising multiple coexisting narratives of the same, economic *and* cultural story. This ontological shift has distinct implications for the perception of firms, their boundaries and consequently for the associated spatialities. The Cultural Turn has wide-ranging consequences for analysing corporate geographies as the rational view of firms exhibiting rational behaviour is superseded by the socio-economic perspective of firms embedded in networks of social relations and in

fact themselves being constituted of networks of social relations. The concept of the firm has thus changed from a black box to becoming one or several social actors in the wider economic system. The asocial economy, in turn, is transformed into a dynamic, socio-spatial and differentiated economic landscape embedded in place-specific cultural contexts and social relations.

The 'new' economic geography has adopted this socio-economic approach and is concerned with researching business and organisation networks and their organisation in place and across time and space: who is embedded in what network; what relational position do they occupy in the network and what is the spatiality of the network? Grabher (2006) frames these questions in terms of four distinct research areas: the governance of networks, their spatiality, strategic networks and finally, the embeddedness of institutions in scalar networks.

The theoretical conceptualisation of the firm and the economy in terms of the socio-economic approach entails asking different research questions and results in the adoption of different research methodologies and the use of different methods, as traditional methods no longer meet the demand of the transformed field of enquiry. The challenge for the author was to put these 'new' economic geographies into practice by 'locating [the economic] within the cultural, social and political relations through which it takes on meaning and direction' (Lee and Wills, 1997: xvii). Similarly, Yeung (2003: 443) recognises the methodological challenges posed by the 'new' economic geography:

'[The] different orientation in geographical explanations justifies a fundamental rethinking of the process of research methodology,

because we might be looking at different subject/object relations and different ways of collecting, analyzing and even presenting data’.

Applying a socio-economic perspective of social actors (firms, institutions, individuals) engaging in economic action and being embedded in networks of social relations relies heavily on qualitative data. Clark (1998), for instance, advocates the use of close dialogue, an extension of in-depth interviews in that a long-term relationship is cultivated with industry respondents to converse as equals and gain detailed ‘inside’ information. This closeness between interviewer and interviewee stands in contrast to conventional notions of objectivity and further raises issues of replicability and generalisability.

A combination of quantitative (questionnaire to determine network structure) and qualitative (in-depth interviews) was chosen in order to uncover the place-specific networks of social relations in which transnational integrated tourism corporations are embedded. However, due to the refusal by respondents to cooperate in this research project, the author did not gain access to the networks and hence lacked the empirical data on intra-firm networks necessary for a detailed analysis of network relations according to the ‘new’ economic geography. Instead, secondary data forms the basis for providing insights into the embeddedness of transnational integrated tourism firms in Mallorca.

Chapter Five illustrates that the European tourism production system has experienced significant structural changes during a wave of large- and small-scale mergers and acquisitions. These restructuring processes were the result of changing economic environments in the domestic markets following their

saturation after horizontal and vertical integration and suggest 'a qualitative change from one state, or pattern of organization, to another ... [and] refers to qualitative changes in the relations between the constituent parts of a capitalist economy' (Lovering, 1989: 198). The result has been the emergence of transnational integrated tourism corporations with a wide geographical expansion, including two 'megacorporations', the outcome of M&A between the top British and German tourism corporations. This thesis is concerned with the spatial consequence of M&A restructuring in terms of geographical distribution of shareholding networks.

The landscape of the tourism production system in which the transnational integrated tourism corporations operate is characterised by two contrasting internationalisation strategies: large-scale M&A with the aim of securing leading positions in new markets and relatively small-scale acquisition in niche or core markets. Three characteristics distinguish this phase of increased mergers and acquisitions from the late 1990s to 2001/2002. First, the short time period in which these changes have occurred is remarkable. Second, the scale of acquisitions has resulted in two highly diversified mega-corporations with a large geographic distribution. Third, the M&As have resulted in a distinctively uneven geographic expansion across and within transnational integrated tourism corporations, especially the division of labour between destination- and source market-based firms.

Ultraglobalists, such as Ohmae (1990, 1995a, 1995b), assert that the increasing connectivity and integration of economies has led to a 'borderless world' in which national borders have become porous to the flow of capital, labour, social

capital and knowledge. However, the uneven nature of geographic expansion of integrated tourism corporations in terms of scope and the international division of labour underlines the fact that the discipline of geography still offers a necessary perspective on the analysis of economic processes and contradicts the globalist theory of homogenised markets and a borderless world.

A socioeconomic perspective posits that the interactions between transnational corporations and space are mediated through networks of social relations over time. These networks are set within ongoing social processes and 'constituted, transformed and reproduced through asymmetrical and evolving power relations by intentional social actors' (Dicken *et al.*, 2001: 105). Furthermore, they do not operate in a spatial vacuum but are grounded in specific social environments (place). Chapter Six therefore focuses on the links between the transnational integrated tourism corporations and place, emphasising the implications of the restructuring processes within the tourism production system for the flow of tourists to Mallorca. The structural changes in terms of horizontal integration and internationalisation have contributed to the intensification and concentration of tourist flows to Mallorca. For instance, the number of tourists transported by TUI to Mallorca increased by 72.3% between 1992 and 2000 as TUI entered the Austrian, British, Dutch, Scandinavian and Swiss markets during this time period.

Apart from an increase of tourist flows (quantitative change), Chapter Six also analysed the links or social relations (qualitative processes) between the transnational integrated tourism corporations and local hotel groups via the use of corporate case studies. These examples demonstrate the increased blurring

of firm boundaries (Dicken and Malmberg, 2001) as the relationships developed over time from non-ownership cooperation to the internalisation of operations via the creation of joint ventures and acquisition. The analysis demonstrates a reciprocal interdependency leading to joint internationalisation centred on their respective core operations. The relationship between transnational integrated tourism corporations and place is therefore reciprocal and follows Dicken's (2003) position that firms influence place but in return are influenced by it. On the one hand, the transnational integrated tourism corporations stretch their social relations over space and time; on the other hand, they are embedded in local networks grounding them to Mallorca.

As discussed in Chapter Seven, the socio-economic perspective of the economy and its organisation as networks of social relations has also created an alternative ontology of spatialities (the organisation of space). Although the relational understanding of spatial scales as a nexus of social relations more closely suits the socio-economic perspective that networks of social relations interact with space and place (Amin, 2002; Sheppard, 2002; Healey, 2004) the institutional reality in the Balearics is ordered in nested hierarchies of national, regional, subnational and local scales. Transnational integrated tourism corporations are therefore embedded in networks of social relations as well as within the hierarchical scalarity of the institutional framework present in Mallorca.

The analysis of the regulatory environment has revealed a complex and dynamic mosaic of scales at subnational, national and supranational levels, which interact (directly or indirectly) to form the regulatory framework governing

and shaping the activities of transnational integrated tourism corporations. While a transfer of regulatory power from the national to the subnational and supranational scale has occurred, many of the indirect regulations governing tourism and foreign direct investment are still situated at the national scale.

While the empirical foundation for this thesis is uneven, its originality lies in the attempt to bridge the gap between tourism research and the 'new' economic geography and to construct arguments as to the restructuring process of the transnational integrated tourism corporations and their connection to space and place. As such, this thesis should be seen as the beginning of this particular research avenue for tourism research as it asks more questions than it manages to answer.

8.3 Limitations

As usual with any type of research, the choices made in terms of study objects, case study selection and methodology have to be subject to critical review. Due to the exploratory nature of this thesis, in trying to bridge the gap between tourism and concepts of the 'new' economic geography, this research has experienced a number of substantial difficulties (as presented in Chapter Four). This section analyses the limitations of this thesis in order to communicate the difficulties involved in utilising a novel perspective of the research subject (the firms as constituted of networks of social relations) and to provide insights for future research that will help to build a strong(er) methodological foundation.

8.3.1 Time and finance

Any kind of research undertaken as part of a PhD degree or indeed any research suffers similar temporal and financial constraints. Time and financial pressures limit the extent and depth of research that can be realistically undertaken. In the case of this thesis, research on the restructuring of the tourism production system had to be limited to the top six integrated tourism corporations in Europe and their restructuring and internationalisation. As a result, there are inevitably areas of research that have not been considered in the context of this thesis, such as the effects of concentration on independent and niche tour operators in national markets, the implications of market entry of integrated firms in new source markets and destinations and the consequences of disinvestment and diversion of tourist flows on a destination. See the research agenda set out in section 8.3 for a more detailed discussion.

The embeddedness of these firms was analysed through the use of a detailed case study in order to grasp the intricacies of the relationships between actors in the networks, rather than providing a broader overview of embeddedness across national or even international scales (Spain and the Mediterranean for instance) or comparing several firms' embeddedness within several destinations. The use of a single case study undoubtedly raises questions of the generalisability of the findings. Especially as the destination of Mallorca represents an important destination for European tour operators due to its early development as a mass tourism destination and the influence of tour operators over tourism development in the early 1960s (i.e. the development of the Mallorcan hotel capacity). Regardless, case studies do provide a means to explore issues in some depth and to inform further research.

8.3.2. Methodological limitations

Time is also a major factor in 'cultivating' relationships and gaining the trust of gatekeepers within the corporations. In general, the tourism industry displays a certain disdain for the academic study of tourism, which needs to be eroded before gaining the necessary trust for in-depth access to the firm networks. This is further examined in the next few paragraphs on the methodological limitations of the thesis.

The subdiscipline of economic geography has seen a diversification of research approaches with the widespread adoption of the Cultural Turn (see Chapters Two and Four). This repositioning of the economic in relation to cultural and social processes has obvious implications for empirical research methods, because it encourages a fundamental, methodological overhaul as 'we might be looking at different subject/object relations and different ways of collecting, analyzing and even presenting data' (Yeung, 2003: 443). This prompted Clark (1998) to promote close dialogue as a way of gaining valuable in-depth insights into economic processes. Close dialogue is a means to enter and access actors within institutions in order to unravel the newly recognised complexities of what constitutes the firm:

'Previously these organizations tended to be enclosed, seen as shells through which transactions with the outside world took place to a greater or lesser degree. Such organizations were also characterized by preset goals which they worked towards. But this contained and directed model is now seen to be at odds with what we know of the intensely practical and ad hoc [*sic*] character of most organizations'

(Thrift and Olds, 1996: 319).

Recent research in retail geography is very much dependent on close dialogue in order to gain access to strategic information from investment banks and leading retail firms:

‘The authors are grateful for *ongoing* discussions of the global retail industry with analysts at Merrill Lynch, Credit Suisse First Boston, ABN-AMRO and Deutsche Bank and for the opportunity to participate in meetings with the management of the leading firms in the industry organized by those investment banks’

(Wrigley *et al.*, 2005: 453, emphasis added).

This relationship with investment banks and leading retailers has been cultivated for a number of years and has taken the form of close collaboration between academics and the retail industry. In comparison, the tourism sector has been rather less forthcoming in cooperating with this thesis and exchanging information. This is most likely due to three factors: first, there seems to be a general unease with the academic discipline of tourism on the part of the industry; second, firms are unwilling to disclose any kind of information due to the high level of competition in the sector and the fear of competitors benefiting from this information and third, the limited time period was insufficient to build up a meaningful level of trust and social capital with key gatekeepers in the firms.

Another key aspect of the ‘new’ economic geography, as highlighted in Chapter Three is the perspective of the firm as constituted of social networks within and across the firm boundary. However, social network analysis is reliant on

members of the networks of interest to first be identified and second to be willing to cooperate and disclose information on further members and the attributes of his/her relationship with these. The empirically informed Part Four of this thesis has thus only been able to provide limited insights into the quality of the structure and nature of networks, the quality of social economic relations, their influence on the sociospatial expansion of integrated tourism corporations and the embeddedness of these firms in the destination of Mallorca.

As a result of this absence of close dialogue and cooperation, the data on which this thesis is based had to be obtained from a number of different secondary sources, such as the trade press and annual reports. Improvements in information technology (i.e. the worldwide web) and their general acceptance as medium for communication and information transfer have facilitated access to data sources and created new opportunities for making use of new sources of information for economic geography (Chapman and Edmond, 2001).

The trade press and market reports are often the prime sources for comprehensive information on M&As in national markets. However, searching large numbers of these sources do not necessarily offer the necessary coverage for a European-wide study: 'Indeed, it is impractical to adopt this traditional approach to information-gathering when seeking comprehensive coverage of mergers/acquisitions in a major industry at the European scale' (Chapman and Edmond, 2001: 56). The fragmented nature of the tourism production system (Smith, 1997) adds an additional challenge to the analysis of restructuring as the definition of the 'tourism industry' differs, resulting in, sometimes, incompatible tourism-specific data.

Evidence of action does not inevitably mean clear strategies and motivations behind the actions. The analysis of the spatial distribution of shareholdings does therefore not necessarily translate to clear strategic decisions by corporations. Any such interpretation would be based on incomplete sources as any conclusions about corporate strategies and motivations should ideally be based on a variety of primary data sources (quantitative or qualitative).

8.3.3 The nature of culture

As discussed throughout this thesis, the 'new' economic geography is based on the recognition of the importance of social and cultural processes within the economy. The methodological consequences of this new view of what constitutes 'the economy' have been to find '... alternative means of telling the stor[ies] about the transformation of corporate capitalism' (Clark, forthcoming: 6). However, the importance of culture in the research process and its consequences for successful data collection has largely been ignored in the discussions surrounding the methodologies of the 'new' economic geography.

In this thesis, the author experienced difficulties in obtaining primary data on two different spaces of enquiry: the corporate and local spaces. These difficulties were based on the researcher's position as an outsider to both corporate and local cultures. Unlike anthropologists, the author was a 'temporary' (that is, relatively short term) researcher, intent on conducting a set number of interviews and mapping the networks before departing to analyse the data. This time period was not sufficient to shrug off the status of 'outsider'.

Corporate culture within the competitive tourism production system seems to discourage the cooperation with academic research even if packaged so as to seem to benefit the corporation. The motive of competitive advantage over their competitors affects their perception of academic research. The Mediterranean culture of close networks centred around family groups (probably not dissimilar to the Chinese *guanxi*) is also not conducive to gaining access to elite networks even when using the knowledge and status of local contacts.

The methodological limitations presented and discussed above resulted in the more exploratory nature of the thesis, allied to a focus on theorisation. Chapters Six and Seven examine the way in which the spatial expansion of tourism corporations has affected their level of embeddedness with local businesses and the regulatory framework in Mallorca. Therefore, the research presented here has attempted to position tourism research in relation to contemporary debates and the Cultural Turn in economic geography. Yet, due to methodological problems, this analysis has been inadequate in providing a detailed study on the social relations governing economic actions of transnational, integrated tourism corporations. However, this thesis has built a foundation for further work in the economic geography of tourism by (re)conceptualising the tourism firm and attempting to bridge the gap between tourism and the 'new' economic geography:

'Although many economic geographers are actively engaged in developing a thoroughgoing economic geography of cultural forms, the dialogue with tourism geographers and tourism research is relatively muted'

(Debbage and Ioannides, 2004:106).

8.4 A self-assessment

The main findings presented above can be divided into four parts, which are directly related to the research objectives. While the summary presents a brief outline of the argumentation followed within the thesis, this section critically reflects on the degree to which these findings correspond and were able to satisfy the thesis objectives.

8.4.1 The 'new' economic geography of tourism

Research objective 1:

to add new conceptual foundations to tourism research by applying concepts of the 'new' economic geography.

Recent literature on the economic geography of tourism has focused on the Cultural Turn in the social sciences (Debbage and Ioannides, 2004), which has resulted in a major reorientation of research avenues in economic geography. However, it is apparent from a synthesis of this literature that the economic geography of tourism research has only partially embraced this new paradigm. The Cultural Turn entails more than the recognition that culture is an important factor affecting economic processes and adding the cultural 'ingredient' to political economy. Chapter Two argues that the Cultural Turn has wide reaching implications for tourism research agendas, while Chapter Three explores the implications of the Cultural Turn on researching tourism firms and provides a re-conceptualisation of the tourism firm from a black box to a firm set in networks of social relations. Previous research on firms engaging in tourism has neglected to provide such a conceptualisation of a firm and the economic action

taking place within and across its boundaries. Chapter Three offers a socio-economic view of the tourism firm as embedded in networks of social relations across geographical space and thus firmly positions the empirically informed chapters of this thesis (Part Four) in relation to the 'new' economic geography: presenting 'the economy' as a dynamic, socio-spatial and differentiated economic landscape embedded in place-specific cultural contexts and social relations.

However, the Cultural Turn is wider than presented in context of this thesis as particularly a poststructuralist approach to the economic geography of tourism has the potential to widen the scope of research to include multiple economies and non-capitalist systems of exchange. The Cultural Turn therefore offers economic tourism geographers the opportunity to advance tourism as a significant research subject and to position the economic geography of tourism firmly within the core of economic geography.

While this thesis makes a valuable theoretical contribution to conceptualising the tourism firm, the translation of this theory into practice has been challenging (as discussed in Chapter Four). Due to these difficulties, this thesis has only been able to offer a somewhat truncated (but nevertheless valid) version of a socio-economic analysis of the transnational integrated tourism firm. Objective one was therefore partially achieved: new theoretical foundations were laid, but not necessarily fully implemented in practice.

8.4.2 Corporate geographies of transnational integrated tourism firms

Research objective 2:

to develop further understanding of corporate globalisation in the tourism production system, with special emphasis on the emergence of transnational, integrated tourism corporations and their consequences on the economic landscape.

While other sectors or industries – in particular the retail industry – have received considerable attention in academic research, economic geographers of tourism have largely ignored the changing structure of the tourism industry (with a few exceptions detailed in Chapter Two), the corporate geographies of transnational integrated tour companies in particular have been overlooked. This thesis has closed that gap by analysing the corporate globalisation in the tourism production system. Although earlier research has analysed the changing structures of the tour operator industry in the individual host markets of Germany and the UK, the internationalisation of the tourism production system and its associated qualitative processes have largely been ignored. The empirical research presented in Chapter Five is set in context of the three theories of globalisation and argues that the shift from national to transnational corporate organisation via the integration of operations across source and destination markets represent a qualitative change rather than a simple intensification of internationalisation tendencies. Also, the uneven nature of geographic expansion of transnational tourism capital contradicts the globalist theory and cements the geographical aspect of globalisation. This thesis contributes to an enhanced understanding of the corporate globalisation by analysing the processes leading to the geographical expansion of transnational

tourism firms and revealing the resulting landscape of economic influence of transnational integrated tourism corporations in source and destination markets.

8.4.3 The embeddedness of tourism corporations

Research objective 3:

to analyse the socio-spatial practices of these corporations, incorporating an examination of the spatial structure of inter- and intra-firm networks and their embeddedness within local networks (extra-firm).

The discussion of the globalisation of corporate geographies is then further exposed in Chapter Six in the discussion of the embeddedness of transnational integrated tourism corporations in networks of social relations positioning these firms in space and place. Despite a lack of empirical data on the structure or attributes of the networks and the social relations between its members, secondary data give an indication of the relationship between transnational integrated tourism corporations and local firms. While this particular objective was not met in principle, the alternative approach employed in this thesis has nevertheless provided some insights into network linkages and the embeddedness of transnational integrated tourism corporations. The analysis of the long-term development of tourism in Mallorca demonstrates the consequences of restructuring processes within the tourism production system and reveals the existence of strong ties between transnational integrated tourism corporations and local Mallorcan hotel groups. These relationships have provided a firm base for close cooperation with mutual benefit. This mutually beneficial relationship has allowed Mallorcan hotel companies to internationalise in conjunction with the internationalisation of tourist flows

facilitated by the transnational integrated tourism corporations, thus extending the relationship into space.

Due to the challenges encountered during the data gathering stage, it was not possible to provide a detailed examination of the spatial structure of inter- and intra-firm networks and their embeddedness within local networks (extra-firm). However, Chapter Six has demonstrated the transformation of business networks in the context of wider restructuring processes and has contributed to a further understanding of the relationship between firms and space/place.

8.4.4 Spatialities of regulation

Research objective 4:

to evaluate the role of the scales of regulation in the local embeddedness of transnational, integrated tourism corporations.

Since the data issues (see Chapter Four) prevented a detailed analysis of network structure and organisation (objective three), as a result objective four could also not be satisfactorily completed. However, a theoretical discussion of the changing ontology of spatialities inherent in the transformationalist globalisation processes focussed on the relational interpretation of spatial organisation. This thesis contributes to the debate on spatialities of globalisation in particular in relation to transnational corporations by demonstrating the discrepancy between current academic thinking on the spatial organisation of firms within networks of social relations that transcend the conventional notion of spatial scales and the scalar structure of the institutional framework. An examination of the regulatory system in Mallorca revealed that integrated

tourism corporations are embedded within networks of social relations as well as being bound by the scalar nature of the institutional framework.

While this thesis may not have satisfactorily answered the objectives established at the outset of the research project, the author contends that it has nevertheless made a valid contribution to academic knowledge, by combining new theoretical foundations with an empirically informed examination of transnational integrated tourism firms resulting in specific implications for future research.

8.5 Implications of the research findings

The findings of this thesis and the challenges faced by the author during the research process have implications reaching beyond the scope of this thesis. These implications and consequences are presented in the following section.

8.5.1 Methodological implications of the 'new' economic geography

As evident from the difficulties encountered in this thesis, the changed ontologies of the 'new' economic geography (i.e. the novel perspective of 'the economy' as object of research) have consequences for the research methodology. Instead of uncovering the structural meta-narrative of a rational firm, the influence of the Cultural Turn on economic geography has transformed the traditional ontologies, epistemologies and research methodologies. The 'new' economic geography is based on a pluralist view of the economy embedded in cultural and social relations through which it acquires meaning (Lee and Wills, 1997). Granovetter (1985) and Martin and Sunley (2001) contend that this socio-economic contextualisation needs be informed by a

rigorous methodological framework otherwise the 'new' economic geography may run the risk of becoming meaningless.

However, the changing nature of data necessary for analyses in line with the 'new' economic geography has implications on the positionality of the researcher within the research process. The researcher is no longer the 'objective' scientist researcher but is in close proximity to the 'subject' as the researcher's dependence on access to appropriate and willing gatekeepers which requires the development of a mutual relationship and social capital over time. Yeung (2003: 443) argues that the research value of the 'new' economic geography outweighs the disadvantages of such a changing positionality:

'[the] different orientation in geographical explanations justifies a fundamental rethinking of the process of research methodology, because we might be looking at different subject/object relations and different ways of collecting, analyzing and even presenting data'.

This, however, raises questions of privileged access for elite researchers with long-standing industry relationships. Recent research on the retailing industry is predominantly based on close dialogue with business elites, as demonstrated by the acknowledgements in research by Wrigley *et al.* (2005) (see above).

This proximity blurs the distinction between researcher and 'subject' and raises the question of the researcher's role and position in the networks of interest. Connected to the concerns about the balance of objectivity and subjectivity in research through the intimacy between researcher and interviewee is the problem of replicability and generalisability of findings.

This thesis has demonstrated the challenges faced when trying to access elite business networks. The lack in socioeconomic data on networks of social relations between transnational firms and place has resulted in a truncated analysis linking secondary data with theoretical thought; but essentially a revisiting of the non-cultural, traditional political economy approach. McDowell (1998: 2135) points out the importance of opportune circumstances during the research process and its general messiness:

‘Somehow you have to get in there and although we often, in writing up our results, talk blandly of our samples or our case studies, letting the reader assume that the particular industry, location site and respondents were the optimal or ideal for investigating the particular issue in which we were interested, we all know that the “reality” ... is a lot messier. A great deal depends on luck and chance, connections and networks and the particular circumstances at the time’.

However, what McDowell fails to mention are the instances in which researchers have been unable to fill the silences in order to answer a particular research question. Oinas (1999: 356) refers to the unwillingness of respondents to provide information as ‘the problem of silence’: ‘What is not uttered, or is uttered unclearly, in an interview situation can be captured by the metaphor of silence’. However, in the case of this research, the silence was ‘pronounced’ by refusing access: ‘... what remains is a silence concerning a kind of embeddedness that may influence firm decision-making’ (Oinas, 1999: 357). The researcher is then limited to speculating about the reasons behind the refusal to cooperate and to further hypothesize about the structure of the

network from other sources and from the fact that no access was granted. 'A researcher faces the exigency of sensitivity and ability to ... recognise when silences should be turned into voices' (Oinas, 1999: 359). In case of this thesis, the silence was overcome by a turn towards a traditional political economy approach which only managed to hint at a socio-economic organisation of the economy.

8.5.2 Tourism and the 'new' economic geography

As Crewe (2000: 275) states in her critique of early research in retail geography, its main problem was the 'inability to take either its economic or its cultural geographies seriously, the result being a largely descriptive and all too often simplistic mapping of store location, location, location'. Tourism research suffers a slightly different problem in that the number of economic geographers researching tourism is too small and rooted in political economy. However, the author contends that the 'new' economic geography (despite of its methodological implications) is the right avenue/strategy to rejuvenate and invigorate the struggling subdiscipline infusing it with new theory and ontology. This engagement in the 'new' economic geography would also align tourism research with current and emerging discussions of mainstream economic geography and making it more relevant to the mainstream. The economic geography of tourism has largely neglected the Cultural Turn and has thus lacked the opportunity to link into current trends and developments discussed in the wider subdiscipline of economic geography (Ioannides, 1995; Ioannides and Debbage, 1998a). Despite Britton's (1991) early yet partial recognition of the importance of the cultural for tourism (i.e. the role of tourism in constructing symbolic and cultural capital and thus increasing investment value and the

commodification of place and experience) the economic geography of tourism has so far failed to engage in the relevant debates in geography and the wider social sciences meaningfully.

While Britton's (1991) paper has been influential for tourism research and his research agenda is still pertinent to this day, there is a need to mirror or at least acknowledge the progress made in economic geography (i.e. the Cultural Turn), in order to place tourism in the centre of economic geography (a call by Ioannides and Debbage, 1998a). This does not imply that political economy approaches to tourism research are outdated and inconsequential in the current academic climate. Instead, we should keep sight of hard-won theoretical insights (and continue working in that arena) and simultaneously (re)constitute them in the new, innovative economic geography (Crang, 1997), thus realising the potential handed to economic geography with the Cultural Turn. Thorough empirical research that is based on strong methodological foundations and is aware of the possible negative methodological implications associated with the Cultural Turn in economic geography and a comprehensive cross-disciplinary engagement with the relevant emerging literature should form the foundation for a newly invigorated and invigorating economic geography of tourism.

8.5.3 Tourism capital and the economic landscape

More specifically than the broad rallying call presented above, this thesis has clear implications for the study of tourism capital and its consequence on the economic landscape.

Chapter Five has set out the current situation and extent of internationalisation of transnational, integrated tourism corporations, revealing a complex and uneven process of development. It is argued here that such a one off situational analysis as presented in this thesis is not sufficient to understand the spatial and temporal shifts in the tourism production system, as well as the changes in relationship within and between firms, space and place. The restructuring does, however, raise a number of important questions that warrant further investigation.

There are a number of key aspects to the internationalisation of economic activity in the tourism production system. First, as demonstrated in Chapter Five, the international ownership of shareholdings or subsidiaries and their integration with the parent corporation is a crucial factor of internationalisation. This internationalisation of ownership is a further step from the international channelling of tourist flows which most – if not all – tour operators engage in. As demonstrated by the German market entry of MyTravel and the resulting entry of Preussag/TUI and C&N (now Thomas Cook) into the British market, this can result in increased competition in the home market.

Second, increased vertical integration across national borders due to the internationalisation of ownership leads to a growing control over the major

nodes of the commodity chain with consequences on distribution channels and destinations. It is therefore necessary for tourism researchers (and in particular geographers) to analyse in detail the power exerted by these transnational integrated tourism corporations within the networks of the tourism production system. As Chapter Seven has demonstrated, the relationships between these firms and the regulatory framework are both complex and conflicting. In-depth analysis of this connection between transnational tourism firms and place is pertinent for an increased understanding of the spatialities of regulation (the link between tourism capital and the regulatory framework). However, the international activities of tourism corporations are spatially and temporally contingent; analysis should therefore extend beyond the point of entry into or exit from the market in order to capture the continuing relationships between firms and place.

Third, internationalisation results in a transfer of information, skills and management expertise between firms, markets and regulatory institutions. Knowledge is often seen as key factor in the competitive position of firms and crucial to innovation and value creation. Gertler (2003) views tacit knowledge, in particular, as a determining factor in facilitating innovation and thus 'reinforcing' the local against the global. However, remarkably little tourism research has focused on the transfer of knowledge within networks of economic activity.

Fourth, aside from the internationalisation of production, there has been a simultaneous trend (albeit to a lesser extent) by transnational, integrated tourism corporations to internationalise and outsource support functions. Through the effective use of the internet, firms are able to 'mix and match' their

sourcing strategy of support operations (Buckley and Ghauri, 2004). A case in point is the outsourcing of information technology services by TUI UK to their second TUI UK Offshore Development Centre in Hyderabad, India (Financial Times Information, 2005). These strategies result in a further international division of labour and leads to the creation of an expanded network consisting of specialised, geographically differentiated operations with multiple types of ownership.

Although this thesis has demonstrated the spatial distribution of ownership, it was unsuccessful in revealing the comprehensive network structures of these firms. Future research could therefore be investigating the functional integration and coordination of the commodity chain, especially via the concepts of knowledge transfer (Cooper, 2006) and communities of practice (Wenger and Snyder, 2000).

8.6 Directions for future research

As illustrated in the previous section, this thesis has major implications in terms of methodological challenges, the application of the 'new' economic geography to tourism research and for the study of tourism capital. However, in addition to these implications, this thesis has also demonstrated the need for further research in a number of different areas. While potential new avenues have been highlighted in the text, the following section will present two main directions of future research that arise from the research presented in this thesis: the process of internationalisation and the spatial organisation of the regulatory framework.

8.6.1 The process of internationalisation

The four factors of internationalisation, mentioned above, demonstrate the need to move beyond the description of international activity toward a detailed analysis of the underlying internationalisation processes.

Another important approach to take in order to understand the internationalisation processes is to view international activities of tourism corporations as being spatially and temporally contingent. The process of internationalisation is complex and analysis should be extended beyond the point of entry into the market. Tourism corporations might initially enter new markets via joint ventures with local businesses, before increasing the size of their shareholding and assuming complete ownership of the successful venture. Engaging in joint ventures has been the strategy for TUI and Thomas Cook to enter newly emerging source markets such as Russia and China. Others might have to enter a phase of divestment, changing the format of investment (e.g. spreading the risk via joint ventures with a competitor) or entirely disposing of its interests. MyTravel, for instance, has engaged in a series of divestments after its unsuccessful and costly market entry into Germany with the acquisition of Frosch Touristik International. Future research on the internationalisation should therefore add a temporal dimension in order to reveal the different stages through which market entry is achieved and recognise that strategies differ between and across firms and markets. Furthermore, the strong ties between the two largest integrated tourism corporations and Mallorcan hotel groups (see Chapter Six) seem to indicate that social relations and pre-existing business networks play a significant role in the internationalisation of transnational tourism corporations. In what way do these special relationships impact on the

organisation and structure of the specialist holiday hotel industry? These issues have, thus far, received very little attention in the tourism literature. Further research should therefore investigate how firms use social networks in their internationalisation process. A research project examining how firms use social networks to expand their operations into new markets and how they integrate various national markets would do much to shed light on the processes of internationalisation in tourism.

8.6.2 The spatial organisation of regulatory institutions

This thesis has demonstrated that the competitive success of integrated transnational tourism corporations has resulted in their expansion across the main source markets and major tourism destinations (see Chapter Five). Despite early concerns that the role of transnational corporations 'was not matched by a corresponding understanding or an international framework covering their activities' (UNCTC, 1990: 3), previous tourism research been surprisingly silent about the implications of this transnationalisation trend in tourism on the structure of the regulation environment. This thesis suggests that transnational corporations are embedded in networks of social relations leading to Amin's (2002) notion that social relations transcend the hierarchical organisation of space. This leads to a relational rather than hierarchical structure of space providing 'relational, non-linear and non-contiguous meanings of time, space and place' associated with relational geography (Graham and Healey, 1999: 641). While Chapter Seven has established that a shift in regulatory governance towards the supranational *and* subnational level is occurring in Spain and the Balearic Islands, it has also demonstrated that the

regulatory institutions are still structured and organised according to a hierarchical perspective of spatial scales.

Following the perceived disparity theoretical understanding of relational space and the seemingly hierarchical or scalar organisation of regulatory institutions, more specific research is necessary in order to understand the complex relationship(s) between transnational corporations and regulatory frameworks: “The social relations which transect a specific piece of territory may each have a different spatial reach, just as they may have different temporalities. They may or may not intersect as they pass “over” or “under” each other’ Healy (2004: 47). Unravelling the social networks between the regulatory framework and transnational corporations as well as the social relations within the regulatory regime would prove invaluable in answering the question whether a scalar regulatory environment is appropriate for the regulation of complex relational economic behaviour.

8.7 Conclusion

While the empirical foundation for this thesis is uneven, its originality lies in the attempt to bridge the gap between tourism research and the ‘new’ economic geography and to construct arguments as to the restructuring process of the transnational integrated tourism corporations and their connection to place. The previous internationalisation of tourist flows coupled with the established internationalisation of ownership demonstrates that tourism firms become increasingly connected to place and thus embedded in local networks of social relations. Further research is therefore necessary in this field to analyse the socio-economic processes behind these changes and to determine the quality

of these linkages depending on the regulatory system of destinations, with the present lack of literature on the internationalisation of tourism firms presenting a great challenge, as demonstrated in the earlier chapters. Further academic efforts based on strong theoretical as well as empirical foundations are needed in order to gain useful insights into the internationalisation process. However, future research should be based on the recognition of the spatial and temporal dynamics of tourism firms and the complex internationalisation phenomenon.

Economic geography is more heterodox and pluralist today than ever before, its practices and positions encompassing spatial science and non-representational theory, neo-Marxism and new geographical economics, modelling and ethnography, feminism and poststructuralism and just about everything in between ... The so-called new economic geographies are pluralized for more than merely presentational reasons. They have become associated with a kind of post-programmatic research program within which virtue is made of active engagement on multiple theoretical, methodological and substantive fronts.

Peck (2005:129-130)

Bibliography

Adkins, L. (1995) *Gendered Work: Sexuality, Family and the Labour Market* (Buckingham: Open University Press).

Adler, S. & Brenner, J. (1992) Gender and space: lesbians and gay men in the city, *International Journal of Urban and Regional Research*, 16(1), pp. 24-34.

Agarwal, S, Ball, R., Shaw, G. & Williams, A.M. (2000) The geography of tourism production: uneven disciplinary development? *Tourism Geographies*, 2(3), pp. 241-263.

Agarwal, S. (1994) The resort cycle revisited: implications for resorts, in: C. Cooper & A. Lockwood (Eds) *Progress in Tourism, Recreation and Hospitality Management Volume 5*, pp.194-208 (London: Belhaven Press).

Agarwal, S. (2002) Restructuring seaside tourism: the resort lifecycle, *Annals of Tourism Research*, 29(1), pp. 25–55.

Agarwal, S. (2005) Global-local interactions in English coastal resorts: theoretical perspectives, *Tourism Geographies*, 7(4), pp. 351-372.

Aglietta, M. (1979) *A Theory of Capitalist Regulation: the US experience* (London: New Left Books).

Aguiló, C. (2002) El turisme i l'administració (I). In: C. Picornell, F. Sastre & S. Serra (Eds) *Turisme i Societat a les Illes Balears*. Palma de Mallorca: Hora Nova. pp. 849-864.

Aharoni, Y. (1996) *The Foreign Investment Decision Process* (Boston: Harvard University).

Aitchison, C. (1997) A decade of compulsory competitive tendering in the UK sport and leisure services: some feminist perspectives, *Leisure Studies*, 16(2), pp. 85-105.

Aitchison, C. (1999) New cultural geographies: the spatiality of leisure, gender and sexuality, *Leisure Studies*, 18(1), pp. 19-39.

Aitchison, C. (2000) Poststructural feminist theories of representing others: a response to the 'crisis' in leisure studies' discourse, *Leisure Studies*, 19(3), pp. 127-144.

Aitchison, C., Macleod, N. & Shaw, S. (2000) *Leisure and Tourism Landscapes: social and cultural geographies* (London: Routledge).

Aitken, S. & Valentine, G. (Eds) (2006) *Approaches to Human Geography* (London: Sage Publications).

Aldskogius, H. (1968) Modeling the evolution of settlement patterns: two case studies of vacation house settlement, *Geografiska regionstudie*, 6 (Uppsala: Geografiske institutionen).

Aldskogius, H. (1977) A conceptual framework and a Swedish case study of recreational behaviour and environmental cognition, *Economic Geography*, 53(2), pp. 163-183.

Alexander, N. (1997) *International Retailing* (Oxford: Blackwell).

Amin, A. (1997) Placing globalization, *Theory, Culture, Society: explorations in critical social science*, 14(2), pp. 123-137.

Amin, A. (1999) An institutional perspective on regional economic development, *International Journal of Urban and Regional Research*, 23(2), pp. 365-378.

Amin, A. (2002) Spatialities of globalisation, *Environment and Planning*, 34(3), pp. 385-399.

Amin, A. (2001) Moving on: institutionalism in economic geography, *Environment and Planning A*, 33(7), pp. 1237-1241.

Amin, A. (2004) Regulating economic globalization, *Transactions of the Institute of British Geographers*, 29(2), pp. 217-233.

Amin, A. & Thrift, N. (1997) Globalization, socio-economics, territoriality, in: R. Lee & J. Wills (Eds) *Geographies of Economics*, pp. 147-157 (London: Arnold).

Amin, A. & Thrift, N. (2000) What kind of economic theory for what kind of economic geography, *Antipode*, 32(1), pp. 4-9.

Amin, A. & Thrift, N. (2002) *Cities: reimagining the urban* (Cambridge: Polity Press).

Amor, F., Calabuig, C., Abellán, J. & Monfort, V.M. (1994) Barriers found in repositioning a Mediterranean 'sun and beach' product: the Valencian case, in: A. Seaton, C.L. Jenkins, R.C. Wood, P. Dieke, M. Bennet, L.R. Maclellan & R. Smith (Eds) *Tourism: the state of the art*, pp. 428-435 (Chichester: Wiley).

Anderson, C. & Imperia, G. (1992) The corporate annual report: a photo analysis of male and female portrayals, *The Journal of Business Communications*, 22(2), pp. 113-128.

Anderson, D.H. & Brown, P.J. (1984) The displacement process in recreation, *Journal of Leisure Research*, 16(1), pp. 61-73.

Andersson, S. (2000) Internationalization of the firm from an entrepreneurial perspective, *International Studies of Management & Organization*, 30(1), pp. 63-92.

Andersson, S. (2004) Internationalization in different industrial contexts, *Journal of Business Venturing*, 19(6), pp. 851-875.

Arbel, A. & Pizam, A. (1977) Some determinants of hotel location: the tourists' inclination, *Journal of Travel Research*, 15(winter), pp. 18-22.

Ashworth, G.J. (1989) Urban tourism: an imbalance in attention, in: C.P. Cooper (Ed.) *Progress in Tourism, Recreation and Hospitality Management Volume 1*, pp. 33-54 (London: Belhaven Press).

Ashworth, G.J. (1992) Is there an urban tourism?, *Tourism Recreation Research*, 17(2), pp. 3-8.

Ashworth, G.J. (1992) Planning for sustainable tourism: a review article, *Town and Planning Review*, 63(3), pp. 325-329.

Ashworth, G.J. & Dietvorst, A. (Eds) (1995) *Tourism & Spatial Transformations* (Wallingford: CAB International).

Ashworth, G.J. & Tunbridge, J.E. (1990) *The Tourist-Historic City* (London: Belhaven Press).

Ashworth, G.J. & Tunbridge, J.E. (1996) *Dissonant Heritage* (Chichester: Wiley).

Ashworth, G.J. & Voogd, H. (1988) Marketing the city: concepts, processes and Dutch applications, *Town Planning Review*, 59(1), pp. 65-80.

Ashworth, G.J. & Voogd, H. (1990a) *Selling the City* (London: Belhaven Press).

Ashworth, G.J. & Voogd, H. (1990b) Can places be sold for tourism?, in: G.J. Ashworth & B. Goodall (Eds) *Marketing Tourism Places*. London: Routledge, pp. 1-16.

Ashworth, G.J. & Voogd, H. (1994) Marketing of tourism places: what are we doing? In: M. Uysal (Ed.) *Global Tourism Behaviour*, pp. 5-20 (New York: International Press).

Ateljevic, I. (2000) Circuits of tourism: stepping beyond the 'production / consumption' dichotomy, *Tourism Geographies*, 2(4), pp. 369-388.

Autio, E., Sapienza, H.J. & Almeida, J.G. (2000) Effects of age at entry, knowledge intensity and imitability on international growth, *Academy of Management Journal*, 43(5), pp. 909-924.

Bair, J. (2005) Global capitalism and commodity chains: looking back, going forward. *Competition and Change* 9(2): 153-180.

Baker, W.E. (1990) Market networks and corporate behavior, *American Journal of Sociology*, 96(3), pp. 589-615.

Barceló-Pons, B. & Frontera-Pascual, G. (2000) Història del turisme a les Illes Balears, in: Fundació "la Caixa" (Ed.) *Welcome! Un segle de turisme a les Illes Balears*, pp. 15-36 (Palma: Fundació "la Caixa").

Bardolet, E. & Sastre, F. (1997) Evolucion del turismo en Baleares 1995-1994, in: AECIT (Ed.) *La Actividad Turistica Espanola en 1995*, pp. 303-322 (Madrid: Asociacion Espanola de Expertos Cientificos en Turismo).

Barnes, T.J. (1995) Political economy I: 'the culture, stupid', *Progress in Human Geography*, 19(3), pp. 423-4331.

Barnes, T.J. (1996) *Logics of Dislocation: models, metaphors and meanings of economic space* (New York: Guildford).

Barnes, T.J. (1999) Industrial geography, institutional economics and Innis, in: T.J. Barnes & M.S. Gertler (Eds) *The New Industrial Geography: regions, regulation and institutions*, pp. 1-19 (London: Routledge).

Barnes, T.J. (2001) Rethorizing economic geography: from the quantitative revolution to the "cultural turn", *Annals of the Association of American Geographers*, 91(3), pp. 546-565.

Barnes, T.J. & Gertler, M.S. (Eds) (1999) *The New Industrial Geography: regions, regulation and institutions* (London: Routledge).

Barnett, C. (1998) The cultural turn: fashion or progress in human geography?, *Antipode*, 30(4), pp. 379-394.

Bartlett, C.A. & Ghoshal, S. (1986) Tap your subsidiaries for global reach, *Harvard Business Review*, 64(6), pp. 87-94.

Bastakis, C., Buhalis D. & Butler R. (2004) The perception of small and medium sized tourism accommodation providers on the impacts of the tour operators' power in Eastern Mediterranean, *Tourism Management*, 25(2), pp. 151-170.

Bastian, H. (2004) Herausforderungen im Post Merger Management der Touristikkonzerne, in: H. Bastian & K. Born (Eds) *Der integrierte Touristikkonzern: Strategien, Erfolgsfaktoren und Aufgaben*, pp. 1-16 (Munich: R. Oldenbourg Verlag).

Baum, T. & Mudambi, R. (1994) A Ricardian analysis of the fully inclusive tour industry, *Services Industries Journal*, 14(1), pp. 85-93.

Bayraktaroglu, S. & Kutanis, R.O. (2003) Transforming hotels into learning organisations: a new strategy for going global, *Tourism Management*, 24(2), pp. 149-154.

BBC News (2005) Gay couples at pink wedding show. Available at http://news.bbc.co.uk/2/hi/uk_news/wales/4476040.stm (accessed 22 July 2007).

Bégin, S. (2000) The geography of a tourist business: hotel distribution and urban development in Xiamen, China. *Tourism Geographies*, 2(4): 448-471.

Bell, J. (1995) The internationalization of small computer software firms: a further challenge to 'stage theories', *European Journal of Marketing*, 28(8), pp. 60-75.

Bell, M. (1977) The spatial distribution of second homes: a modified gravity model, *Journal of Leisure Research*, 9(3), pp. 225-232.

Beverland, M. & Brotherton, P. (2001) The uncertain search for opportunities: determinants of strategic partnerships, *Qualitative Market Research: an international journal*, 4(2), pp. 88-99.

Bianchi, R.V. (2000) Migrant tourist-workers: exploring the 'contact zones' of post-industrial tourism, *Current Issues in Tourism*, 3(2), pp. 107-137.

Bianchi, R.V. (2002) Towards a new political economy of global tourism, in: R. Sharpley, & D.J. Telfer (Eds) *Tourism and Development: concepts and issues*, pp. 265-299 (Clevedon: Channel View Publications).

Bilkey, W.J. & Tesar, G. (1977) The export behavior of smaller-sized Wisconsin manufacturing firms, *Journal of International Business Studies*, 8(1), pp.93-98.

Blamey, R.K. (1995) *The Nature of Ecotourism*, Occasional Paper No. 21 (Canberra: Bureau of Tourism Research).

Blanco H.J. & Fayos S.E. (1994) Estrategias e instrumentos de ordenación normativa para el turismo sostenible, in: C. Marin (Ed.) *Lanzarote 95: Papers and Proceedings of the World Conference on Sustainable Tourism*, pp. 49-58

(Santa Cruz de Tenerife: Secretariat of the World Conference on Sustainable Tourism).

Blasco, A. (2002) Planificación y gestión del territorio turístico de las Islas Baleares, in: D. Blanquer (Ed.) *Ordenación y Gestión del Territorio Turístico*, pp. 215-286 (Valencia: Tirant Lo Blanch).

Blomley, N. (1995) 'I'd like to dress her all over': masculinity, power and retail space, in: N. Wrigley & M. Lowe (Eds) *Retailing, Consumption and Capital: towards the new retail geography*, pp. 238-256 (Harlow: Longman).

Bourdieu, P. (1993) *The Field of Cultural Production: essays on art and literature* (Cambridge: Polity).

Boyer, R. (1990) *The Regulation School: a critical introduction* (New York: Columbia University Press).

Bowden, J. (2003) A cross-national analysis of international tourist flows in China, *Tourism Geographies*, 5(3), pp. 257 – 279.

Bowman, E. & Singh, H. (1993) Corporate restructuring: reconfiguring the firm, *Strategic Management Journal*, 14(special issue), pp. 5-14.

Boyer, R. (1978) Les salaires en longue période, *Economie et Statistique*, 103, pp. 27-57.

Bradley, M.F. (1991) *International Marketing Strategy* (London: Prentice-Hall).

Bray, R. (1996) The package holiday market in Europe, *Travel & Tourism Analyst*, 4, pp. 51-71.

Britton, R. A. (1978) *International Tourism and Indigenous Development Objectives: a study with special reference to the West Indies*, unpublished thesis (University of Minneapolis).

Britton, S.G. (1980) The spatial organisation of tourism in a neo-colonial economy: a Fiji case study, *Pacific-Viewpoint*, 21(2), pp. 144-165.

Britton, S.G. (1982a) International tourism and multinational corporations in the Pacific: the case of Fiji, in: M. Taylor & N. Thrift (Eds) *The Geography of Multinationals*, pp. 252-274 (Andover: Croom Helm).

Britton, S.G. (1982b) The political economy of tourism in the Third World, *Annals of Tourism Research*, 9(3), pp. 331-359.

Britton, S.G. (1991) Tourism, capital and place: towards a critical geography of tourism, *Environment and Planning D*, 9(4), pp. 451-478.

Brunt, P. (1997) *Market Research in Travel and Tourism* (Oxford: Butterworth Heinemann).

Buckley, P. & Geyikdagi, N.V. (1996) Explaining foreign direct investment in Turkey's tourism industry, *Transnational Corporations*, 5(3), pp. 99-110.

Buckley, P.J. (1982) *Multinational Enterprises and Economic Analysis* (London: Cambridge University Press).

Buckley, P.J. (1988) The limits of explanation: testing the internalisation theory of the multinational, *Journal of International Business Studies*, 19(2), pp. 181-193.

Buckley, P.J. & Casson, M. (1976) *The Future of the Multinational Enterprise* (London: Holmes and Meier).

Buckley, P.J. & Casson, M. (1985) *The Economic Analysis of the Multinational Enterprise: selected papers* (London: Macmillan).

Buhalis, D. (2000) Relationships in the distribution channel of tourism: conflicts between hoteliers and tour operators in the Mediterranean region, *International Journal of Hospitality & Tourism Administration*, 1(1), pp. 113-139.

Bull, A. (1990) Australian tourism: effects of foreign direct investment, *Tourism Management*, 11(4), pp. 325-331.

Bull, A. (1995) *The Economics of Travel and Tourism* (London: Longman).

Bull, P. (1997) Mass tourism in the Balearic Islands: an example of concentrated dependence, in: D.G. Lockhart & D. Drakakis-Smith (Eds) *Island Tourism: trends and prospects*, pp. 137-151 (London: Pinter).

Burenstam-Linder, S. (1961) *An Essay on Trade and Transformation* (New York: Wiley).

Burton, I. (1963) The quantitative revolution and theoretical geography, *Canadian Geographer*, 7(4), pp. 151-162.

Buswell, R.J. (1996) Tourism in the Balearic Islands, in: M. Barke, J. Towner & M.T. Newton (Eds) *Tourism in Spain: critical issues*, pp. 309-339 (Wallingford: CAB International).

Butler, R.W. (1980) The concept of a tourist area cycle of evolution, implications for management of resources, *Canadian Geographer*, 24(1), pp. 5-12.

Butler, R.W. (1990) Alternative tourism: pious hope or Trojan horse?, *Journal of Travel Research*, 28(3), pp. 40-45.

Butler, R.W. (1991) Tourism, environment and sustainable development, *Environmental Conservation*, 18(3), pp. 201-209.

Butler, R.W. (1992) Alternative tourism: the thin edge of the wedge, in: V.L. Smith & W.R. Eadington (Eds) *Tourism Alternatives: potentials and problems in the development of tourism*, pp. 31-46 (Philadelphia: University of Pennsylvania Press).

Butler, R.W. (1998) Sustainable tourism: looking backwards in order to progress?, in: C.M. Hall & A. Lew (Eds) *Sustainable Tourism Development: a geographical perspective*, pp. 25-34 (London: Addison Wesley Longman).

Butler, R.W. (2004) Geographical research on tourism, recreation and leisure: origins, eras and directions, *Tourism Geographies*, 6(2), pp. 143-162.

Butler, R.W. & Hinch, T. (Eds) (1996) *Tourism and Indigenous Peoples* (London: International Thomson Publishing).

- Butler, R.W., Hall, C.M. & Jenkins, J. (Eds) (1998) *Tourism and Recreation in Rural Areas* (Chichester: Wiley).
- Byrne, A., Edmonson, R. & Fahy, K. (1993) Rural tourism and cultural identity in the West of Ireland, in: B. O'Connor & M. Cronin (Eds) *Tourism in Ireland: a critical analysis*, pp. 233-257 (Cork: Cork University Press).
- Calais, S.S. & Kirkpatrick, J.B. (1986) The impact of trampling on the natural ecosystems of the Cradle Mt. Lake St. Claire National Park, *Australian Geographer*, 17, pp. 6-15.
- Carey, S., Gountas, Y. & Gilbert, D. (1997) Tour operators and destination sustainability, *Tourism Management*, 18(7), pp. 425-431.
- Carlson, A.W. (1978) The spatial behaviour involved in honeymoons: the case of two areas in Wisconsin and North Dakota, *Journal of Popular Culture*, 11(4), pp. 977-988.
- Castells, M. (2000) *The Rise of the Network Society* (Oxford: Blackwell Publishers).
- Cater, E.A. (1993) Ecotourism in the third world: problems for sustainable development, *Tourism Management*, 14(2), pp. 85-90.
- Cater, E.A. & Lowman, G. (Eds) (1994) *Ecotourism: a sustainable option?* (Chichester: Wiley).
- Cavusgil, S.T. (1980) On the internationalization process of firms, *European Research*, 8(6), pp. 273-281.
- Chang, T.C., Milne, S., Fallon, D. & Pohlmann, C. (1996) Urban heritage tourism: the global-local nexus, *Annals of Tourism Research*, 23(2), pp. 1-19.
- Chapman, K. (2003) Cross-border mergers/acquisitions: a review and research agenda, *Journal of Economic Geography*, 3(3), pp. 309-334.
- Chapman, K. & Edmond, H. (2001) Abstract databases as information sources in economic geography, *Area*, 33(1), pp. 55-62.

Chisholm, M. (1971) In search of a basis of location theory: micro-economics or welfare economics, *Progress in Geography*, 3, pp. 111-133.

Chisholm, M. (1975) *Human Geography: evolution or revolution* (Harmondsworth: Penguin Books Ltd).

Clancy, M. (2002) The globalization of sex tourism and Cuba: a commodity chains approach, *Studies in Comparative International Development*, 36(4), pp. 63-88.

Clark, G.L. (1993) *Pensions and Corporate Restructuring in American Industry: a crisis of regulation* (Baltimore: John Hopkins University Press).

Clark, G.L. (1998) Stylized facts and close dialogue: methodology in economic geography, *Annals of the Association of American Geographers*, 88(1), pp. 73-87.

Clark, G.L. (2000) *Pension Fund Capitalism* (Oxford: Oxford University Press).

Clark, G.L. (forthcoming) Beyond close dialogue: economic geography as if it matters, in: T. Barnes, J. Peck, & A. Tickell (Eds) *The Methodology of Economic Geography*.

Clift, S. & Page, S.J. (Eds) (1996) *Health and the International Tourist* (London: Routledge).

Coase, R.H. (1937) The nature of the firm, *Economica*, 4(16), pp. 386-405.

Cochrane, A. (1998) Illusions of power: interviewing local elites, *Environment and Planning A*, 30(12), pp. 2121-2132.

Coe, N.M. (2004) The internationalisation/globalisation of retailing: towards an economic-geographical research agenda, *Environment and Planning A*, 36(9), pp. 1571-1594.

Coe, N.M., Hess, M., Yeung, H.W.-C., Dicken, P. & Henderson, J. (2004) 'Globalizing' regional development: a global production networks perspective, *Transactions of the Institute of British Geographers*, 29(4), pp. 468-484.

- Coe, N.M. & Yeung, H.W-C. (2001) Geographical perspectives on mapping globalisation, *Journal of Economic Geography*, 1(4), pp. 367-456.
- Cole, D.N., Petersen, M.E. & Lucas, R.C. (1987) *Managing Wilderness Recreation Use: common problems and potential solutions*. USDA Forest Service General Technical Report INT-230 (Utah: Intermountain Forest and Range Experiment Station).
- Coles, T. (2003) Urban tourism, place promotion and economic restructuring: the case of post-socialist Leipzig, *Tourism-Geographies*, 5(2), pp. 190-219.
- Coles, T., Hall, M.C. & Duval, D.T. (2005) Mobilizing tourism: a post-disciplinary critique, *Tourism Recreation Research*, 30(2), pp. 31-41.
- Cooke, K. (1982) Guidelines for socially appropriate tourism development in British Columbia, *Journal of Travel Research*, 21(1), pp. 22-28.
- Cooper, C. (2006) Knowledge management and tourism, *Annals of Tourism Research*, 33(1), pp. 47-64.
- Cooper, C., Fletcher, J., Fyall, A., Gilbert, D. & Wanhill, S. (2005) *Tourism: principles and practice*, third edition (Harlow: Pearson).
- Cooper, C.P. (1981) Spatial and temporal patterns of tourist behaviour, *Regional Studies*, 15(5), pp. 359-371.
- Cooper, C.P. (1987) The changing administration of tourism in Britain, *Area*, 19(3), pp. 249-253.
- Cooper, C.P. & Jackson, S. (1989) Destination life cycle: the Isle of Man case study, *Annals of Tourism Research*, 16(3), pp. 377-398.
- Coppock, J.T. (1977b) Tourism as a tool for regional development, in: B.S. Duffield (Ed) *Tourism: a tool for regional development*, pp.1.2-1.5 (Edinburgh: Tourism and Recreation Research Unit, University of Edinburgh).
- Coppock, J.T. (Ed.) (1977a) *Second Homes: curse or blessing?* (Oxford: Pergamon Press).

Coppock, J.T. & Duffield, B. (1975) *Outdoor Recreation in the Countryside: a spatial analysis* (London: Macmillan).

Cormode, L. & Hughes, A. (1999) The economic geographer as a situated researcher of elites, *Geoforum*, 30(4), pp. 299-300.

Corsi, T.M. & Harvey, M.E. (1979) Changes in vacation travel in response to motor fuel shortages and higher prices, *Journal of Travel Research*, 17(4), pp. 6-11.

Cox, K. (1997) *Spaces of Globalization: reasserting the power of the local* (New York: Guilford Press).

Cox, K.R. (1998) Spaces of dependence, spaces of engagement and the politics of scale or: looking for local politics, *Political Geography*, 17(1), pp. 1-24.

Cox, K.R. (2002) 'Globalization', the 'regulation approach' and the politics of scale, in: A. Herod & M.W. Wright (Eds) *Geographies of Power: placing scale*, pp. 85-114 (Oxford: Blackwell Publishing).

Crang, P. (1997) Cultural turns and the (re)constitution of economic geography: introduction to section one, in: R. Lee & J. Wills (Eds) *Geographies of Economies*, pp. 3-15 (London: Edward Arnold).

Crang, P. (2000) Cultural turn, in: R.J. Johnston, D. Gregory, G. Pratt & M. Watts (Eds) *The Dictionary of Human Geography*, pp. 141-143 (Oxford: Blackwell).

Crewe, L. (2000) Geographies of retailing and consumption, *Progress in Human Geography*, 24(2), pp. 275-290.

Crespo, N. & Suddaby, C. (2000) A comparison of Cuba's tourism industry with the Dominican Republic and Cancún, 1988-1999. Paper presented at the tenth annual meeting of the Association for the Study of the Cuban Economy, Miami, Florida, August 3-5.

Crick, D. & Jones, M.V. (2000) Small high-technology firms and international high-technology markets, *Journal of International Marketing*, 8(2), pp. 63-85.

Crouch, D. (Ed.) (1999) *Leisure/Tourism Geographies: practices and geographical knowledge* (London: Routledge).

Culler, J. (1997) *Literary Theory: a very short introduction* (Oxford: Oxford University Press).

Currah, A. & Wrigley, N. (2004) Networks of organizational learning and adaptation in retail TNCs, *Global Networks: a journal of transnational affairs*, 4(1), pp. 1-23.

Curtin, S. & Busby, G. (1999) Sustainable destination development: the tour operator perspective, *International Journal of Tourism Research*, 1(2), pp. 135-147.

Dale, C. (2000) The UK tour-operating industry: a competitive analysis, *Journal of Vacation Marketing*, 6(4), pp. 357-367.

David, P.A. (1994) Why are institutions the 'carriers of history'? path dependence and the evolution of conventions, organizations and institutions, *Structural Change and Economic Dynamics*, 5(2), pp. 205-220.

Davies, B. & Downward, P. (2001) Industrial organization and competition in the U.K. tour operator/travel agency business, 1989-1993: an econometric investigation, *Journal of Travel Research*, 39(4), pp. 411-425.

Davies, E. (1987) Planning in the New Zealand national parks, *New Zealand Geographer*, 43(2), pp. 73-78.

Dawson, J. (1993) The internationalization of retailing, in: R.D.F. Bromley & C.J. Thomas (Eds) *Retail Change: contemporary issues*, pp. 15-40 (London: UCL Press).

de Kadt, E. (Ed.) (1979) *Tourism: passport to development? Perspectives on the social and cultural effects of tourism in developing countries* (New York: Oxford University Press).

Dearden, P. (1993) Cultural aspects of tourism and sustainable development: Tourism and the hilltribes of Northern Thailand, in: J.G. Nelson, R. Butler & G.

Wall (Eds) *Tourism and Sustainable Development: monitoring, planning and managing*, pp. 165-178 (Waterloo: Department of Geography, University of Waterloo).

Debbage, K.G. (1990) Oligopoly and the resort cycle in the Bahamas, *Annals of Tourism Research*, 17(5), pp.513-527.

Debbage, K.G. (1991) Spatial behaviour in a Bahamian resort, *Annals of Tourism Research*, 18(2), pp. 251-268.

Debbage, K.G. & Ioannides, D. (2004) The cultural turn? Toward a more critical economic geography of tourism, in: A.A. Lew, C.M. Hall & A.M. Williams (Eds) *A Companion to Tourism*, pp. 99-109 (Oxford: Blackwell).

Delaney-Smith, P. (1987) The tour operator: new and maturing business, in: A. Hodgson (Ed.) *The Travel and Tourism Industry: strategies for the future*, pp. 94-106 (New York: Pergamon Press).

Desforges, L. (2000) State tourism institutions and neo-liberal development: a case study of Peru, *Tourism Geographies*, 2(2), pp. 177-192.

Desmond, M. (2004) Methodological challenges posed in studying an elite in the field, *Area*, 36(3), pp. 262-269.

d'Hautesserre, A.-M. (1996) A response to Dimitri Ioannides, "Strengthening the ties between tourism and economic geography: a theoretical agenda", *Professional Geographer*, 48(2), pp. 218-219.

Dichtl, E., Köglmayr, H.-G. & Müller, S. (1990) International orientation as a precondition for export success, *Journal of International Business Studies*, 21(1), pp. 2-41.

Dicken, P. (1986) *Global Shift: industrial change in a turbulent world* (London: Paul Chapman).

Dicken, P. (1990) The geography of enterprise: elements of a research agenda, in: M. de Smidt & E. Wever (Eds) *The Corporate Firm in a Changing World Economy*, pp. 234-244 (London: Routledge).

Dicken, P. (1992) *Global Shift: the internationalization of economic activity* (London: Paul Chapman).

Dicken, P. (1994) Global-local tensions: firms and states in the global space-economy, *Economic Geography* 70(2): 101-128.

Dicken, P. (1998) *Global Shift: transforming the world economy*, third edition (London: Paul Chapman).

Dicken, P. (2003a) 'Placing' firms: grounding the debate on the 'global' corporation, in: J. Peck & H., W.-C. Yeung (Eds) *Remaking the Global Economy: economic-geographical perspectives*, pp.29-44 (London: Sage).

Dicken, P. (2003b) *Global Shift: reshaping the global economic map in the 21st century*, fourth edition (London: Sage).

Dicken, P. (2005) Tangled webs: transnational production networks and regional integration, *Spaces: spatial aspects concerning economic structures*, 2005(4). Available at <http://www.geographie.uni-marburg.de/spaces/SPACES%202005-04%20Dicken.pdf> (accessed on 27 2007).

Dicken, P. & Malmberg, A. (2001) Firms in territories: a relational perspective, *Economic Geography*, 77(4), pp. 345-363.

Dicken, P. & Nigel, T. (1992) The organization of production and the production of organization: why business enterprises matter in the study of geographical industrialization, *Transactions of the Institute of British Geographers*, 17(3), pp. 279-291.

Dicken, P. Kelly, P.F., Olds, K. & Yeung, H.W.-C. (2001) Chains and networks, territories and scales: towards a relational framework for analysing the global economy, *Global Networks*, 1(2), pp. 89-112.

Dicken, P., Forsgren, M. & Malmberg, A. (1994) The local embeddedness of transnational corporations, in: A. Amin & N. Thrift (Eds) *Globalization, Institutions and Regional Development in Europe*, pp. 23-45 (Oxford: Oxford University Press).

Dickey, A. & Higham, J. (2005) A spatial analysis of commercial ecotourism businesses in New Zealand: a c 1999 benchmarking exercise using GIS, *Tourism Geographies*, 7(4), pp. 373 – 388.

Digance, J. (2003) Pilgrimage at contested sites, *Annals of Tourism Research*, 30(1), pp. 143-159.

Dilley, R.S. (1986) Tourist brochures and tourist images, *The Canadian Geographer*, 30(1), pp. 59-65.

Ding, P. & Pigram, J. (1995) Environmental audits: an emerging concept for sustainable tourism development, *Journal of Tourism Studies*, 6(2)(number), pp. 2-10.

Dixon, D.P. & Jones, J.P.III (2006) Feminist geographies of difference, relation and construction, in: S. Aitken & G. Valentine (Eds) *Approaches to Human Geography*, pp. 42-56 (London: Sage Publications).

Doorne, S., Ateljevic, I. & Bai, Z. (2003) Representing identities through tourism: encounters of ethnic minorities in Dali, Yunnan Province, People's Republic of China, *International Journal of Tourism Research*, 5(1), pp. 1-11.

Dowling, R.K. (1993) Tourism planning, people and the environment in Western Australia, *Journal of the Royal Town Planning Institute*, 53(1), pp. 99-105.

Dowling, R.K. (1997) Plans for the development of regional ecotourism: theory and practice, in: C.M. Hall, J. Jenkins & G. Kearsley (Eds) *Tourism Planning and Policy in Australia and New Zealand: cases, issues and practice*, pp. 110-126 (Sydney: Irwin Publishers).

Dredge, D. & Jenkins, J. (2003) Destination place identity and regional tourism policy, *Tourism Geographies*, 5(4), pp. 383-407.

Du Gay, P., Hall, S, Janes, L., Mackay, H. & Negus, K. (1997) *Doing Cultural Studies: the story of the Sony Walkman* (London: Sage Publications/The Open University).

Duncan, T. (2008) Living the dream: working and playing in a ski resort, in: T. Coles & C.M. Hall (Eds) *International Business and Tourism: global issues, contemporary interactions*, (London: Routledge).

Dunning, J.H. (1972) Introduction, in: J.H. Dunning (Ed.) *International Investment*, pp. 9-23 (Harmondsworth: Penguin Books Ltd.).

Dunning, J.H. (1980) Toward an eclectic theory of international production: some empirical tests, *Journal of International Business Studies*, 11(1), pp. 9-31.

Dunning, J.H. (1988) The eclectic paradigm of international production: a restatement and possible extension, *Journal of International Business Studies*, 19(1), pp. 1-31.

Dunning, J.H. (1993) *Multinational Enterprises and the Global Economy* (Harlow: Addison-Wesley).

Dunning, J.H. (2000) The eclectic paradigm of international production: a personal perspective, in: C.N. Pitelis & R. Sugden (Eds) *The Nature of the Transnational Firm*, second edition, pp. 119-139 (London: Routledge).

Dunning, J.H. & McQueen, M. (1981) The eclectic theory of international production: a case study of the international hotel industry, *Managerial and Decision Economics*, 2(4), pp. 197-210.

Dunning, J.H. & McQueen, M. (1982a) The eclectic theory of the multinational enterprise and the international hotel industry, in: A.M. Rugman (Ed.) *New theories of the multinational enterprise* (London: Croom Helm).

Dunning, J.H. & McQueen, M. (1982b) Multinational corporations in the international hotel industry, *Annals of Tourism Research*, 9(1), pp. 69-90.

Duval, D. (Ed.) (2004) *Tourism in the Caribbean: trends, development, prospects* (London: Routledge).

Dwyer, L. & Forsyth, P. (1994) Foreign tourism investment: motivation and impact, *Annals of Tourism Research*, 21(3), pp. 512-537.

Eagles, P. (1992) The travel motivations of Canadian ecotourists, *Journal of Travel Research*, 31(2), pp. 3-7.

Edington, J.M. & Edington, M.A. (1986) *Ecology, Recreation and Tourism*. (Cambridge: Cambridge University Press).

Edwards, J. (1987) The UK heritage coasts: an assessment of the ecological impacts, *Annals of Tourism Research*, 14(1), pp. 71-87.

Edwards, R. (1998) A critical examination of the use of interpreters in the qualitative research process, *Journal of Ethnic and Migration Studies*, 24(1), pp. 197-209.

Elliott-White, M. & Finn, M. (1998) Growing in sophistication: the application of GIS in post-modern marketing, *Journal of Travel and Tourism Marketing*, 7(1), pp. 65-84.

Ettlinger, N. (2003) Cultural economic geography and a relational and microspace approach to trusts, rationalities, networks and change in collaborative workplaces, *Journal of Economic Geography*, 3(2), pp. 145-171.

Euromonitor (2004a) *The world market for travel and tourism* (London: Euromonitor).

Euromonitor (2004b) *Travel and Tourism in ...* [various countries] (London: Euromonitor).

European Commission (1997) Annual economic report for 1997, *European Economy*, 63 (Luxembourg: Official Publication of the European Communities).

European Commission (2000) Commission clears Preussag's acquisition of Thomson travel. EC press release. Available at <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/00/864> (accessed 27 April 2007).

Evans, N. (2001) Collaborative strategy: an analysis of the changing world of international airline alliances, *Tourism Management*, 22(3), pp. 229-243.

Evans, N., Campbell, D. & Stonehouse, G. (2003) *Strategic Management for Travel and Tourism* (Oxford: Butterworth-Heinemann).

Evans, N.G. & Stabler, M.J. (1995) A future for the package tour operator in the 21st century?, *Tourism Economics*, 1(3), pp. 245-263.

Eyefortravel (2004) European Travel Distribution Summit 2004: conference booklet, Unpublished.

Fayerweather, J. (1982) *International Business Strategy and Administration* (Cambridge, MA: Ballinger).

Fennel, D. (1999) *Ecotourism: an introduction* (London: Routledge).

Fesenmaier, D.R. & Lieber, S.R. (1987) Outdoor recreation expenditure and the effects of spatial structure, *Leisure Sciences*, 9(1), pp. 27-40.

Financial Times Information (2005) Sonata opens second centre for TUI. *Financial Times*, May 20 2005.

First Choice (2000) Acquisition of Barcelo's Travel Division and option to form hotel joint venture. Press release. Available at <http://www.firstchoiceholidaysplc.com/fchplc/media/press/index.jsp?ref=80&year=2000> (accessed 27 April 2007).

Fitch, A. (1987) Tour operators in the U.K.: survey of the industry, its markets and product diversification, *Travel and Tourism Analyst*, March, pp. 29-43.

Forer, P. & Pearce, D.G. (1984) Spatial patterns of package tourism in New Zealand, *New Zealand Geographer*, 40(1), pp. 34-42.

Forsgren, M. (1989) *Managing the Internationalization Process: the Swedish case* (London: Routledge).

Franck, C. (1990) Tourism investment in central and Eastern Europe: preconditions and opportunities, *Tourism Management*, 11(4), pp. 333-338.

FVW International (1996-2005) *Europäische Veranstalter in Zahlen*, Supplement.

FVW (2002a) *Europäische Touristikkonzerne: nichts ist unmöglich*. June edition, pp. 20-21.

FVW (2002b) Who owns Whom in the Global Travel and Tourism Industry. Available at <http://www.european-travel-market.com> (accessed 9 April 2007).

Fretter, A.D. (1993) Place marketing: a local authority perspective, in: G. Kearns & C. Philo (Eds) *Selling Places: the city as cultural capital, past and present*, pp. 163-174 (Oxford: Pergamon Press).

Friedman, A.L. (2000) Microregulation and post-Fordism: critique and development of regulation theory, *Political Economy*, 5(1), pp. 59-76.

Fujita, M. & Krugman, P. (2004) The new economic geography: past, present and the future, *Papers in Regional Science*, 83(1), pp. 139-164.

Fundació "la Caixa" (2000) *Welcome! Un segle de turisme a les Illes Balears* (Palma: Fundació "la Caixa").

Fyall, A. & Garrod, B. (2005) *Tourism Marketing: a collaborative approach* (Clevedon: Channel View Publications).

Gale, F. & Jacobs, J.M. (1987) *Tourists and the National Estate Procedures to Protect Australia's Heritage*, Australian Heritage Commission Special Australian Heritage Publication Series No.6 (Canberra: Australian Government Publishing Service).

Galvarriato, P. & Antonio, J. (1985) *La Economía de Baleares a la hora de la CEE* (Madrid: Servicio de Estudios Economicos del Banco Exterior de España).

Gartner, W.C. (1987) Environmental impacts of recreational home developments, *Annals of Tourism Research*, 14(1), pp. 38-57.

Gertler, M.S. (1997) The invention of regional culture, in: R. Lee & J. Wills (Eds) *Geographies of Economies*, pp. 47-58 (London: Arnold).

Gertler, M.S. (2004) *Manufacturing Culture: the institutional geography of industrial practice* (Oxford: Oxford University Press).

- Getz, D. (1981) Tourism and rural settlement policy, *Scottish Geographical Magazine*, 97(3), pp. 158-168.
- Getz, D. (1986) Models in tourism planning towards integration of theory and practice, *Tourism Management*, 7(1), pp. 21-32.
- Gibson-Graham, J.K. (1996) *The End of Capitalism (as we knew it): a feminist critique of political economy* (Oxford: Blackwell).
- Gibson-Graham, J.K. (2000) Poststructural interventions, in: E. Sheppard & T.J. Barnes (Eds) *A Companion to Economic Geography*, pp. 95-110 (Oxford: Blackwell).
- Gibson-Graham, J.K. (2006) *Postcapitalist Politics* (London: University of Minnesota Press).
- Giddens, A. (1990) *The Consequences of Modernity* (Cambridge: Polity Press).
- Giddens, A. (2000) *Runaway world: how globalisation is reshaping our lives* (New York: Routledge).
- Gillham, B. (2005) *Research Interviewing: the range of techniques* (Maidenhead: Open University Press).
- Gledhill, R. (2004) A very merry Chrismukkah to families of mixed faiths, p 21, *The Times*, November 13.
- Glesne, C. & Peshking, A. (1992) *Becoming Qualitative Researchers: an introduction* (New York: Longman).
- Glyptis, S. (1991) *Countryside Recreation* (Harlow: Longman).
- Go, F. & Pine, R. (1995) *Globalization Strategy in the Hotel Industry* (London: Routledge).
- Go, F. & Ritchie, J.R.B. (1990) Tourism and transnationalism, *Tourism Management*, 11(4), pp. 287-290.

- Gotham, K.F. (2005) Tourism from above and below: globalization, localization and New Orleans's Mardi Gras, *International Journal of Urban and Regional Research*, 29(2), pp. 309-326.
- Goodwin, M., Jones, M. & Jones, R. (2005) Devolution, constitutional change and economic development: explaining and understanding the new institutional geographies of the British state, *Regional Studies*, 39(4), pp. 421-436.
- Goodwin M. & Painter J. (1996) Local governance, the crises of Fordism and the changing geographies of regulation, *Transactions of the Institute of British Geographers*, 21(4), pp. 635-648.
- Gómez, V.B. & Sinclair, M.T (1991) Integration in the tourism industry: a case study approach, in: M.T. Sinclair & M.J. Stabler (Eds) *The Tourism Industry: an international analysis*, pp. 67-90 (Wallingford: CAB International).
- Graham, A. (2006) Competition in airports, in: A. Papatheodorou (Ed.) *Corporate Rivalry and Market Power: competition issues in the tourism industry*, pp. 76-93 (London: IB Tauris).
- Graham, S. & Healey, P. (1999) Relational concepts of space and place: issues for planning theory and practice, *European Planning Studies*, 7(5), pp. 623-646.
- Graham, S. & Marvin, S. (2001) *Splintering Urbanism* (London: Routledge).
- Granovetter, M. (1973) The strength of weak ties, *American Journal of Sociology*, 78(6), pp. 1360-1380.
- Granovetter, M. (1985) Economic action and social structure: the problem of embeddedness, *American Journal of Sociology*, 91(3), pp. 481-510.
- Granovetter, M. (1993) Economic institutions as social constructions: a framework of analysis, *Acta Sociologica*, 35(1), pp. 3-12.
- Granovetter, M. & Swedberg, R. (1992) *The Sociology of Economic Life* (Boulder: Westview Press).

Gratton, C. & Richards, G. (1997) Structural change in the European package tour industry: U.K./German comparisons, *Tourism Economics*, 3(3), pp. 213-226.

Guerrier, Y. & A. Adib (2004) Gendered identities in the work of overseas tour reps, *Gender, Work and Organization*, 11(3), pp. 334-350.

Guthrie, J. & Parker, L.D. (1989) Corporate social reporting: a rebuttal of legitimacy theory, *Accounting and Business Research*, 19(76), pp. 343-352.

Haedrich, G., Herle, F.B., Lütters, H. & Seidel, A. (2000) *Strukturveränderungen in der Reiseveranstalter und Reisebürobranche* (Frankfurt: Willy Scharnow-Stiftung).

Halinen, A. & Törnroos, J.-Å. (1998) The role of embeddedness in the evolution of business networks, *Scandinavian Journal of Management*, 14(3), pp. 187-205.

Hall, C.M. (1992) *Wasteland to World Heritage: preserving Australia's wilderness* (Carlton: Melbourne University Press).

Hall, C.M. (1994) Gender and economic interests in tourism prostitution: the nature, development and implications of sex tourism in South-East Asia, in: V. Kinnaird & D. Hall (Eds) *Tourism: a gender analysis*, pp.143-164 (Chichester: Wiley).

Hall, C.M. (1994) *Tourism and Politics: policy, power and place* (London: John Wiley).

Hall, C.M. (1995) *Introduction to Tourism in Australia*, second edition (South Melbourne: Longman Australia).

Hall, C.M. (1997) The institutional setting: tourism and the state, in: D. Ioannides & K.G. Debbage (Eds) *The Economic Geography of the Tourist Industry: a supply-side analysis*, pp. 199-219 (London: Routledge).

Hall, C.M. (1997) *Tourism in the Pacific: development, impacts and markets*, second edition (South Melbourne: Addison Wesley Longman).

Hall, C.M. (2000) *Tourism Planning: policies, processes and relationships* (Harlow: Prentice Hall).

Hall, C.M. (2005) Supranational tourism governance: analysing new domains of regulatory power in tourism. Paper presented at the RGS-Ibg Annual Conference, London, 31 August - 2 September.

Hall, C.M. & Jenkins, J. (1995) *Tourism and Public Policy* (London: Routledge).

Hall, C.M. & Lew, A.A. (Eds) (1998) *Sustainable Tourism Development: geographical perspectives* (Harlow: Addison Wesley Longman).

Hall, C.M. & McArthur, S. (1998) *Integrated Heritage Management* (London: The Stationery Office).

Hall, C.M. & McArthur, S. (Eds) (1996) *Heritage Management in Australia and New Zealand: the human dimension* (Sydney: Oxford University Press).

Hall, C.M. & Page, S.J. (2002) *The Geography of Tourism and Recreation: environment, place and space*, second edition (London: Routledge).

Hall, C.M. & Page, S.J. (1996) *Tourism in the Pacific: cases and issues* (London: International Thomson Business Publishing).

Hall, C.M., Jenkins, J.M. & Kearsley, G. (Eds) (1997) *Tourism Planning and Policy in Australia and New Zealand: cases and issues* (Sydney: Irwin Publishers).

Hall, C.M., Williams, A.M. & Lew, A.A. (2004) Tourism: conceptualizations, institutions and issues, in: A.A. Lew, C.M. Hall & A.M. Williams (Eds) *A Companion to Tourism*, pp. 3-21 (Oxford: Blackwell).

Hall, D.R. (Ed.) (1991) *Tourism and Economic Development in Eastern Europe and the Soviet Union* (London: Belhaven Press).

Hall, E. (1993) Smiling, deferring and flirting: doing gender by giving 'good service', *Work and Occupations*, 20(4), pp. 452-471.

Harvey, D. (1969) *Explanation in Geography* (London: Edward Arnold).

- Harvey, D. (1973) *Social Justice and the City* (London: Edward Arnold).
- Harvey, D. (1975) The geography of capitalist accumulation: a reconstruction of the Marxian theory, *Antipode*, 7(2), pp. 9-21.
- Harvey, D. (1989) *The Condition of Postmodernity: an enquiry into the origins of cultural change* (Oxford: Blackwell).
- Hazbun, W. (2004) Globalisation, reterritorialisation and the political economy of tourism development in the Middle East, *Geopolitics*, 9(2), pp. 310-341.
- Healey, P. (2004) The treatment of space and place in the new strategic spatial planning in Europe, *International Journal of Urban and Regional Research*, 28(1), pp. 45-67.
- Healy, M.J. & Rawlinson, M.B. (1993) Interviewing business owners and managers: a review of methods and techniques, *Geoforum*, 24(3), pp. 339-355.
- Heath, E. & Wall, G. (1992) *Marketing Tourism Destinations: a strategic planning approach* (Chichester: Wiley).
- Heckscher, E.F. & Ohlin, B. (1991) *Heckscher-Ohlin Trade Theory* (Cambridge, MA: MIT Press).
- Heckscher, E. & Ohlin, B. (1933) *Interregional and International Trade* (Cambridge, MA: Harvard University Press).
- Hedley, R.A. (1999) Transnational corporations and their regulation: issues and strategies, *International Journal of Comparative Sociology*, 40(2), pp. 215-230.
- Heffernan, V. (2004) Twice the annoyance, but a tradition emerges. *The New York Times* December 16 2004, Section E, p. 1.
- Held, D. (1995) *Democracy and the Global Order* (Cambridge: Polity Press).
- Held, D. (Ed.)(2000) *A Globalizing World? Culture, economics, politics* (London: Routledge/The Open University).

- Held, D., McGrew, A., Goldblatt, D. & Perraton, J. (1999) *Global Transformations: politics, economics and culture* (Cambridge: Polity Press).
- Henderson, J., Dicken, P., Hess, M., Coe, N. & Yeung, H.W.-C. (2002) Global production networks and the analysis of economic development, *Review of International Political Economy*, 9(3), pp. 436-464.
- Hess, M. (2004) 'Spatial' relationships? Towards a reconceptualization of embeddedness, *Progress in Human Geography*, 28(2), pp. 165-186.
- Hinch, T.D. (1990) A spatial analysis of tourist accommodation in Ontario: 1974-1988, *Journal of Applied Recreation Research*, 15(4), pp. 239-264.
- Hinch, T.D. (1996) Urban tourism: perspectives on sustainability, *Journal of Sustainable Tourism*, 4(2), pp. 95-110.
- Hirst, P. & Thompson, G. (1999) *Globalization in Question: the international economy and the possibilities of governance* (Cambridge: Polity Press).
- Hodgson, G.M. (1988) *Economics and Institutions: a manifesto for a modern institutional economics* (Cambridge: Polity Press).
- Hooghe, L. (1996) Introduction: reconciling EU-wide policy and national diversity, in: L. Hooghe (Ed.) *Cohesion Policy and European Integration: building multi-level governance*, pp. 1-24 (Oxford: Oxford University Press).
- Hoogvelt, A. (2001) *Globalization and the Postcolonial World: the new political economy of development* (Basingstoke: Palgrave).
- Hörnell, E., Vahlne, J.-E. & Wiedersheim-Paul, F. (1973) *Export och Utlandsetableringar*. (Export and Foreign Establishments), (Stockholm: Almqvist & Wiksell).
- Horner, S. & Swarbrooke, J. (2004) *International Cases in Tourism Management* (Oxford: Elsevier Butterworth-Heinemann).
- Hospers, G.J. (2002) Industrial heritage tourism and regional restructuring in the European union, *European-Planning-Studies*, 10(3), pp. 397-404.

Hosteltur (1998) Riu gestionará 20 hoteles de Iberotel: el acuerdo con TUI favorece su 'gran salto al este', p. 34.

Hudson, R. (2001) *Producing Places* (New York: Guilford Press).

Hughes, A. (1999) Constructing competitive spaces: on the corporate practice of British retailer-supplier relationships, *Environment and Planning A*, 31(5), pp. 819-840.

Hughes, A. & Cormode, L. (1998) Researching elites and elite spaces, *Environment and Planning A*, 30(12), pp. 2098-2100.

Hymer, S. (1970) The efficiency (contradictions) of multinational corporations, *American Economic Review*, 60(2), pp. 441-448.

Hymer, S.H. (1976) *The International Operations of National Firms: a study of direct foreign investment* (Cambridge, MA: MIT Press).

Inestur (1999-2006) *El turisme a les Illes Balears: dades informatives 1998-2005* (Palma: Govern Balear).

Ioannides, D. (1995) Strengthening the ties between tourism and economic geography: a theoretical agenda, *Professional Geographer*, 47(1), pp. 49-60.

Ioannides, D. (1996) Tourism and the economic geography nexus: a response to Anne-Marie d'Hautesserre, *Professional Geographer*, 48(2), pp. 219-221.

Ioannides, D. (1998) Tour operators: the gatekeepers of tourism, in: D. Ioannides & K.G. Debbage (Eds) *The Economic Geography of the Tourist Industry: a supply-side analysis*, pp. 139-158 (London: Routledge).

Ioannides, D. (2006) Commentary: the economic geography of the tourist industry: ten years of progress in research and an agenda for the future, *Tourism Geographies*, 8(1), pp. 76-86.

Ioannides, D. & Daughtrey, E.P. (2006) Competition in the travel distribution system: the US travel retail sector, in: A. Papatheodorou (Ed.) *Corporate Rivalry and Market Power: competition issues in the tourism industry*, pp. 124-142 (London: IB Tauris).

Ioannides, D. & Debbage, K.G. (1998a) Introduction: exploring the economic geography and tourism nexus, in: I. Ioannides & K.G. Debbage (Eds) *The Economic Geography of the Tourist Industry: a supply-side analysis*, pp. 1-13 (London: Routledge).

Ioannides, D. & Debbage, K.G. (1998b) Neo-Fordism and flexible specialization in the travel industry: dissecting the polyglot, in: D. Ioannides & K.G. Debbage (Eds) *The Economic Geography of the Tourist Industry: a supply-side analysis*, pp. 99-121 (London: Routledge).

Ioannides, D. & Debbage, K.G. (Eds) (1998c) *The Economic Geography of the Tourist Industry: a supply-side analysis* (London: Routledge).

Jackson, P. (1991) Mapping meanings: a cultural critique of locality studies, *Environment and Planning A*, 23(2), pp. 215-228.

Jeffreys, S. (2003) Do women do it too?, *Leisure Studies*, 22(3), pp. 223-238.

Jenkins, J. (1993) Tourism policy in rural New South Wales: policy and research priorities, *GeoJournal*, 29(3), pp. 281-290.

Jenkins, J. & Walmsley, D.J. (1993) Mental maps of tourists: a study of Coffs Harbour, New South Wales, *GeoJournal*, 29(3), pp. 233-241.

Jessop, B. (1994) Post-Fordism and the state, in: A. Amin (Ed.) *Post-Fordism: a reader*, pp. 251-279 (Oxford: Blackwell).

Jessop, B. (2000) The crisis of the national spatio-temporal fix and the tendential ecological dominance of globalizing capitalism, *International Journal of Urban and Regional Research*, 24(2), pp. 323-360.

Jiménez, L.S. (2002) Tourism revenues and residential foreign investment flows in Spain: a simultaneous model, *Applied Economics*, 34(11), pp. 1399-1410.

Johanson, J. & Vahlne, J.-E. (1977) The internationalization process of the firm: a model of knowledge development and increasing foreign market commitments, *Journal of International Business Studies*, 8(1), pp. 23-32.

Johanson, J. & Vahlne, J.-E. (1990) The mechanism of internationalization, *International Marketing Review*, 7(4), pp. 11-24.

Johansson, J. & Wiedersheim-Paul, F. (1975) The internationalization of the firm: four Swedish cases, *Journal of Management Studies*, 12(3), pp. 305-322.

Johnson (1971) The Keynesian revolution and monetarist counterrevolution, *American Economic Review*, 16(2), pp. 1-14.

Johnson, R. (1986) The story so far: and further transformations?, in: D. Punter (Ed.) *Introduction to Contemporary Cultural Studies*, pp. 277-313 (London: Longman).

Johnston R.J., Gregory, D., Pratt, G. & Watts, M. (2000) *The Dictionary of Human Geography*, fourth edition (Oxford: Blackwell).

Johnston R.J., Gregory, D., Smith, D.M. (1986) *The Dictionary of Human Geography*, second edition (Oxford: Blackwell).

Johnston R.J., Gregory, D., Smith, D.M. (1994) *The Dictionary of Human Geography*, third edition (Oxford: Blackwell).

Johnston, R.J. (1978) Paradigms and revolutions or evolution? Observations on human geography since the Second World War, *Progress in Human Geography*, 2(2), pp. 189-206.

Johnston, R.J. (2005) The politics of changing human geography's agenda: textbooks and the representation of increasing diversity. Unpublished.

Johnston, R.J. (2006) Sixty years of change in Human Geography. Paper presented at the History of Postwar social science Seminars, London School of Economic, 25 April.

Jones, A. (2005) Truly global corporations? Theorizing 'organizational globalization' in advanced business-services, *Journal of Economic Geography*, 5(2), pp. 177-200.

Kearns, G. & Philo, C. (Eds) (1993) *Selling Places: the city as cultural capital, past and present* (Oxford: Pergamon Press).

- Kelly, P.F. (1997) Globalization, power and the politics of scale in the Philippines, *Geoforum*, 28(2), pp. 151-171.
- Kelly, P.F. (1999) The geographies and politics of globalization, *Progress in Human Geography*, 23(3), pp. 379-400.
- Kinnaird, V. & Hall, D. (Eds) (1994) *Tourism: a gender analysis* (Chichester: Wiley).
- Kitchin, R. (2006) Positivist geographies and spatial science, in: S. Aitken & G. Valentine (Eds) *Approaches to Human Geography*, pp. 20-29 (London: Sage Publications).
- Klemm, M. & Parkinson, L. (2000) Managing the balance of power: UK tour operators and destinations, *The Tourist Review*, 1/2000, pp. 4-13.
- Klemm, M. & Parkinson, L. (2001) UK tour operator strategies: causes and consequences, *International Journal of Tourism Research*, 3(5), pp. 367 – 375.
- Klemm, M.S. & Martín-Quirós, M.A. (1996) Changing the balance of power: tour operators and tourism suppliers in the Spanish tourism industry, in: L.C. Harrison & W. Husbands (Eds) *Practicing Responsible Tourism: international case studies in tourism planning, policy and development*, pp. 126-144 (New York: Wiley).
- Kliskey, A.D. & Kearsley, G.W. (1993) Mapping multiple perceptions of wilderness in southern New Zealand, *Applied Geography*, 13(3), pp. 203-223.
- Kogut, B. (2000) The network as knowledge: generative rules and the emergence of structure, *Strategic Management Journal*, 21(3), pp. 405-425.
- Knafour, R. (1991) Les Baléares, laboratoire d'une Société nouvelle, *L'espace Géographique*, 19-20(2), pp. 135-148.
- Knickerbocker, F.T. (1973) *Oligopolistic Reaction and Multinational Enterprise* (Cambridge, MA: Division of Research, Graduate School of Business Administration, Harvard University).

Knight, G.A. & Cavusgil, S.T. (1996) The born global firm: a challenge to traditional internationalization theory, *Advances in International Marketing*, 8, pp. 11-26.

Knowles, T., Diamantis, D. & El-Mourhabi, J.B. (2001) *The Globalization of Tourism and Hospitality: a strategic perspective* (London: Continuum).

Kolås, Å. (2004) Tourism and the making of place in Shangri-La, *Tourism Geographies*, 6(3), pp. 262-278.

Koutoulas, D. (2006) The market influence of tour operators on the hospitality industry, in A. Papatheodorou (Ed.) *Corporate Rivalry and Market Power: competition issues in the tourism industry*, pp. 94-123 (London: IB Tauris).

Krugman, P. (1995) *Development, Geography and Economic Theory* (Cambridge, MA: MIT Press).

Krugman, P. (1998) What's new about the new economic geography?, *Oxford Economic Policy Review*, 14(2), pp 7-17.

Krugman, P. (2000) Where in the world is the new economic geography?, in: G. Clark, M.P. Feldman, M. Gertler (Eds) *The Oxford Handbook of Economic Geography*, pp. 49-60 (Oxford: Oxford University Press).

Kuhn, T.S. (1996) *The Structure of Scientific Revolutions*, third edition (Chicago: The University of Chicago Press).

Kumar, K. (1995) *From Post-Industrial to Post-Modern Society: new theories of the contemporary world* (Oxford: Blackwell).

Kusluvan, S. & Karamustafa, K. (2001) Multinational hotel development in developing countries: an exploratory analysis of critical policy issues, *International Journal of Tourism Research*, 3(2), pp. 179-197.

Ladkin, A. (1999) Life and work history analysis: the value of this research method for hospitality and tourism, *Tourism Management*, 20(1), pp. 37-45.

Lafferty, G. & van Fossen, A. (2001) Integrating the tourism industry: problems and strategies, *Tourism Management*, 22(1), pp. 11-19.

- Lash, S. & Urry, J. (1994) *Economies of Signs and Space* (London: Sage Publications).
- Law, C.M. (1992) Urban tourism and its contribution to economic regeneration, *Urban Studies*, 29(3/4), pp. 599-618.
- Law, C.M. (1993) *Urban Tourism: attracting visitors to large cities* (London: Mansell).
- Law, C.M. (Ed.) (1996) *Tourism in Major Cities* (London: International Thomson Business Publishing).
- Lee, M. (1993) *Consumer Culture Reborn: the cultural politics of consumption* (London: Routledge).
- Lee, R. (1986) Economic Geography. In: R.J. Johnston, D. Gregory & D.M. Smith (Eds) *The Dictionary of Human Geography*, second edition. Oxford: Blackwell. pp. 117-122.
- Lee, R. (1994) Economic Geography, in: R.J. Johnston, D. Gregory & D.M. Smith (Eds) *The Dictionary of Human Geography*, third edition, pp. 147-154 (Oxford: Blackwell).
- Lee, R. (2000) Economic Geography, in: R.J. Johnston, D. Gregory, G. Pratt & M. Watts (Eds) *The Dictionary of Human Geography*, fourth edition, pp. 195-199 (Oxford: Blackwell).
- Lee, R. & Wills, J. (1997) *Geographies of Economies* (London: Edward Arnold).
- Lew, A.A. (1985) Bringing tourists to town, *Small Town*, 16(1), pp. 4-10.
- Lew, A.A. (1987) A framework for tourist attraction research, *Annals of Tourism Research*, 14(4), pp. 553-575.
- Lew, A.A. (1989) Authenticity and sense of place in the tourism development experience of older retail districts, *Journal of Travel Research*, 27(4), pp. 15-22.
- Lew, A.A. & van Otten, G.A. (1997) *Tourism on American Indian Lands* (New York: Cognizant Communications Corporation).

- Ley, D. & Olds, K. (1988) Landscape as spectacle: world's fairs and the culture of heroic consumption, *Environment and Planning D*, 6(2), pp. 191-212.
- Lin, N. (1999) Building a network theory of social capital, *Connections*, 22(1), pp. 28-51.
- Lindqvist, M. (1991) *Infant Multinationals: the internationalization of young technology-based Swedish firms* (Stockholm: IIB).
- Lipietz, A. (1979) *Crise et Inflation, pourquoi?* (Paris: Maspéro).
- Lloyd, K. (2003) Contesting control in transitional Vietnam: the development and regulation of traveller cafés in Hanoi and Ho Chi Minh City, *Tourism Geographies*, 5(3), pp. 350-366.
- Lovelock, B. (2004) Tourist-created attractions: the emergence of a unique form of tourist attraction in Southern New Zealand, *Tourism Geographies*, 6(4), pp. 410-433.
- Lovering, J. (1989) The restructuring debate, in: R. Peet & N. Thrift (Eds) *New Models in Geography: the political-economy perspective*, pp. 198-223 (London: Unwin Hyman).
- Lumsdon, L.M. & Swift, J.S. (1999) The role of the tour operator in South America: Argentina, Chile, Paraguay and Uruguay, *International Journal of Tourism Research*, 1(6), pp. 429-439.
- Luostarinen, R. (1979) *Internationalization of the Firm*, unpublished thesis (Helsinki: Helsinki School of Economics).
- MacCannell, D. (1976) *The Tourist: a new theory of the leisure class* (New York: Schocken Books).
- MacLeod, G. (1997) 'Institutional thickness' and industrial governance in Lowland Scotland, *Area*, 29(4), pp. 299-311.
- MacLeod, G. (1999) Place, politics and 'scale dependence': exploring the structuration of euro-regionalism, *European Urban and Regional Studies*, 6(3), pp. 231-253.

- Madeley, J. (1996) *Foreign Exploits: transnationals and tourism* (London: Catholic Institute for International Relations).
- Madsen, H. (1992) Place-marketing in Liverpool: a review, *International Journal of Urban and Regional Research*, 16(4), pp. 633-640.
- Madsen, T.K., Rasmussen, E. & Servais, P. (1999) Differences and similarities between born globals and other types of exporters, University of Southern Denmark. *Working Papers in Marketing* 22.
- Mairata, J.B., Bujosa, A.G. & Martínez, A.R. (1994) El turisme a les Illes Balears: aspects economics i socials, in: J.B. Mairata, A.R. Martínez & S.S. Busquets. *Turisme, Societat i Economia a les Illes Balears*, pp. 87-110 (Palma: Fundació Emili Darder).
- Malamud, B. (1973) Gravity model calibration of tourist travel to Las Vegas, *Journal of Leisure Research*, 5(1), pp. 13-33.
- Markusen, A. (1999) Fuzzy concepts, scanty evidence, policy distance: the case for rigour and policy relevance in critical regional studies, *Regional Studies*, 33(9), pp. 869-884.
- Marsh, J.G. (1983) Canada's parks and tourism: a problematic relationship, in: P.E. Murphy (Ed.) *Tourism in Canada: selected issues and options*, Western Geographical Series 21, pp. 271-307 (Victoria: Department of Geography, University of Victoria).
- Marsh, J.G. (1985) The Rocky and Selkirk Mountains and the Swiss connection 1885-1914, *Annals of Tourism Research*, 12(3), pp. 417-433.
- Marston, S.A. (2000) The social construction of scale, *Progress in Human Geography*, 24(2), pp. 219-241.
- Martin, R. (2003) Institutional approaches in economic geography, in: E. Sheppard & T.J. Barnes (Eds) *A Companion to Economic Geography*, pp. 77-94 (Oxford: Blackwell Publishing).

- Martin, R. (2004) Geography: making a difference in a globalizing world, *Transactions of the Institute of British Geographers*, 29(2), pp. 147-150.
- Martin, R. & Sunley, P. (2001) Rethinking the “economic” in economic geography: broadening our vision or losing our focus?, *Antipode*, 33(2), pp. 148-161.
- Marx, K. (1971) *Capital: a critique of political economy. Vol.2, The process of circulation of capital* (London: Lawrence and Wishart).
- Massey, D. (1997) Economic/non-economic, in: R. Lee & J. Wills (Eds) *Geographies of Economies*, pp. 27-36 (London: Arnold).
- Mathieson, A. & Wall, G. (1982) *Tourism: economic, physical and social impacts* (London: Longmans).
- McDougall, P.P, Shane, S. & Oviatt, B.M. (1994) Explaining the formation of international new ventures, *Journal of Business Venturing*, 9(6), pp. 469-487.
- McDowell, L. (1992a) Doing gender: feminism, feminists and research methods in human geography, *Transactions of the Institute of British Geographers*, 17(4), pp. 399-416.
- McDowell, L. (1992b) Valid games? A response to Erica Schoenberger, *Professional Geographer*, 44(2), pp. 212-215.
- McDowell, L. (1997) *Capital Culture: gender at work in the city* (Oxford: Blackwell).
- McDowell, L. (1998) Elites in the City of London: some methodological considerations, *Environment and Planning A*, 30(12), pp. 2133-2146
- McDowell, L. (1999) Life without father and ford: the new gender order of post-Fordism, in: J. Bryson, N. Henry, D. Keeble & R. Martin (Eds) *The Economic Geography Reader*, pp. 388-397 (Chichester: John Wiley & Sons).
- McDowell, L. (2000) Feminists rethink the economic: the economics of gender/the gender of economics, in: G.L. Clark, M.P. Feldman & M.S. Gertler

(Eds) *The Oxford Handbook of Economic Geography*, pp. 497-517 (Oxford: Oxford University Press).

McDowell, L. (2004) Thinking through work: gender, power and space, in: T.J. Barnes, J. Peck, E. Sheppard & A. Tickell (Eds) *Reading Economic Geography*, pp. 315-328 (Oxford: Blackwell).

McDowell, L. & Court, G. (1994) Missing subjects: gender, power and sexuality in merchant banking, *Economic Geography*, 70(3), pp. 229-251.

McKercher, B. (1993a) Some fundamental truths about tourism: understanding tourism's social and environmental impacts, *Journal of Sustainable Tourism*, 1(1), pp. 6-16.

McKercher, B. (1993b) The unrecognized threat to tourism: can tourism survive sustainability, *Tourism Management*, 14(2), pp. 131-136.

McKercher, B. (1993c) Australian conservation organisations' perspectives on tourism in national parks: a critique, *GeoJournal*, 29(3), pp. 307-313.

McLean, G. (2005) And so to wed. *Guardian*, 19 November 2005, Guardian Weekend Pages, p. 32.

McNulty, R. & Wafer, P. (1990) Transnational corporations and tourism issues, *Tourism Management*, 11(4), pp. 291-295.

Meethan, K. (2001) *Tourism in Global Society: place, culture, consumption* (Basingstoke: Palgrave).

Mercer, D. (1994) Native peoples and tourism: conflict and compromise, in: W.F. Theobald (Ed.) *Global Tourism: the next decade*, pp. 124-145 (Boston, MA: Butterworth Heinemann).

Meyer, D. (2003) The UK outbound tour operating industry and implications for pro-poor tourism. *PPT Working Paper* 17. Available at www.propoortourism.org.uk/17_industry.pdf (accessed 22 July 2007).

Milne, S. & Ateljevic, I. (2001) Tourism, economic development and the global-local nexus: theory embracing complexity, *Tourism Geographies*, 3(4), pp. 369-393.

Mitchell, K. (1995) Flexible circulation in the Pacific Rim: capitalisms in cultural context, *Economic Geography*, 71(4), pp. 364- 382.

Mitchell, W. (1995) *City of Bits: space, place and the Infobahn* (Cambridge, MA: MIT Press).

Montanari, A. & Williams, A.M. (Eds) (1995) *European Tourism: regions, spaces and restructuring* (Chichester: Wiley).

Morgan, M. (1991) Dressing up to survive: marketing Majorca anew, *Tourism Management*, 12(1), pp. 15-20.

Morgan, M. (no date) Internationalisation strategies of the British Tour Operators. Available at <http://apollo4.bournemouth.ac.uk/si/mmorgan/Tourism/UKTO.htm> (accessed on 28 April 2007).

Morgan, R.E. & Katsikeas, C.S. (1997) Theories of international trade, foreign direct investment and firm internationalization: a critique, *Management Decision*, 35(1), pp. 68-78.

Mosedale, J. (2006) Tourism commodity chains: market entry and its effects on St. Lucia, *Current Issues in Tourism*, 9(4&5), pp. 436–458.

Mosedale, J. (2008) The internationalisation of tourism commodity chains, in: T. Coles & C.M. Hall (Eds) *International Business and Tourism: Global issues, Contemporary Interactions*, (London: Routledge).

Mowforth, M. & Munt, I. (1997) *Tourism and Sustainability* (London: Routledge).

Mowforth, M. & Munt, I. (2003) *Tourism and Sustainability: development and new tourism in the third world*, second edition (London: Routledge).

Mullings, B. (1999) Insider or outside, both or neither: some dilemmas of interviewing in a cross-cultural setting, *Geoforum*, 30(4), pp. 337-350.

- Mundt, J.W. (1998) Rejoinder, *Tourism Economics*, 4(1), pp. 79-81.
- Murphy, P.E. (1985) *Tourism: a community approach* (New York: Methuen).
- Murphy, P.E. (1994) Tourism and sustainable development, in: W.F. Theobald (Ed.) *Global Tourism: the next decade*, pp. 274-290 (Boston, MA: Butterworth Heinemann).
- Murphy, P.E. (Ed.) (1997) *Quality Management in Urban Tourism* (Chichester: Wiley).
- Murphy, P.E. & Andressen, B. (1988) Tourism development on Vancouver Island: an assessment of the core-periphery model, *Professional-Geographer*, 40(1), pp. 32-42.
- Murphy, P.E. & Keller, C.P. (1990) Destination travel patterns: an examination and modelling of tourism patterns on Vancouver Island, British Columbia, *Leisure Sciences*, 12(1), pp. 49-65.
- Murphy, P.E. & Rosenblood, L. (1974) Tourism: an exercise in spatial search, *Canadian Geographer*, 18(3), pp. 201-210.
- Needham, P. (2001) The European leisure travel industry, *Travel and Tourism Analyst*, 5, pp. 79-98.
- Nelson, J.G. (1973) Canada's national parks: past, present and future, *Canadian Geographical Journal*, 86(3), pp. 68-89.
- Nepal, S.K. (2005) Tourism and remote mountain settlements: spatial and temporal development of tourist infrastructure in the Mt Everest region, Nepal, *Tourism Geographies*, 7(2), pp. 205-227.
- Nohria, N. & Ghoshal, S. (1997) *The Differentiated Network: organizing multinational corporations for value creation* (San Francisco: Jossey-Bass).
- Nordström, K.A. (1991) *The Internationalization Process of the Firm: searching for new patterns and explanations* (Stockholm: IIB).

North, D.C. (1990) *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press).

North, D.C. (1991) Institutions, *Journal of Economic Perspectives*, 5(1), pp. 97-112.

Nurse, K. (1999) Globalization and Trinidad Carnival: diaspora, hybridity and identity in global culture, *Cultural Studies*, 13(4), pp. 661-690.

O'Connell, J.F. (2006) Corporate rivalry and competition issues in the airline industry, in: A. Papatheodorou (Ed.) *Corporate Rivalry and Market Power: competition issues in the tourism industry*, pp. 54-75 (London: IB Tauris).

O'Konowitz, T (2005) Cashing in on 'Chrismukkah' businesses look to turn a profit from 'O.C.'-inspired faux holiday, *Chicago Daily Herald*, December 20: Suburban living, 1.

O'Neill, P. (2003) Where is the corporation in the geographical world, *Progress in Human Geography*, 27(6), pp. 677-680.

O'Neill, P. & Gibson-Graham, J.K. (1999) Enterprise discourse and executive talk: stories that destabilize the company, *Transactions of the Institute of British Geographers*, 24(1), pp. 11-22.

Ohmae, K. (1990) *The Borderless World: power and strategy in the interlinked economy* (London: HarperCollins).

Ohmae, K. (1995a) *The End of the Nation State: the rise of regional economies* (London: HarperCollins).

Ohmae, K. (1995b) *The Evolving Global Economy: making sense of the new world order* (Boston: Harvard Business School Press).

Olwig, K. & Olwig, K. (1979) Underdevelopment and the development of "natural" parks ideology, *Antipode*, 11(2), pp. 16-25.

Oppermann, M. (1992) International tourist flows in Malaysia, *Annals of Tourism Research*, 19(3), pp. 482-500.

Oviatt, B.M. & McDougall, P.P. (1994) Toward a theory of international new ventures, *Journal of International Business Studies*, 25(1), pp. 45-64.

Padilla, A. & McElroy, J.L. (2005) The tourism penetration index in large islands: the case of the Dominican Republic, *Journal of Sustainable Tourism*, 13(4), pp. 353-372.

Page, S.J. (1995) *Urban Tourism* (London: Routledge).

Page, S.J. (2003) *Tourism Management: managing for change* (Oxford: Butterworth-Heinemann).

Page, S.J. & Dowling, R. (2001) *Ecotourism* (Harlow: Pearson Education).

Page, S.J. & Getz, D. (Eds) (1997) *The Business of Rural Tourism: international perspectives* (London: International Thomson Business Press).

Page, S.J., Forer, P. & Lawton, G.R. (1999) Small business development and tourism: *terra incognita?*, *Tourism Management*, 20(4), pp. 435-459.

Painter, J. (2000) Critical human geography, in: R.J. Johnston, D. Gregory, G. Pratt & M. Watts (Eds) *The Dictionary of Human Geography*, pp. 126-128 (Oxford: Blackwell).

Papatheodorou, A. (2003) Corporate strategies of British tour operators in the Mediterranean region: an economic geography approach, *Tourism Geographies*, 5(3), pp. 280-304.

Papatheodorou, A. (Ed.) (2006) *Corporate Rivalry and Market Power: competition issues in the tourism industry* (London: IB Tauris).

Pavlinek, P. & Smith, A. (1998) Internationalization and embeddedness in east-Central European transition: the contrasting geographies of inward investment in the Czech and Slovak Republics, *Regional Studies*, 32(7), pp. 619-638.

Pavlovich, K. (2003) The evolution and transformation of a tourism destination network: the Waitomo Caves, New Zealand, *Tourism Management*, 24(2), pp. 203-216.

- Pavlovskaya, M. (2004) Other transitions: multiple economies of Moscow households in the 1990s, *Annals of the Association of American Geographers*, 94(2), pp. 329-351.
- Pearce, D. (1996) Regional tourist organization in Spain: emergence, policies and consequences, *Tourism Economics*, 2(2), pp. 119-136.
- Pearce, D. (1997) Tourism and the autonomous communities in Spain, *Annals of Tourism Research*, 24(1), pp. 156-177.
- Pearce, D.G. (1981) *Tourist Development* (Harlow: Longman).
- Pearce, D.G. (1987a) Spatial patterns of package tourism in Europe, *Annals of Tourism Research*, 14(2), pp. 183-201.
- Pearce, D.G. (1987b) *Tourism Today: a geographical analysis* (Harlow: Longman).
- Pearce, D.G. (1988a) The spatial structure of coastal tourism: a behavioural approach, *Tourism Recreation Research*, 13(2), pp. 11-14.
- Pearce, D.G. (1988b) Tourist time-budgets, *Annals of Tourism Research*, 15(1), pp. 106-121.
- Pearce, D.G. (1989) *Tourist Development*, second edition (Harlow: Longman Scientific & Technical).
- Pearce, D.G. (1990) Tourism, the regions and restructuring in New Zealand, *Journal of Tourism Studies*, 1(2), pp. 33-42.
- Pearce, D.G. (1992a) Tourism and the European regional development fund: the first fourteen years, *Journal of Travel Research*, 30(3), pp. 44-51.
- Pearce, D.G. (1992b) *Tourist Organisations* (Harlow: Longman).
- Pearce, D.G. (1993) Domestic tourist travel patterns in New Zealand, *GeoJournal*, 29(3), pp. 225-232.

Pearce, D.G. (1995) *Tourism Today: a geographical analysis*, second edition (Harlow: Longman).

Peck, J. (1994) Regulating labour: the social regulation and reproduction of local labour-markets, in: A. Amin & N. Thrift (Eds) *Globalization, Institutions and Regional Development in Europe*, pp. 147-176 (Oxford: Oxford University Press).

Peck, J. (2000) Doing regulation, in: G.L. Clark, M.P. Feldman & M.S. Gertler (Eds) *The Oxford Handbook of Economic Geography*, pp. 61-80 (Oxford: Oxford University Press).

Peck, J. (2005) Economic sociologies in space, *Economic Geography*, 81(2), pp. 129-175.

Peck, J.A. & Tickell, A. (1992) Local modes of social regulation? Regulation theory, Thatcherism and uneven development, *Geoforum*, 23(3), pp. 347-363.

Peet, R. (1997) The cultural production of economic forms, in: R. Lee & J. Wills (Eds) *Geographies of Economies*, pp. 37-46 (London: Arnold).

Peet, R. & Thrift, N. (1989) Political economy and human geography, in: R. Peet & N. Thrift (Eds) *New Models in Geography: the political-economy perspective*, pp. 3-29 (London: Unwin Hyman).

Perlmutter, H.V. & Heenan, D.A. (1979) *Multinational Organization Development* (Reading: Addison-Wesley).

Phelps, N.A. (2000) The locally embedded multinational and institutional capture, *Area*, 32 (2), pp. 169-178.

Phelps, N.A. & Fuller, C. (2000) Multinationals, intracorporate competition and regional development, *Economic Geography*, 76(3), pp. 224-243.

Philo, C. & Parr, H. (2000) Institutional geographies: introductory remarks, *Geoforum*, 31(4), pp. 513-521.

Picornell, M. (1998) Anàlisi i avaluació de l'ordenament de l'oferta turística a Mallorca, in: J.O. Samitier & S.A. Clavé (Eds) *Turismo y Planificación del*

Territorio en la España del Fin de Siglo, pp. 375-386 (Taragona: Grup d'Estudis Turístics, Unitat de Geografia, Universitat Roira i Virgili).

Picornell, M. (2002) Planificació i turisme, in: C. Picornell, F. Sastre & S. Serra (Eds) *Turisme i Societat a les Illes Balears*, pp. 913-944 (Palma de Mallorca: Hora Nova).

Piers, B. (1991) *Thomas Cook: 150 years of popular tourism* (London: Seeker & Warburg).

Pigram, J.J. (1977) Beach resort morphology, *Habitat International*, 2(5-6), pp. 525-541.

Pigram, J.J. (1980) Environmental implications of tourism development, *Annals of Tourism Research*, 7(4), pp. 554-583.

Pigram, J.J. (1990) Sustainable tourism: policy considerations, *Journal of Tourism Studies*, 1(2), pp. 2-9.

Pigram, J.J. & Jenkins, J. (1999) *Outdoor Recreation Management* (London: Routledge).

Pike, A., Legendijk, A. & Vale, M. (2000) Critical reflections on 'embeddedness' in economic geography: the case of labour market governance and training in the automotive industry in the North-East region of England, in: A. Giunta, A. Legendijk & A. Pike (Eds) *Restructuring Industry and Territory: the experience of Europe's region*, pp. 59-82 (London: The Stationary Office).

Pile, S. (1991) Practising interpretative geography, *Transactions of the Institute of British Geographers*, 16(4), pp. 458-469.

Piore, M. & Sabel, C. (1984) *The Second Industrial Divide: possibilities for prosperity* (New York: Basic Books).

Pitelis, C.N. & Sugden, R. (2000) *The Nature of the Transnational Firm*, second edition (London: Routledge).

Polanyi, K. (1957) *The Great Transformation: the political and economic origins of our time* (Boston: Beacon Press).

- Poon, A. (1993) *Tourism, Technology and Competitive Strategies* (Wallingford: CABInternational).
- Popper, K. (1968) *The Logic of Scientific Discovery* (London: Hutchinson).
- Porter, M. (1980) *Competitive Strategy: techniques for analysing industries and competitors* (New York: Free Press).
- Porter, M.E. (1985) *Competitive Advantage: creating and sustaining superior performance* (New York: Harper & Row).
- Porter, M.E. (1990) *The Competitive Advantage of Nations* (London: Macmillan).
- Powell, W. (1990) Neither market nor hierarchy: network forms of organization, *Research in Organizational Behaviour*, 12(number), pp. 295-336.
- Pred, A. & Watts, M. (1992) *Reworking Modernity: capitalisms and symbolic discontent* (New Brunswick, N.J.: Rutgers University Press).
- Preece, S.B., Miles, G. & Baetz, M.C. (1999) Explaining the international intensity and global diversity of early-stage technology-based firms, *Journal of Business Venturing*, 14(3), pp. 259-281.
- Preferente (2000a) *Airtours controlará el 50 por ciento de Hotetur*, June, p.12.
- Preferente (2000b) *Barceló saldrá a Bolsa cuando haya completado su acuerdo con First Choice*, July, p. 10.
- Preferente (2002) *Hotetur se hace grande con los hotels de Globales*, March, p.12.
- Pretes, M. (1995) Postmodern Tourism: The Santa Claus Industry, *Annals of Tourism Research*, 22(1), pp. 1-15.
- Pritchard, A. & N. Morgan (2000) Privileging the male gaze: gendered tourism landscapes, *Annals of Tourism Research*, 27(4), pp. 884-905.

Punch, K.F. (1998). *Introduction to Social Research: quantitative & qualitative approaches* (London: SAGE Publications).

Reid, S.D. (1983) Firm internationalization, transaction costs and strategic choice, *International Marketing Review*, 1(2), pp. 44-56.

Reinicke, W.H. (1998) *Global public policy: governing without government?* (Washington: Brookings Institution Press).

Relph, E. (1976) *Place and Placelessness* (London: Pion).

Renshaw, M.B. (1994) Consequences of integration in UK tour operating, *Tourism Management*, 15(4), pp. 243-245.

Ricardo, D. (1817, reprinted 1992) *On the Principles of Political Economy and Taxation*. London: J.M. Dent.

Riley R. (2000) Embeddedness and the tourism industry in the Polish southern uplands: social processes as an explanatory framework, *European Urban and Regional Studies*, 7(3), pp. 195-210.

Ripoll, A. (2000) Turisme i territory a les Illes Balears, in: Fundació "la Caixa" (Ed.) *Welcome! Un segle de turisme a les Illes Balears*, pp. 37-48 (Palma: Fundació "la Caixa").

Robertson, R. (1992) *Globalization: social theory and global culture* (London: Sage Publications).

Robinson, H. (1976) *A Geography of Tourism* (Plymouth: MacDonald & Evans).

Rodríguez, A.B.R. (2002) *La Expansion Internacional del Sector Hotelero Español*. (Caja de Ahorros del Mediterráneo).

Rodríguez-Pose, A. (2001) Killing economic geography with a "cultural turn" overdose, *Antipode*, 33(2), pp. 176-177.

Root, F.R. (1982) *Entry Strategies for International Markets* (Lexington, MA: Lexington Books).

Rose, G. (1997) Situating knowledges: positionality, reflexivities and other tactics, *Progress in Human Geography*, 21(3), pp. 305-320.

Sadi, M.A. & Henderson, J.C. (2001) Tourism and foreign direct investment in Vietnam, *International Journal of Hospitality and Tourism Administration*, 2(1), pp. 67-90.

Salvà-Tomàs, P. (1989) Turismo, medio ambiente y ordenación del territorio en las Islas Baleares, *Treballs de Geografia Universitat de les Illes Balears*, 42, pp. 127-137.

Salvà-Tomàs, P. (2000a) El turisme de demà, in: Fundació "la Caixa" (Ed.) *Welcome! Un segle de turisme a les Illes Balears*, pp. 123-136 (Palma: Fundació "la Caixa").

Salvà-Tomàs, P.A. (2000b) Development and sustainability of aging tourist resorts: future strategies in the Balearic Islands (Spain). Paper presented at the 29th International Geographical Congress, Cheju, Korea, 10-14 August.

Salvà-Tomàs, P.A. (2001) Old and new economic restructuring in the tourist development model of the Balearic Islands (Spain). Paper presented at the annual meeting of the Association of American Geographers, New York, 27 February – 3 March.

Salvà-Tomàs, P.A. (2002) Foreign immigration and tourism development in Spain's Balearic Islands, in: C.M. Hall & A.M. Williams (Eds) *Tourism and Migration: new relationships between production and consumption*, pp. 119-134 (Dordrecht: Kluwer Academic Publishers).

Sandals (no date) *Caribbean Weddings by Sandals – Wedding Packages*. Available at <http://www.sandals.com/general/wedding-packages.cfm> (accessed 31 March).

Sastre, A. (2002a) Els hotelers: estructura de l'empresariat, in: C. Picornell, F. Sastre & S. Serra (Eds) *Turisme i Societat a les Illes Balears*, pp. 321-336 (Palma de Mallorca: Hora Nova).

Sastre, A. (2002b) Els majoristes de viatges, in: C. Picornell, F. Sastre & S. Serra (Eds) *Turisme i Societat a les Illes Balears*, pp. 465-480 (Palma de Mallorca: Hora Nova).

Sastre, A. (2002c) Empresari pioners i significatius: cadenes hoteleres, in: C. Picornell, F. Sastre & S. Serra (Eds) *Turisme i Societat a les Illes Balears*, pp. 353-368 (Palma de Mallorca: Hora Nova).

Sastre, F. & Benito, I. (2001) The role of transnational tour operators in the development of Mediterranean island tourism, in: D. Ioannides, Y. Apostolopoulos & S. Sonmez (Eds) *Mediterranean Islands and Sustainable Tourism Development: practices, management and policies*, pp. 69-87 (London: Continuum).

Saxena, G. (2005) Relationships, networks and the learning regions: case evidence from the Peak District National Park, *Tourism Management*, 26(2), pp. 277-289.

Sayer, A. (1982) Explanation in economic geography: abstraction versus generalization, *Progress in Human Geography*, 6 (1), pp. 68- 88.

Sayer, A. (1994) Cultural studies and 'the economy, stupid', *Environment and Planning D*, 12(6), pp. 635-637.

Scherle, N. (2004) International bilateral business in the tourism industry: perspectives from German-Moroccan co-operations, *Tourism Geographies*, 6(2), pp. 229-256.

Schoenberger, E. (1991) The corporate interview as a research method in economic geography, *Professional Geographer*, 43(2), pp. 180-189.

Schoenberger, E. (1992) Self-criticism and self-awareness in research: a reply to Linda McDowell, *Professional Geographer*, 44(2), pp. 215-218.

Schoenberger, E. (1994) Corporate strategy and corporate strategists: power, identity and knowledge within the firm, *Environment and Planning A*, 26(3), pp. 435-451.

Schoenberger, E. (1997) *The Cultural Crisis of the Firm* (Cambridge, MA: Blackwell).

Schoenberger, E. (2000) The management of time and space, in: G.L. Clark, M.P. Feldman & M.S. Gertler (Eds) *The Oxford Handbook of Economic Geography*, pp. 317-332 (Oxford: Oxford University Press).

Scott, A. (1988) Flexible production systems and regional development: the rise of new industrial spaces in North America and Western Europe, *International Journal of Urban and Regional Research*, 12(2), pp. 171-185.

Scott, A. J. (2000) Economic geography: the great half-century, in: G.L. Clark, M.P. Feldman & M.S. Gertler (Eds) *The Oxford Handbook of Economic Geography*, pp. 18-44 (Oxford: Oxford University Press).

Scott, J. (2000) *Social Network Analysis: a handbook*, second edition (London: Sage).

Segui, M. (1995) *Les Nouvelles Baléares: la renovation d'un espace touristique mythique* (Paris: Editions L'Harmattan).

Serra, A. (2003). Expansion strategies of Majorcan hotel chains. Paper presented at the international conference Europe at the Seaside: The economic history of mass tourism in the Mediterranean Sea, Palma de Mallorca, February.

Serra-Busquets, S. & Company-Mates, A. (2000) El turisme en les institucions i en el debat public, in: Fundació "la Caixa" (Ed.) *Welcome! Un segle de turisme a les Illes Balears*, pp. 69-86 (Palma: Fundació "la Caixa").

Shackleton, R. (1998) Exploring corporate culture and strategy: Sainsbury at home and abroad during the early to mid 1990s, *Environment and Planning A*, 30(5), pp. 921-940.

Shaw, G. & Williams, A.M. (1994) *Critical Issues in Tourism: a geographical perspective* (Oxford: Blackwell).

- Shaw, G. & Williams, A.M. (2002) *Critical Issues in Tourism: a geographical perspective*, second edition (Oxford: Blackwell).
- Shaw, G. & Williams, A.M. (2004) *Tourism and Tourism Spaces* (London: Sage Publications).
- Shaw, G., Agarwal, S. & Bull, P. (2000) Tourism consumption and tourist behaviour: a British perspective, *Tourism Geographies*, 2(3), pp. 264-289.
- Sheldon, P.J. (1986) The tour operator industry: an analysis, *Annals of Tourism Research*, 13(3), pp. 349-365.
- Sheppard, E. (2002) The spaces and times of globalization: place, scale, networks and positionality, *Economic Geography*, 78(3), pp. 307-330.
- Shoval, N. & Isaacson, M. (forthcoming) The application of tracking technologies to the study of pedestrian spatial behaviour, *The Professional Geographer*.
- Shoval, N. & Raveh, A. (2004) Categorization of tourist attractions and the modeling of tourist cities: based on the co-plot method of multivariate analysis, *Tourism Management*, 25(6), pp. 741 – 750.
- Shrader, R.C., Oviah, B.M. & McDougall, P.P. (2000) How new ventures exploit trade-offs among international risk factors: lessons for the accelerated internationalization of the 21st century, *Academy of Management Journal*, 43(6), pp. 1227-1247.
- Sinclair, M.T. (1997) *Gender, Work and Tourism* (London: Routledge).
- Sinclair, M.T. & Stabler, M. (1997) *The Economics of Tourism* (London: Routledge).
- Smith, A. (1776, reprinted 1970) *The Wealth of Nations* (Harmondsworth: Penguin Books).
- Smith, S.L.J. (1983) Restaurants and dining out: geography of a tourism business, *Annals of Tourism Research*, 10(4), pp. 515-549.

- Smith, S.L.J. (1987) Regional analysis of tourism resources, *Annals of Tourism Research*, 14(2), pp. 253-273.
- Smith, S.L.J. (1998) Tourism as an industry: debates and concepts, in: D. Ioannides & K.G. Debbage (Eds) *The Economic Geography of the Tourist Industry: a supply-side analysis*, pp. 31-52 (London: Routledge).
- Squire, S.J. (1994) Accounting for cultural meanings: the interface between geography and tourism studies revisited, *Progress in Human Geography*, 18(1), pp. 1-16.
- Stanton, P. & Stanton, J. (2002) Corporate annual reports: research perspectives used, *Accounting, Auditing & Accountability Journal*, 15(4), pp. 478-500.
- Stier, B. & Laufer, J. (2005) *Von der Preussag zur TUI: Wege und Wandlungen eines Unternehmens 1923-2003* (Essen: Klartext).
- Stimson, R.J., Jenkins, O.H., Roberts, B.H. & Daly, M.T. (1998) The impact of Daikyo as a foreign investor on the Cairns – Far North Queensland regional economy, *Environment and Planning A*, 30(1), pp. 161-179.
- Storper, M. & Walker, M. (1989) *The Capitalist Imperative: territory, technology and industrial growth* (Oxford: Blackwell).
- Swyngedouw, E. (1997) Neither global nor local: 'glocalization' and the politics of scale, in: K. Cox (Ed.) *Spaces of Globalization: reasserting the power of the local*, pp. 137-166 (New York: Guilford Press).
- Tapper, R. (2001) Tourism and socio-economic development: UK tour operators' business approach in the context of the new international agenda, *International Journal of Tourism Research*, 3(5), pp. 351-366.
- Taylor, M.J. (1984) Industrial geography and the business organisation, in: M.J. Taylor (Ed.) *The Geography of Australian Corporate Power*, pp. 1-14 (Sydney: Croom Helm).

Taylor, M.J. (2004) The firm as a connected, temporary coalition, *Spaces: spatial aspects concerning economic structures* (5) (Marburg: Fachbereich Geographie, Philipps-Universität Marburg). Available at <http://www.uni-marburg.de/fb19/personal/professoren/bathelt/forschung/spaces> (accessed 27 April 2007)

Taylor, M.J. & Asheim, B.T. (2001) The concept of the firm in economic geography, *Economic Geography*, 77(4), pp. 315-328.

Taylor, P.J. (1999) Places, spaces and Macy's: place and space tensions in the political geographies of modernities, *Progress in Human Geography*, 23(1), pp. 7-26.

Teo, P. & Li, L.H. (2003) Global and local interactions in tourism, *Annals of Tourism Research*, 30(2), pp. 287-306.

The Independent (2004) Creditors accuse MyTravel of gross mismanagement. 20 November.

Theuvsen, L. (2004) Vertical integration in the European package tour business, *Annals of Tourism Research*, 31(2), pp. 475-478.

Thomas, R. (2000) Small firms in the tourism industry: some conceptual issues, *International Journal of Tourism Research*, 2(6), pp. 345-353.

Thomas, R. & Thomas, H. (2005) Understanding tourism policy-making in urban areas, with particular reference to small firms, *Tourism Geographies*, 7(2), pp. 121-137.

Thompson, G. (1999) Introduction: situating Globalization, *International social science Journal*, 51(160), pp. 139-152.

Thompson, G. (2000) Economic globalization?, in: Held, D. (Ed.) *A globalizing World? Culture, economics, politics*, pp. 85-126 (London: Routledge/The Open University).

Thrift, N. & Olds, K. (1996) Refiguring the economic in economic geography, *Progress in Human Geography*, 20(3), pp. 311-337.

Tickell, A. (2000) Global rhetorics, national politics: pursuing bank mergers in Canada, *Antipode*, 32(2), pp. 152-175.

Timothy, D.J. & Ioannides, D. (2002) Tour-operator hegemony: dependency, oligopoly and sustainability in insular destinations, in: Y. Apostolopoulos & D.J. Gayle (Eds) *Island Tourism and Sustainable Development: Caribbean, Pacific and Mediterranean experiences*, pp. 181-198 (Westport, Connecticut: Praeger).

Tobarra, C. & Salaberri, R. (2005) La ley general turística: anàlisi de su contenido, *Colección Estudios Turísticos 1* (Palma de Mallorca: Govern de les Illes Balears).

Tobler W. (1970) A computer movie simulating urban growth in the Detroit region, *Economic Geography*, 46(Supplement: Proceedings. International Geographical Union. Commission on Quantitative Methods), pp. 234–240.

Torres, R. (2002) Cancun's tourism development from a Fordist spectrum of analysis, *Tourist Studies*, 2(1), pp. 87-116.

Touche Ross & Company (1975) *Tour Wholesaler Industry Study* (New York: Touche Ross).

Towner, J. (1996) *A Historical Geography of Recreation and Tourism in the Western World 1540-1940* (Chichester: Wiley).

Tremblay, P. (1998) The economic organization of tourism, *Annals of Tourism Research*, 25(4), pp. 837-859.

TUI (2007a) A brief portrait of TUI AG: the innovative tourism and shipping group. Available at http://www.tui-group.com/en/konzern/tui_profile/portrait/ (accessed 27 April 2007).

TUI (2007b) RIU lassen sie sich verwoehnen. Available at http://www.tui-group.com/de/konzern/gesellschaften_marken/hotelgesellschaften/einzelne_hotelgesellschaften/riu.html (accessed 27 April 2007).

Tunbridge, J.E. & Ashworth, G.J. (1996) *Dissonant Heritage: the management of the past as a resource in conflict* (Chichester: Wiley).

Turnball, P.W. (1987) A challenge to the stages theory of the internationalization process, in: P.J. Rosson & S.D. Reid (Eds) *Managing Export Entry and Expansion: concepts and practice*, pp. 21-41 (New York: Praeger).

Turner, L. & G. Ash (1975) *The Golden Hordes: international tourism and the pleasure periphery* (London: Constable).

Ultima Hora (2005) Grupos turísticos e inmobiliarios negocian colaborar en la venta de casas en Balears. 2 June, Local: 24.

UNCTAD (2002) *World Investment Report 2002: transnational corporations and export competitiveness* (Geneva: United Nations Publications).

UNCTAD (2004) *World Investment Report 2004: the shift towards services* (New York and Geneva: United Nations).

UNCTC (1982) *Transnational Corporations in International Tourism* (New York: United Nations).

UNCTC (1990) *The New Code Environment* (New York: United Nations).

Urry, J. (1990) *The Tourist Gaze: leisure and travel in contemporary societies* (London: Sage Publications).

Urry, J. (1994) *Consuming Places* (London: Routledge).

Uzzi, B. (1996) The sources and consequences of embeddedness for the economic performance of organizations: the network effect, *American Sociological Review*, 61(4), pp. 674-698.

Uzzi, B. (1997) Social structure and competition in interfirm networks: the paradox of embeddedness, *Administrative Science Quarterly*, 42(2), pp. 35-67.

Valenzuela, M. (1998) Spain: from the phenomenon of mass tourism to the search for a more diversified model, in: A.M. Williams & G. Shaw (Eds) *Tourism and Economic Development: European experiences*, third edition, pp. 43-73 (Chichester: Wiley).

Vernon, R. (1966) International investment and international trade in the product life cycle, *Quarterly Journal of Economics*, 80(2), pp. 190-207.

Vernon, R. (1971) *Sovereignty at Bay* (New York: Basic Books).

Vernon, R. (1974) The location of economic activity, in: J.H. Dunning (Ed.) *Economic Analysis and the Multinational Enterprise*, pp. 89-114 (London: Allen & Unwin).

Vorlauffer, K. (1993) Transnationale Reisekonzerne und die Globalisierung der Fremdenverkehrswirtschaft: Konzentrationsprozesse, Struktur- und Raummuster, *Erdkunde*, 74, pp. 267-281.

Wahab, S. & Cooper, C. (2001) *Tourism in the Age of Globalisation* (London: Routledge).

Waite, G. (1997) Selling paradise and adventure: representations of landscape in the tourist advertising of Australia, *Australian Geographical Studies*, 35(1), pp. 47-60.

Waite, G. & McGuirk, P.M. (1997) Marking time: tourism and heritage representation at Millers Point, Sydney, *Australian Geographer*, 27(1), pp. 11-29.

Wall, G. & Marsh, J. (Eds) (1982) *Recreational Land Use, Perspectives on its Evolution in Canada* (Ottawa: Carleton University Press).

Wall, G., Dudycha, D. & Hutchinson, J. (1985) Point pattern analysis of accommodation in Toronto, *Annals of Tourism Research*, 12(4), pp. 603-618.

Walmesley, D.J. & Jenkins, J. (1992) Tourism, cognitive mapping of unfamiliar environments, *Annals of Tourism Research*, 19(3), pp. 268-286.

Wanhill, S. (2006) Competition in visitor attractions, in: A. Papatheodorou (Ed.) *Corporate Rivalry and Market Power: competition issues in the tourism industry*, pp. 172-186 (London: IB Tauris).

Waters, M. (1995) *Globalization* (London: Routledge).

- Wearing, S. & McDonald, M. (2002) The development of community-based tourism: re-thinking the relationship between tour operators and development agents as intermediaries in rural and isolated area communities, *Journal of Sustainable Tourism*, 10(3), pp. 191–206.
- Weaver, D. (1998) *Ecotourism in the Less Developed World* (Wallingford: CAB International).
- Weiler, B. (1991) *Ecotourism: conference proceedings* (Canberra: Bureau of Tourism Research).
- Wells, L.T. (1968) A product life cycle for international trade?, *Journal of Marketing*, 32(3), pp. 1-6.
- Wells, L.T. (1969) Test of a product cycle model of international trade: U.S. exports of consumer durables, *Quarterly Journal of Economics*, 83(1), pp. 152-162.
- Wenger, E.C. & Snyder, W.M. (2000) Communities of practice: the organizational frontier, *Harvard Business Review*, 78(1), pp. 139-145.
- Wilkinson, P.F. (1997) *Tourism policy and planning: case studies from the Commonwealth Caribbean* (New York: Cognizant Communication).
- William, H. (2006) How stag and hen parties lay golden egg. *Irish Independent* 20 April.
- Williams, A. & Zelinsky, W. (1970) On some patterns of international tourism flows, *Economic Geography*, 46(4), pp. 549-467.
- Williams, A.M. (1995) Capital and the transnationalisation of tourism, in: A. Montanari & A.M. Williams (Eds) *European Tourism: regions, spaces and restructuring*, pp. 163-176 (Chichester: John Wiley & Sons Ltd).
- Williams, A.M. (2004) Toward a political economy of tourism, in: A.A. Lew, C.M. Hall & A.M. Williams (Eds) *A Companion to Tourism*, pp. 61-73 (Oxford: Blackwell).

Williams, A.M. & Baláz, V. (2002) The Czech and Slovak Republics: conceptual issues in the economic analysis of tourism in transition, *Tourism Management*, 23(1), pp. 37-45.

Williams, A.M. & Shaw, G. (Eds) (1988) *Tourism and Economic Development: Western European experiences*, second edition (London: Belhaven Press).

Williams, A.M., Shaw, G. & Greenwood, J. (1989) From tourist to tourism entrepreneur, from consumption to production: evidence from Cornwall, England, *Environment and Planning A*, 21(12), pp. 1639-1653.

Williamson, O.E. (1985) *The Economic Institutions of Capital: firms, markets, relational contracting* (New York: The Free Press).

Wills, J. & Lee, R. (1997) Introduction, in: R. Lee & J. Wills (Ed.) *Geographies of Economics*, pp. xv-xviii (London: Arnold).

Wolfe, R.J. (1970) Discussion of vacation homes, environmental preferences and spatial behaviour, *Journal of Leisure Research*, 2(1), pp. 85-87.

Wood, R.E. (2000) Caribbean cruise tourism: globalization at sea, *Annals of Tourism Research*, 27(2), pp. 345-370.

Wood, S.M. (2001) *Corporate Restructuring, Regulation and Competitive Space: the US department store in the 1990s*. Unpublished PhD thesis. University of Southampton.

Woods, M. (1998) Rethinking elites: networks, space and local politics, *Environment and Planning A*, 30(12), pp. 2101-2119.

Woodward, K. (1997) Introduction, in: K. Woodward (Ed.) *Identity and Difference*, pp. 1-6 (London: Sage/The Open University).

Wrigley, N. (2000) Strategic market behaviour in the internationalization of food retailing: interpreting the third wave of Sainsbury's US diversification, *European Journal of Marketing*, 34(8), pp. 891-918.

Wrigley, N. & Lowe, M. (1996) *Retailing, Consumption and Capital: towards the new retail geography* (Harlow: Longman).

Wrigley, N. & Lowe, M. (2001) *Reading Retail: a geographical perspective on retailing and consumption spaces* (London: Arnold).

Wrigley, N., Coe, N.M. & Currah, A. (2005) Globalizing retail: conceptualizing the distribution-based transnational corporation (TNC), *Progress in Human Geography*, 29(4), pp. 437-457.

WTO (2002) *Tourism in the Age of Alliances, Mergers and Acquisitions* (Madrid: World Tourism Organization).

WTTC (2004) TSA Country Reports. Available at http://www.wttc.travel/eng/WTTC_Research/Tourism_Satellite_Accounting/TSA_Country_Reports/index.php (accessed 7 May 2004).

Yang, Y.-T. (2004) Qualitative knowledge capturing and organizational learning: two case studies in Taiwan hotels, *Tourism Management*, 25(4), pp. 421-428.

Yeung, H.W.-C. (1994) Critical reviews of geographical perspectives on business organizations and the organization of production: towards a network approach, *Progress in Human Geography*, 18(4), pp. 460-490.

Yeung, H.W.-C. (1995) Qualitative personal interviews in international business research: some lessons from a study of Hong Kong transnational corporations, *International Business Review*, 4(3), pp. 313-339.

Yeung, H.W.-C. (1998) Capital, state and space: contesting the borderless world, *Transactions of the Institute of British Geographers*, 23(3), pp. 291-309.

Yeung, H.W.-C. (2000) Embedding foreign affiliates in transnational business networks: the case of Hong Kong firms in SE Asia, *Environment and Planning A*, 32(2), pp. 201-222.

Yeung, H.W.-C. (2000) Reconceptualising the "firm" in new economic geographies: an organisational perspective. Paper presented at the Workshop on "'The Firm' in Economic Geography", University of Portsmouth, U.K., 9-11 March.

Yeung, H.W.-C. (2002) The limits to globalization theory: a geographic perspective on global economic change, *Economic Geography*, 78(3), pp. 285-305.

Yeung, H.W.-C. (2003) Practicing new economic geographies: a methodological examination, *Annals of the Association of American Geographers*, 93(2), pp. 442-462.

Yeung, Y.M. & Li, X. (2000) Transnational corporations and local embeddedness: company case studies from Shanghai, China, *Professional Geographer*, 52(4), pp. 624-635.

Yin, R.K. (2003) *Case Study Research: design and methods*, third edition (London: Sage Publications).

Young, G. (1973) *Tourism: blessing or blight?* (Harmondsworth: Penguin).

Zukin, S. (1991) *Landscapes of Power: from Detroit to Disney World* (Berkeley: University of California Press).

Zukin, S. (1995) *The Cultures of Cities* (Oxford: Blackwell).

Zukin, S. & DiMaggio, P. (1990) *Structures of Capital: the social organization of the economy* (New York: Cambridge University Press).

Appendices

Appendix 1: Introductory letter



SCHOOL OF GEOGRAPHY AND ARCHAEOLOGY
Department of Geography

Saturday June 5th, 2004

RE: Participation in 'Globalisation of Tourism' study

Dear Sir, Madam

As part of a three-year research study on the globalisation of the tourism industry, I am analysing the strategies of transnational tourism companies and their linkages with specific Caribbean islands. I am approaching you to ask whether you would be willing to become a partner in this research, which I believe will have value to both your company and to the academic study of international tourism.

This is an **independent, not-for-profit** project, which is jointly funded by the Economic and Social Research Council of the UK (Award number: PTA-030-2002-00677) and the Department of Geography at the University of Exeter. As a partner in the research, you would have an input into its design, and would be kept continuously informed of the main research findings. In return, I would require access to selective company information, such as annual reports, and agreement to interview managers of the parent company and its holdings. The topics that would be covered in the interviews would probably include the company's organisational structure, its inter- and extra-firm networks, decision-making, responses to regulation and company links to the Caribbean. The precise details of who would be interviewed, and the topics to be covered, would be agreed in advance, and would fully respect the company's rights to protect commercially sensitive information.

I would undertake to inform you of the progress of the study as it developed, and to provide you with a final report on the procedures and findings that can be used in negotiations with destination governments. In addition, First Choice will be credited in every publication and presentation.

Please find attached an information sheet, which provides further details of the study, benefits for First Choice and explains the output and intended dissemination of results. Please don't hesitate to contact me if you have any questions.

I look forward to your response, and hope you will be able to co-operate in this research project.

Yours sincerely

Jan Mosedale

Mr Jan Mosedale (PhD Candidate)
Amory Building
Rennes Drive
Exeter EX4 4RJ
United Kingdom

Office (01392) 263357
Mobile (07834) 908671
Fax (01392) 263342
Email j.t.mosedale@ex.ac.uk

Appendix 2

Globalisation of Tourism



This initial survey, which is being sponsored by the University of Exeter and the Economic and Social Research Council of the UK, will produce findings on the business networks of large vertically integrated tourism corporations. It forms part of a larger study on the globalisation of tourism which should benefit all involved parties. A copy of the report compiled from this survey will be sent to all participating companies upon request.

Please be advised:

Your identity and that of your contacts will be kept anonymous and is only necessary for organisational purposes. Any information you give will not be able to be attributed to your person or to your contacts.

Please complete the following questions for each of your nine most important business contacts within or outside your company involved in offering packaged tours to Mallorca. If you wish to comment on any questions or qualify your answers, please use the space provided on the back cover (please add corresponding contact number when commenting on specific contacts).

Some information about you

Name _____ Position _____

Company _____



Globalisation of Tourism

	Contact 1	Contact 2	Contact 3
Name	_____	_____	_____
Position	_____	_____	_____
Company/ Organisation	_____	_____	_____
Location	_____	_____	_____
Direction in production chain	<input type="checkbox"/> Upstream <input type="checkbox"/> Horizontal <input type="checkbox"/> Down-stream <input type="checkbox"/> Not applicable	<input type="checkbox"/> Upstream <input type="checkbox"/> Horizontal <input type="checkbox"/> Down-stream <input type="checkbox"/> Not applicable	<input type="checkbox"/> Upstream <input type="checkbox"/> Horizontal <input type="checkbox"/> Down-stream <input type="checkbox"/> Not applicable
Type of relationship	<input type="checkbox"/> Formal <input type="checkbox"/> Both <input type="checkbox"/> Informal	<input type="checkbox"/> Formal <input type="checkbox"/> Both <input type="checkbox"/> Informal	<input type="checkbox"/> Formal <input type="checkbox"/> Both <input type="checkbox"/> Informal
Frequency of contact	<input type="checkbox"/> Daily <input type="checkbox"/> Quarterly <input type="checkbox"/> Weekly <input type="checkbox"/> Yearly <input type="checkbox"/> Monthly	<input type="checkbox"/> Daily <input type="checkbox"/> Quarterly <input type="checkbox"/> Weekly <input type="checkbox"/> Yearly <input type="checkbox"/> Monthly	<input type="checkbox"/> Daily <input type="checkbox"/> Quarterly <input type="checkbox"/> Weekly <input type="checkbox"/> Yearly <input type="checkbox"/> Monthly
Length of time known	<input type="checkbox"/> < 1 year <input type="checkbox"/> 6-20 years <input type="checkbox"/> 1-5 years <input type="checkbox"/> > 20 years	<input type="checkbox"/> < 1 year <input type="checkbox"/> 6-20 years <input type="checkbox"/> 1-5 years <input type="checkbox"/> > 20 years	<input type="checkbox"/> < 1 year <input type="checkbox"/> 6-20 years <input type="checkbox"/> 1-5 years <input type="checkbox"/> > 20 years
Role (more than one response possible)	<input type="checkbox"/> Advice <input type="checkbox"/> Information <input type="checkbox"/> Negotiation <input type="checkbox"/> General Chat <input type="checkbox"/> Problem solving <input type="checkbox"/> Instructions <input type="checkbox"/> Other _____	<input type="checkbox"/> Advice <input type="checkbox"/> Information <input type="checkbox"/> Negotiation <input type="checkbox"/> General Chat <input type="checkbox"/> Problem solving <input type="checkbox"/> Instructions <input type="checkbox"/> Other _____	<input type="checkbox"/> Advice <input type="checkbox"/> Information <input type="checkbox"/> Negotiation <input type="checkbox"/> General Chat <input type="checkbox"/> Problem solving <input type="checkbox"/> Instructions <input type="checkbox"/> Other _____
Topic (more than one response possible)	<input type="checkbox"/> Strategic mgt. <input type="checkbox"/> Customer Service <input type="checkbox"/> Supply <input type="checkbox"/> Marketing <input type="checkbox"/> Sales <input type="checkbox"/> Regulation <input type="checkbox"/> Finance <input type="checkbox"/> Pricing <input type="checkbox"/> Other _____	<input type="checkbox"/> Strategic mgt. <input type="checkbox"/> Customer Service <input type="checkbox"/> Supply <input type="checkbox"/> Marketing <input type="checkbox"/> Sales <input type="checkbox"/> Regulation <input type="checkbox"/> Finance <input type="checkbox"/> Pricing <input type="checkbox"/> Other _____	<input type="checkbox"/> Strategic mgt. <input type="checkbox"/> Customer Service <input type="checkbox"/> Supply <input type="checkbox"/> Marketing <input type="checkbox"/> Sales <input type="checkbox"/> Regulation <input type="checkbox"/> Finance <input type="checkbox"/> Pricing <input type="checkbox"/> Other _____
Importance of contact Please circle appropriate number	5 4 3 2 1 5 = very important	5 4 3 2 1 5 = very important	5 4 3 2 1 5 = very important

Globalisation of Tourism

	Contact 4	Contact 5	Contact 6
Name	_____	_____	_____
Position	_____	_____	_____
Company/ Organisation	_____	_____	_____
Location	_____	_____	_____
Direction in production chain	<input type="checkbox"/> Upstream <input type="checkbox"/> Horizontal <input type="checkbox"/> Down-stream <input type="checkbox"/> Not applicable	<input type="checkbox"/> Upstream <input type="checkbox"/> Horizontal <input type="checkbox"/> Down-stream <input type="checkbox"/> Not applicable	<input type="checkbox"/> Upstream <input type="checkbox"/> Horizontal <input type="checkbox"/> Down-stream <input type="checkbox"/> Not applicable
Type of relationship	<input type="checkbox"/> Formal <input type="checkbox"/> Both <input type="checkbox"/> Informal	<input type="checkbox"/> Formal <input type="checkbox"/> Both <input type="checkbox"/> Informal	<input type="checkbox"/> Formal <input type="checkbox"/> Both <input type="checkbox"/> Informal
Frequency of contact	<input type="checkbox"/> Daily <input type="checkbox"/> Quarterly <input type="checkbox"/> Weekly <input type="checkbox"/> Yearly <input type="checkbox"/> Monthly	<input type="checkbox"/> Daily <input type="checkbox"/> Quarterly <input type="checkbox"/> Weekly <input type="checkbox"/> Yearly <input type="checkbox"/> Monthly	<input type="checkbox"/> Daily <input type="checkbox"/> Quarterly <input type="checkbox"/> Weekly <input type="checkbox"/> Yearly <input type="checkbox"/> Monthly
Length of time known	<input type="checkbox"/> < 1 year <input type="checkbox"/> 6-20 years <input type="checkbox"/> 1-5 years <input type="checkbox"/> > 20 years	<input type="checkbox"/> < 1 year <input type="checkbox"/> 6-20 years <input type="checkbox"/> 1-5 years <input type="checkbox"/> > 20 years	<input type="checkbox"/> < 1 year <input type="checkbox"/> 6-20 years <input type="checkbox"/> 1-5 years <input type="checkbox"/> > 20 years
Role (more than one response possible)	<input type="checkbox"/> Advice <input type="checkbox"/> Information <input type="checkbox"/> Negotiation <input type="checkbox"/> General Chat <input type="checkbox"/> Problem solving <input type="checkbox"/> Instructions <input type="checkbox"/> Other _____	<input type="checkbox"/> Advice <input type="checkbox"/> Information <input type="checkbox"/> Negotiation <input type="checkbox"/> General Chat <input type="checkbox"/> Problem solving <input type="checkbox"/> Instructions <input type="checkbox"/> Other _____	<input type="checkbox"/> Advice <input type="checkbox"/> Information <input type="checkbox"/> Negotiation <input type="checkbox"/> General Chat <input type="checkbox"/> Problem solving <input type="checkbox"/> Instructions <input type="checkbox"/> Other _____
Topic (more than one response possible)	<input type="checkbox"/> Strategic mgt. <input type="checkbox"/> Customer Service <input type="checkbox"/> Supply <input type="checkbox"/> Marketing <input type="checkbox"/> Sales <input type="checkbox"/> Regulation <input type="checkbox"/> Finance <input type="checkbox"/> Pricing <input type="checkbox"/> Other _____	<input type="checkbox"/> Strategic mgt. <input type="checkbox"/> Customer Service <input type="checkbox"/> Supply <input type="checkbox"/> Marketing <input type="checkbox"/> Sales <input type="checkbox"/> Regulation <input type="checkbox"/> Finance <input type="checkbox"/> Pricing <input type="checkbox"/> Other _____	<input type="checkbox"/> Strategic mgt. <input type="checkbox"/> Customer Service <input type="checkbox"/> Supply <input type="checkbox"/> Marketing <input type="checkbox"/> Sales <input type="checkbox"/> Regulation <input type="checkbox"/> Finance <input type="checkbox"/> Pricing <input type="checkbox"/> Other _____
Importance of contact Please circle appropriate number	5 4 3 2 1 5 = very important	5 4 3 2 1 5 = very important	5 4 3 2 1 5 = very important



Please turn over



Globalisation of Tourism

	Contact 7	Contact 8	Contact 9
Name	_____	_____	_____
Position	_____	_____	_____
Company/ Organisation	_____	_____	_____
Location	_____	_____	_____
Direction in production chain	<input type="checkbox"/> Upstream <input type="checkbox"/> Horizontal <input type="checkbox"/> Down-stream <input type="checkbox"/> Not applicable	<input type="checkbox"/> Upstream <input type="checkbox"/> Horizontal <input type="checkbox"/> Down-stream <input type="checkbox"/> Not applicable	<input type="checkbox"/> Upstream <input type="checkbox"/> Horizontal <input type="checkbox"/> Down-stream <input type="checkbox"/> Not applicable
Type of relationship	<input type="checkbox"/> Formal <input type="checkbox"/> Both <input type="checkbox"/> Informal	<input type="checkbox"/> Formal <input type="checkbox"/> Both <input type="checkbox"/> Informal	<input type="checkbox"/> Formal <input type="checkbox"/> Both <input type="checkbox"/> Informal
Frequency of contact	<input type="checkbox"/> Daily <input type="checkbox"/> Quarterly <input type="checkbox"/> Weekly <input type="checkbox"/> Yearly <input type="checkbox"/> Monthly	<input type="checkbox"/> Daily <input type="checkbox"/> Quarterly <input type="checkbox"/> Weekly <input type="checkbox"/> Yearly <input type="checkbox"/> Monthly	<input type="checkbox"/> Daily <input type="checkbox"/> Quarterly <input type="checkbox"/> Weekly <input type="checkbox"/> Yearly <input type="checkbox"/> Monthly
Length of time known	<input type="checkbox"/> < 1 year <input type="checkbox"/> 6-20 years <input type="checkbox"/> 1-5 years <input type="checkbox"/> > 20 years	<input type="checkbox"/> < 1 year <input type="checkbox"/> 6-20 years <input type="checkbox"/> 1-5 years <input type="checkbox"/> > 20 years	<input type="checkbox"/> < 1 year <input type="checkbox"/> 6-20 years <input type="checkbox"/> 1-5 years <input type="checkbox"/> > 20 years
Role (more than one response possible)	<input type="checkbox"/> Advice <input type="checkbox"/> Information <input type="checkbox"/> Negotiation <input type="checkbox"/> General Chat <input type="checkbox"/> Problem solving <input type="checkbox"/> Instructions <input type="checkbox"/> Other _____	<input type="checkbox"/> Advice <input type="checkbox"/> Information <input type="checkbox"/> Negotiation <input type="checkbox"/> General Chat <input type="checkbox"/> Problem solving <input type="checkbox"/> Instructions <input type="checkbox"/> Other _____	<input type="checkbox"/> Advice <input type="checkbox"/> Information <input type="checkbox"/> Negotiation <input type="checkbox"/> General Chat <input type="checkbox"/> Problem solving <input type="checkbox"/> Instructions <input type="checkbox"/> Other _____
Topic (more than one response possible)	<input type="checkbox"/> Strategic mgt. <input type="checkbox"/> Customer Service <input type="checkbox"/> Supply <input type="checkbox"/> Marketing <input type="checkbox"/> Sales <input type="checkbox"/> Regulation <input type="checkbox"/> Finance <input type="checkbox"/> Pricing <input type="checkbox"/> Other _____	<input type="checkbox"/> Strategic mgt. <input type="checkbox"/> Customer Service <input type="checkbox"/> Supply <input type="checkbox"/> Marketing <input type="checkbox"/> Sales <input type="checkbox"/> Regulation <input type="checkbox"/> Finance <input type="checkbox"/> Pricing <input type="checkbox"/> Other _____	<input type="checkbox"/> Strategic mgt. <input type="checkbox"/> Customer Service <input type="checkbox"/> Supply <input type="checkbox"/> Marketing <input type="checkbox"/> Sales <input type="checkbox"/> Regulation <input type="checkbox"/> Finance <input type="checkbox"/> Pricing <input type="checkbox"/> Other _____
Importance of contact Please circle appropriate number	5 4 3 2 1 5 = very important	5 4 3 2 1 5 = very important	5 4 3 2 1 5 = very important

Q1: To whom do you most often turn for information? _____

Q2: With whom do you most often discuss operational issues in the course of a month?

Q3: Please name the issue, which has caused most contact with government officials.
One issue for each government (national, regional, insular).

National Government Regional Government Consell de Mallorca

Q4: Whom do you contact if you have a problem with government policies or regulations?
Name one person for the regional and insular governments each.

National Government Regional Government Consell de Mallorca

Q5: Please write the number of contacts (regarding package tourism to Mallorca) you have to each of the following organisations/businesses in the matrix.

	Balearic Gov.	Council of Mallorca	Regional Tourist Board	Outbound Tour Operator*	Inbound Tour Operator*	Hotel Company*	HQ of Parent Corp.
Number of Contacts							

* Please note only contacts in businesses belonging to your parent corporation

If you have any comments you would like to make about this survey on business networks of large vertically integrated tourism corporations, please write them on this page

Your contribution to this research project is greatly appreciated.
Please return your questionnaire in the pre-paid envelope provided.
If the envelope has been mislaid, please forward to:
Jan Mosedale, Address



Appendix 3

Interview Protocol (Government)

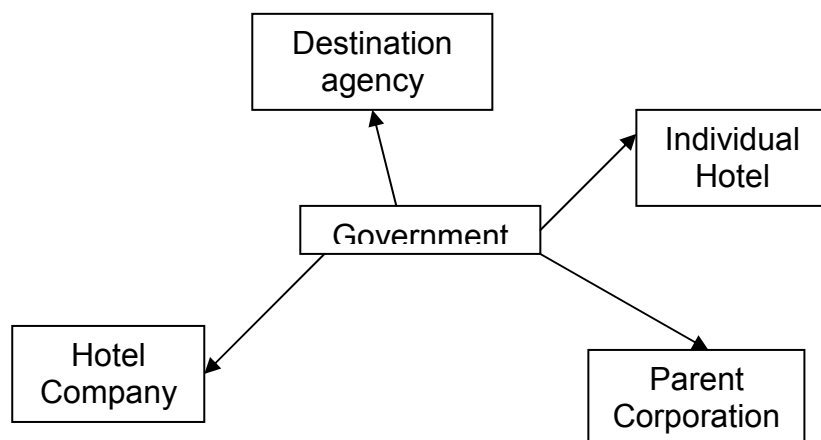
A. Business networks

Follow-up from small survey

A1: How important are informal contacts?
On what occasions do you meet?
Names?

A2: How does information get transferred between your firm and the governments?
Probe: Regional meetings, individual meetings, memos, informal chats, newsletters, emails

A3: What kind of information is shared in different relationships?



Interview Protocol (Governments)

B. Structural embeddedness

B1: How important is a specific tourism corporation for this destination? What role does that company play?

B2: Any problems/concerns with specific tourism companies?

B3: Do you think the industry dynamics have changed over time?
If yes, did you adjust your policies or regulations?

B4: Did your relationships to tourism companies change concurrently?
e.g. higher access, closer contact,

B5: How do your policies or regulations compare to other Spanish destinations/and other sun, sand and sea destinations?

B6: How do you see the development of the industry in Germany and Britain affect tourism in Mallorca?

Interview Protocol (Governments)

C. Political embeddedness

C1: What role do tourism companies expect you to fulfil?

Probe:

C2: How does government respond to these demands by tourism corporations?

C3: In return, what type of help/support do you get from tourism corporations?

C4: How do you see the future tourism development of Mallorca?

C5: Is that compatible with the plans of tourism corporations?

C6: How are conflicts resolved? E.g. ecotax
How did companies react to the ecotax?

Issues:

- Marketing
- Ecotax
- Cladera

Interview Protocol (Governments)

D. Regulation

D1: How do the different scales of regulation (European, national, regional and local) link one with the other?

D2: Do you think that there is any conflict between the types of regulation (European, national, regional and local) and the different spatial scales at which they operate?

D3: How do you regulate or influence (positive or negative) the development of large tourism corporations?

D4: Are you satisfied with your regulatory powers?

D5: In your opinion, does the changing industry structure (consolidation & vertical integration) change the effectiveness of regulations?

D4: How has your ability to influence tourism development in Mallorca changed over the last 30 years? E.g. role, scale, type of regulation

D5: How do the tourism corporations react to regulation?

Regulation

- National: Lei de Costes
- Regional: Decret Claderas I & II; Pla d'Ordenació de L'Oferta Turística (1995); Directius d'Ordenació Territorial (1997)
- Insular: Ecotax, Pla Territorial Insular de Mallorca

D6: How does the regulatory system mediate between the interests of tourism development and of sustainable development?

D7: Are there areas where regulation and tourism development policies conflict in practice and/or in principle?

Appendix 4

Interview Protocol (Regional Manager)

A. Business networks

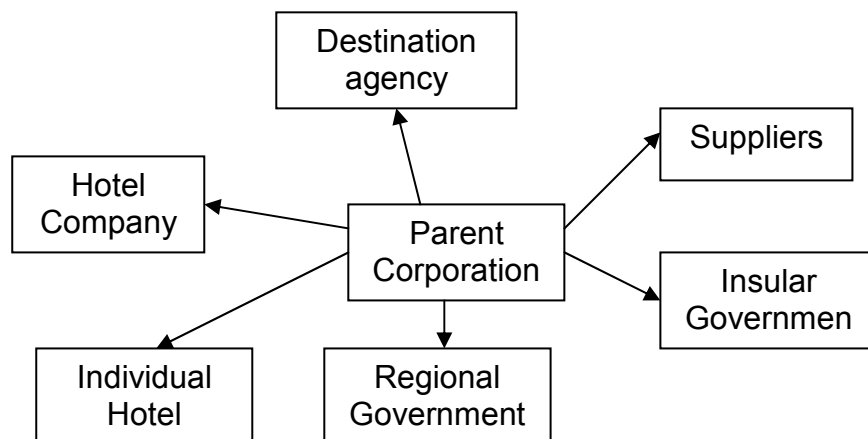
Follow-up from small survey

A1: How important are informal contacts?
On what occasions do you meet?
Names?

A2: How does information get transferred from a subsidiary to the parent company or between subsidiaries?
Probe: Regional meetings, individual meetings, memos, informal chats, newsletters, emails

A3: How does information get transferred between your firm and the governments?

A4: What kind of information is shared in different relationships?



Interview Protocol (Regional Manager)

B. Structural embeddedness

B1: Are you aware of any restrictions on foreign direct investment in the destination?

B2: Do you know of any problems/concerns with regulations, taxes, investments, working conditions in the destination?

Issues:

- Marketing
- Ecotax
- Cladera

B3: How do regulations compare to other Spanish destinations and other sun, sand and sea destinations?

B4: In your opinion, which scale of regulation is more important for the firm? EU, National, Regional, Local?

B5: How important is this destination for the tourism corporation?
Why is this particular destination important for the corporations?

Interview Protocol (Regional Manager)

C. Political embeddedness

C1: What role do you want the government to fulfil?

C2: What type of help/support do you get from the government in order to invest in the destination or feature it in their brochures?

C3: What access do you have to the governments (national, regional, insular) and governance?

C4: How do you see the future tourism development of Mallorca?

C5: In your opinion, is that compatible with the plans of the governments?

C6: How are conflicts resolved? E.g. ecotax
How did companies react to the ecotax?

Issues:

- Marketing
- Ecotax
- Cladera

Interview Protocol (Regional Manager)

D. Regulation

D1: In your opinion, which regulation has the most significant impact on your company's operations?

D2: How does your corporation respond to this regulation?

D3: Do you think that there is any conflict between the types of regulation (European, national, regional and local) and the different spatial scales at which they operate?

D4: How has your ability to influence tourism development in Mallorca changed over the last 30 years? E.g. role, scale, type of development

D5: Are there areas where regulation and tourism development policies conflict in practice and/or in principle?