



'Impacts of Tourism-related Foreign Direct Investment in Barbados: Local Experienced 'Realities'

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**'Impacts of Tourism-related Foreign Direct Investment in Barbados: Local
Experienced 'Realities'**

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Abstract

This study examines the impacts of tourism-related foreign direct investment (TFDI) as perceived by local people, drawing on their experienced 'realities'. In an attempt to capture a more holistic picture of TFDI impacts, it takes a multi-stakeholder approach. Emphasis is placed on local residents, however the study includes perspectives of resort hotel employers, locally-based suppliers, investors, policy-makers, tourism and business association representatives, local residents who are TFDI resort hotel employees, and local residents who are non-TFDI employees. The research is situated in the context of Barbados, a tourism-dependent, small island developing state - a tourist destination that remains under-researched by tourism scholars.

The idea that reality is open to multiple interpretations through lived experiences underpins the ethos of this thesis. It is guided by an interpretive approach with the purpose to capture different 'experienced realities' of local impacts of TFDI in Barbados. In order to extend current TFDI knowledge, this study uses qualitative data as opposed to applying econometric analysis which is generally adopted in TFDI studies. Qualitative expert and empirically informed in-depth interviews are used to develop an understanding of organisational behaviour in relation to resort hotels as examples of TFDI employers, alongside semi-structured interviews with locally-based suppliers, investors, policy-makers, and tourism and business association representatives. Additionally, the use of focus group interviews with resort hotel employees and local residents allow for a broad spread of views to be captured whilst placing emphasis on personal experiences, interpretations and views on the consequences of tourism development through FDI.

The study showed that the perceived enhanced economic development options for Barbados' tourism sector and local communities, as well as employment opportunities for locals, and Barbados global investment reputation are reasons that Barbados focuses its attention on TFDI. Value for money, in terms of investment concessions, is the primary motivation for TFDIs to invest in Barbados. Key TFDI impacts from previous research were confirmed in the realities experienced by all stakeholders in this research namely impacts on demand patterns, capital, technology, skills formation, local firms, and policy implications. It may be argued that the perceptions gathered during this research study are not merely a reflection on the self-interests of each stakeholder group. The power dynamics between groups, namely, foreign-owned investors and the government was a highlighted theme by a number of stakeholders, including local residents.

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List of Abbreviations and Acronyms

ANT	Actor Network Theory
BCSL	The Barbados Conference Services Ltd
BHTA	Barbados Hotel and Tourism Association
BMCs	Borrowing Member Countries
BRIC	Brazil, Russia, India and China
BPI	Barbados Port Inc.
BTI	Barbados Tourism Inc.
BTII	The Barbados Tourism Investment Inc.
CARICOM	The Caribbean Community
CDB	Caribbean Development Bank
CSR	Corporate Social Responsibility
ECLAC	Economic Commission for Latin America and the Caribbean
EIA	environmental impact assessment
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GOB	The Government of Barbados
IB	Invest Barbados
IDB	International Development Bank
IMF	The International Monetary Fund
LEDCs	Less Economically Developed Countries
LEED	Leadership in Energy and Environmental Design
M & As	Mergers and Acquisitions
MICE	Meetings, Incentives, Conferences, and Events
MOT	Ministry of Tourism
MOU	Memorandum of Understanding
MTI	The Ministry of Tourism and International Transport
ODI	Organisational Development International
OECD	Organisation for Economic Development and Cooperation
RevPAR	Revenue per Available Room
SET	Social Exchange Theory
SIDS	Small Island Developing States

SRI	Sandals Resorts International
TFDI	Tourism-related Foreign Direct Investment
TNCs	Trans-National Corporations
TSA	tourism satellite accounting systems
UN	United Nations
UNCTAD	The United Nations Council for Tourism and Development
UNWTO	The World Tourism Organization
UWI	The University of the West Indies
VAT	Value Added Tax
WTTC	The World Travel & Tourism Council

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Chapter 1: Introduction

1.1 Background and rationale

For many years it was commonly believed that wealth through tourism development would eventually 'trickle down' and benefit the local community through multiple channels such as employment, public welfare, and family network (Zeng *et al*, 2008). Critics of the neo-liberal paradigm have challenged the magnitude of anticipated multiplier effects (Oppermann and Chon, 1997; Scheyvens, 2007; Mosedale, 2011) and questioned the extent to which the development of tourism increases inequality between countries and *"between those involved and not involved in tourism within destinations"* (Spenceley and Meyer, 2012, p.300).

There are, thus, question marks over the socio-economic impacts of politico-economic strategies that aim to stimulate economic growth, not least the spill-over or transfer effects of foreign direct investment (FDI), most succinctly defined as *"the injection of foreign funds into an enterprise that operates in a different country of origin from the investor"* (Economy Watch, 2010: online) distinguished from a foreign portfolio investment by virtue of direct control. In the context of tourism, FDI has been acknowledged to be *"one of the routes through which developing countries can carry out tourism"* yet, *"its implications, have been relatively little studied"* (UNCTAD, 2007, p. xi).

This study focuses on the impacts of tourism-related foreign direct investment (TFDI) as perceived by local people, drawing on their experienced 'realities'. These realities are subjective perceptions within the objective reality in peoples' experiences. They are impacts that affect people's realities. The study adopts a multi-stakeholder approach, seeking to capture a more holistic picture of TFDI impacts from the perspectives of different social groups: resort hotel employers; locally-based suppliers; investors, policy-makers, tourism and business association representatives; local residents who are TFDI resort hotel employees; and local residents who are non-TFDI employees. However, particular emphasis is placed on local residents. The research is situated in the context of Barbados, a tourism-dependent, small island developing state - a destination that remains under-researched by tourism scholars.

1.2 Research Questions

The aim of this study is to analyse the local impacts of tourism-related FDI (TFDI) in a small island tourism-dependent economy, and to critically consider these impacts in the light of 'real' impacts as perceived by local people. There are three broad intentions of the research: (1) to identify the primary motivations as to why TFDI is being encouraged within a small island tourism dependent economy; (2) to examine the impacts that TFDI has on local people; and (3) to explore local peoples' subjective evaluations (i.e. subjective perceptions of objective realities) of TFDI impacts. These three focal points or themes will allow for an emphasis on personal experiences, interpretations and views on the consequences of tourism development through FDI, particularly in the context of a small island economy. Based on these broad intentions of the research, the specific research questions for this study are:

1. What are the perceived impacts of TFDI on Barbados according to a range of stakeholder perspectives?
2. Are currently known impacts of TFDI relevant to the case of Barbados?
3. Are there relationships between perceived impacts and evidence from previous, traditionally quantitative TFDI impact studies?

A subjective ontology to 'reality' is adopted. Reality exists but is experienced and open to subjective interpretation rather than fixed (epistemological realism). It is conceived that TFDI exists but the nature of its impacts are open to multiple perceptions or cognitive subjective interpretations, in line with a realist epistemology. The nature of being (ontology) is viewed as subjective with reality being open to multiple views or perceptions, shaped by personal experiences of individuals. This research study takes a critical realist ontological stance, which reflects the researcher's view of reality; that there is a mind-independent external reality and that it can be known or accessed but this happens cognitively by individuals. Critical realism denies that there is any certain knowledge of the world, and accept the possibility of alternative valid accounts of any phenomenon. In other words, there are different valid perspectives on reality. In his classical statement, Sapir (1958) argued that "the worlds that different societies live in are different worlds, not simply the same world with

different labels attached” (1958:69). This coincides with the research aims and objectives, which propose to analyse facts, and the interpretation of facts, by various respondents (Chapter 4, page 72).

The perceptions of residents will be presented as their subjective, experienced 'realities' but they will also be considered alongside secondary data sources and official views (as presented in Chapter 3) (see Chapter 4, page 73-74).

1.3 Research aim

Foreign Direct Investment (FDI) is viewed as a tool for economic growth but also often as a panacea for all ills. It comes with both costs and benefits. While it has the potential to raise productivity, generate employment, enhance competitiveness of the domestic economy through transfer of skills and technology, reinforce infrastructure and contribute to the long-term socio-economic development, concerns of profit “leakages” and the repatriation of funds must also be acknowledged. As a result, the aim of this study is to determine the impacts of tourism-related FDI on local people, while taking into consideration experienced realities of local TFDI impacts.

1.4 Research objectives

There are five specific research objectives:

1. To present a critical review of existing literature pertaining to local impacts and resident perceptions of TFDI in tourism-dependent destinations. This will aid in setting the theoretical context of the study and identify knowledge gaps in the literature.
2. To develop a qualitative and quantitative research design to enable experienced 'realities' of local TFDI impacts to be captured.

3. To examine the operations and management of TFDI in Barbados. This will take into account secondary data and the first-hand views of resort hotel companies based in the destination on location-specific factors and intended TFDI impacts.
4. To critically evaluate the ‘realities’ of TFDI as experienced by hotel resort employees and other local residents and to identify relationships between these perceptions and currently known impacts of TFDI.
5. To determine any links between local impacts of TFDI revealed in this research study and evidence from previous, traditionally quantitative TFDI impact studies.

1.5 Motivations for the study

This research has the potential to contribute to the academic understanding of local peoples’ experienced realities of TFDI impacts in a tourism-dependent small island setting. The reason for examining tourism impacts in Barbados has to do with personal interest, which has been confirmed by my previous research. Through carrying out research work with a focus on Barbados, I began to discover a new interest in tourism development, in particular, and, more specifically, the role of FDI in a tourism destination. Living in Barbados and hearing comments about how foreign investors are taking over the island without contributing to the economy, I thought it would be interesting to examine if this is a commonly-held perception in Barbados. Furthermore, I wanted to gain a deeper insight into the locally experienced impacts of TFDI. My initial readings of previous TFDI studies revealed few studies that examined local and resident perceptions. This was thus a starting point of interest for my research. In addition to being motivated by my personal interest in the topic area, I was afforded access to study participants in Barbados, a tourism-dependent SIDS where tourism is officially recognised to hold importance in the nation's socio-economic development.

Tourism is Barbados’ main economic driver generating 50% of its foreign exchange earnings (BTI, 2015) and accounting for 12.9% of GDP (WTTC, 2017). International hotel chains and tour operators have shown interest in Barbados as a tourism destination since the 1960s. With an increase in visitor demand, the Barbados government saw the potential of the tourism

industry to diversify its economy. There has been significant FDI in Barbados, mainly in the development and sales of real estate, hotels and condominiums. FDI peaked in 2007 with \$675.6 million of which real estate transactions accounted for over 60% (Central Bank of Barbados, 2010). Due to external shocks such as the global economic downturn, FDI in Barbados declined to from a pre-crisis average of USD \$403 million in 2005-2007 to USD \$254 million in 2015 (UNCTAD, 2016). Barbados' 'plantocracy' (the Europeans who owned most of the land and slaves in West Indian Colonies) is mainly involved in tourism indirectly through ownership of land, commerce, seaport, tax-free outlets and construction companies. The Barbados government is officially committed to ensuring that tourism will improve the life and economic development of the people of Barbados (Barbados Tourism Master Plan, 2014) and has a comprehensive social development policy emphasising human capital development.

There remain notably few studies on TFDI and, where research exists, the focus has been mainly on the overall structure (see for example, Tang *et al.*, 2007; Subbarao, 2008; Tiwari, 2011) and the political economy of TFDI (see for example, Endo, 2006; Steiner, 2010). Broad scholarly attention has been paid to the socio-economic consequences of tourism on local peoples' lives, however little empirical evidence exists on the importance of local impacts of TFDI. A notable exception is the work of UNCTAD (2007), arguing a need for tourism '*... to be managed carefully if it is to yield the desired benefits without undermining the local economy and the environment, social traditions and cultural resources*'. In the context of tourism-dependent, small island developing states (SIDS), Scheyvens and Momsen (2008 as cited in Alam and Paramati, 2016, p.114) have argued that '*although tourism has a significant contribution to economic development, it does not have a considerable influence on poverty alleviation...In fact, in some [small island developing] states, tourism increases existing income inequalities*'. To date, however, it is difficult to locate academic research that specifically focuses on the experienced local impacts of TFDI in SIDS, highlighting a discernible research gap to which this study intends to contribute.

1.6 Research Context

FDI has become a key component of national development strategies for many countries around the world. According to UNCTAD's World Investment Report (2010), FDI is growing fastest in less economically developed countries (LEDCs), and new opportunities for socio-economic development are being offered. Most notably, sources of investment stem

from the traditional locations of 'the north' but have expanded to include 'southern' investors (Barrowclough, 2007). The tourism sector has been increasingly prioritised as a potential path for economic and human development in LEDCs (Ashley *et al*, 2007). However, there are concerns about the power that trans-national corporations (TNCs) wield over destinations (Hall, 2009) and the fear is that due to so-called 'leakages' the share of local gains from tourism is often small (UNCTAD, 2007). Indeed, as Meyer (2006b, p.4) has noted, *'The potential of tourism as a local development option has been criticised due to persistent claims that the industry is plagued by high import content and subsequently high leakages'*.

FDI, in general, has been praised for being able to help countries *'to break out of the vicious cycle of under development'* (Moran, 1998:19) through the creation of employment and the supply of capital and resources such as managerial skills, technological and, marketing and promotion assets (UNCTAD, 2007). On the other hand, FDI has also received criticism, not only for economic 'leakages' but also for the possibility that it obstructs policies regulating the migration of labour, wage policies, and other laws that hinder socially undesirable practices (see for example, Tambunan, undated; Blomström and Kokko, 2003; Görg and Greenaway, 2004; Nunnenkamp, 2004). Hence, in tourism-dependent countries, efforts need to be directed towards the creation of linkages that can lead to benefits for local people through TFDI. In a Caribbean context, the WTTC (undated, cited in Meyer 2006a, p.1) has outlined the case for paying attention to local tourism impacts:

'There is fairly widespread concern that the benefits from tourism in the Caribbean might not be reaching those who need them most and that, despite the impressive growth statistics, tourism is not doing as much as it could to relieve existing problems of unemployment, poverty and social dislocation'.

FDI plays an important role in the global economy and many developing countries consider it to be a fundamental source for development. Econometric analyses of FDI and economic development are well-established, but their conclusions remain unclear; some analyses indicate a positive impact on local economies while other analyses remain pessimistic. Little is known about the extent of FDI in tourism at large and, more specifically, in small island developing states (SIDS). Furthermore, evaluation of its local impacts is lacking.

According to the UNCTAD (2010), SIDS should be recognised to be a distinct group of developing countries facing specific social, economic and environmental vulnerabilities. More specifically, they face issues of a small domestic market, lack of scale and high

transport costs (Singh, 2008). This has ultimately led to the end of the export industries, forcing these states to rely on their natural resources of sun, sea and sand; and as stated in Singh (2008), the perceived competitive advantage that tourism should provide. In terms of level of development, there is however potential for SIDS to grow their share of tourism revenue. Between 1990 and 2016 developing countries as tourism destinations increased their share of international tourism receipts from 18% to 40% (UNWTO, 2017). Furthermore, the United Nations World Tourism Organization (UNWTO) has predicted that by 2020 there will be 1.6 billion tourists; up from 0.8 billion in 2006 and, at the current rate of growth, the majority of these will be visiting developing market destinations (Barrowclough, 2007). With a focus on Barbados, tourism is credited with helping to diversify Barbados' economy away from traditional commodity-based activities (mainly sugar) and the country has enjoyed rapid tourism growth, adding weight to its recognition from government as a key economic sector (Barbados Ministry of Finance and Economic Affairs, 2011).

There are still inconclusive arguments for and against the role of FDI inflows in enhancing economic growth and human development in any country. Whether FDI inflows are beneficial or not to socio-economic growth and what governments should do to attract and use FDI inflows effectively, is still a matter of considerable debate. For this study, a qualitative analysis of the local impacts of TFDI is more appealing and practical than taking an econometric approach since the central question of this research is: 'what are the 'realities' of TFDI for local people in Barbados?' A richer, in-depth analysis is important to help strategic players in their ability to further enhance human and tourism development, by minimising the negative and increasing the positive impacts of TFDI.

Local impacts of tourism and TFDI are perhaps different between SIDS and other geographical locations given the economic challenges, remoteness and livelihood trajectories of the destination areas. However, although local-level perceptions of tourism have been widely examined in a range of peripheral contexts (including, Sharpley, 2014; Almeida-Garcia *et al*, 2016), few studies have been carried out in SIDS (see for example, Nunkoo and Ramkissoon, 2011; Simão and Mósso, 2013). This is despite emphasis placed on the importance of tourism to SIDs. Furthermore, although research has shown that TFDI is beneficial to tourism-dependent nations, few studies have focused on local interpretations or 'experienced realities' of TFDI impacts. This study aims to contribute to that gap in knowledge.

1.7 Research contribution

As discussed in Chapter 2, there is considerable literature on the impact of FDI and growth generally but there are a limited number of studies on FDI within the field of tourism and even fewer studies that focus on the context of SIDS. The attention of these studies has been mainly on the overall structure of TFDI (see for example, Endo, 2006) where available FDI stock data has been utilised by calculating FDI flows over a period of time to analyse and reveal the pattern and scale of FDI in tourism. This type of analysis can help inform the role and significance of TFDI in countries where data is available. Yet, whilst detailed country FDI statistics are available from more developed countries, there remain challenges to presenting an accurate picture in countries with little or no available data, such as is the case with Barbados. This is another reason why a study relating to TFDI in Barbados needs to essentially include qualitative data.

Extensive studies of the relationship between FDI and tourism are few (see for example, ODI, 2006; Tang *et al*, 2007). However, the question of the impact of FDI on tourism has captured the attention of researchers in the past and it must be noted that authors have been generally negative in their assessments (see for example, Weaver, 1988; Harrison, 1992a, 1992b; Oppermann, 1993; Freitag, 1994; Thompson *et al*, 1995; Brohman, 1996; Clancy, 1999; Tosun, 1999).

The political economy of TFDI has also been studied in countries such as Greece, Ghana, Turkey, Vietnam and the Middle East (see for example, Buckley and Papadopoulos, 1988; Buckley and Geyikdagi, 1996; Haley and Haley, 1997; Sadi and Henderson, 2001; Barrowclough, 2007). However, although some of these studies have focused on the role of FDI, they have explored the issues encased within tourism development using different terminology. TFDI has been further investigated in relation to economic growth (Jenkins and Thomas, 2002; Tang *et al*, 2007; Kyrkilis *et al*, 2009) but the impacts of TFDI in the context of SIDS have been examined to a lesser extent (Barrowclough, 2007; Read, 2007).

Barrowclough's (2007) study is a global study that draws on findings from UNCTAD's two-year study based on a global survey of transnational hotel groups present in developing countries, and in-depth case studies of domestic and international investment in tourism in twelve countries. The project aimed to provide empirical evidence to help policy-making in

developing countries that wish to benefit more from TFDI. The determinants of the inflows of FDI more generally to SIDS were analysed by Read (2007). The analysis was undertaken in the context of existing literature on determinants of FDI inflows while incorporating insights drawn from research on the determinants of growth in small states. These studies have analysed impacts and dimensions of FDI in SIDS, including in Barbados. However, this PhD research study intends to add to these studies by identifying 'real' impacts as experienced by local residents, alongside consideration of the viewpoints of TFDI employers, locally-based suppliers; investors, policy-makers, tourism and business association representatives.

While a lot has been written about FDI impacts on a country's economic development, it is fair to say that there has been insufficient empirical evidence linking FDI and local residents' perceptions (UNCTAD, 2007). Further research is therefore needed to understand how local people experience TFDI impacts and this type of empirical information needs to be available to policy-makers.

UNCTAD (2007) has argued that more empirical research on TFDI is needed for developing countries to make the most out of the sustainable benefits offered by TFDI and to gain awareness of appropriate policies that can be applied to maximise local gains from TFDI. This PhD thesis aims to contribute to this research gap by emphasising the voices of local residents to an investigation of impacts of TFDI in Barbados. There remains a lack of consensus in the existing literature on the impacts that FDI has on local people and there is a scarcity of research that considers local perspectives on the outcomes of TFDI in a tourism-dependent economy. Thus, in line with its declared research objectives, this thesis will specifically explore the 'realities' of TFDI as experienced by local residents and will identify relationships between these dimensions, other stakeholder viewpoints and currently known impacts of TFDI.

1.8 Research approach

The idea that there exist multiple realities and lived experiences underpins the ethos of this thesis. An interpretive approach is adopted. The purpose is to capture different 'realities' of local impacts of TFDI in Barbados. In order to extend current TFDI knowledge, as aforementioned, this study will use qualitative data as opposed to applying the research methods generally adopted in TFDI studies, such as econometric analysis (see for example

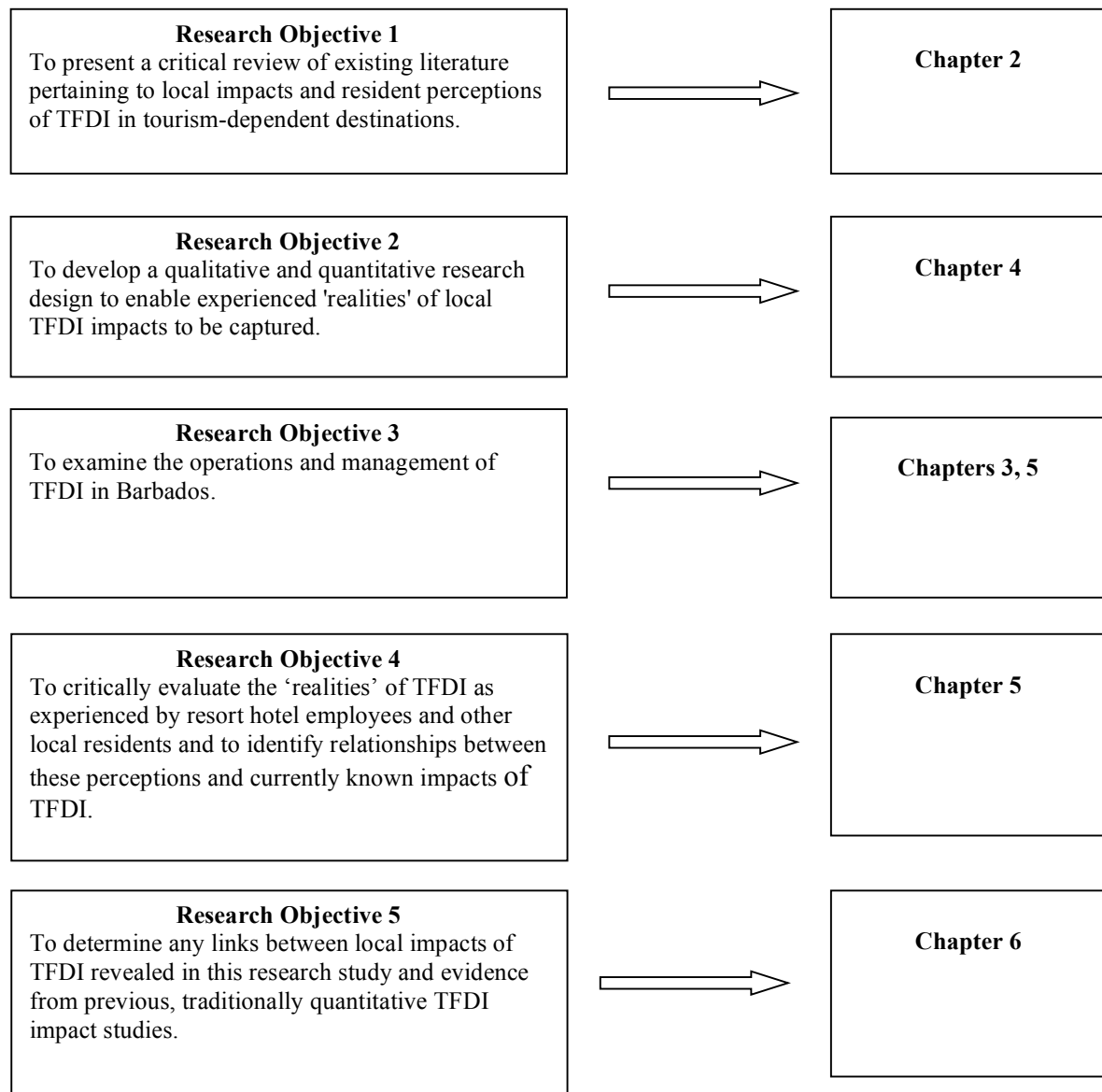
Tang *et al* 2007) and statistical analysis (see for example te Velde and Nair, 2005; Endo 2006). Qualitative expert and empirically informed in-depth interviews are used to develop an understanding of organisational behaviour in relation to resort hotels as examples of TFDI employers, alongside semi-structured interviews with locally-based suppliers, investors, policy-makers, and tourism and business association representatives. Additionally, the use of focus group interviews with resort hotel employees and local residents allow for a broad spread of views to be captured whilst placing emphasis on personal experiences, interpretations and views on the consequences of tourism development through FDI.

A case study research strategy is employed (Yin, 1994) incorporating a range of research methods - document analysis, questionnaires, semi-structured interviews and focus group interviews. The focus of the primary data collection is essentially on five social groups as 'units of observation': resort hotel employers; locally-based suppliers; investors, policy-makers, tourism and business association representatives; TFDI resort hotel employees who are local residents; and non-TFDI employee local residents of Barbados. Secondary data analysis is used to inform the geographical and policy context of the research (Chapter 3), in line with the overall 'unit of analysis' in this case study - Barbados. Etic and emic approaches are combined, in line with a desire to balance the need to capture the perspective of the social groups but to enable sense-making by researcher to achieve the overall aim of the research.

1.9 Thesis structure

Figure 1.1 provides a clear 'road-map', linking the research objectives of the study with specific thesis chapters. This study is divided into seven chapters and this section outlines the contents of each chapter.

Figure 1.1: Research objectives and corresponding thesis chapters



Chapter 2 presents a review of existing literature discussing key concepts relevant to the research study. A range of conceptual approaches with relevance to investigating the impacts of TFDI are discussed. Additionally, Chapter 2 presents a more detailed analysis of existing studies which have explored impacts of TFDI in destinations globally and the inter-relationships between tourism and destination development. The literature review is divided in two main sections. The first section discusses FDI in general and highlights the main concepts and debates. This discussion is narrowed down to focus specifically on the impacts of tourism-related FDI and different forms or types of TFDI. The first section of Chapter 2 ends with a discussion of trends in TFDI and inter-relationships at macro- and micro-levels. Resident perceptions of TFDI impacts are considered in the second part of the chapter. In

particular, factors influencing local experiences of TFDI are discussed and theories of resident perceptions are examined. The overall purpose of the chapter is to assist in establishing the theoretical context of the study and the identification of gaps in the existing literature.

Chapter 3 provides the case study context to the research and includes a detailed examination of Barbados' economic dependence on tourism, government intentions surrounding TFDI in Barbados, and the nature of TFDI involvement in the country, with a specific focus on the hotel resorts sector. It draws on secondary data sources. The chapter commences by providing a general overview of Barbados' tourism industry and its primary source markets. The structure and management of the Barbadian tourism industry are considered. Evidence for this chapter is based on document analysis and available statistical data. The chapter provides the basis for the research design of the interviews with TFDI operators (resort hotel employers), discussed in Chapter 4 as part of the methodology.

Chapter 4 explains the methodological approach and the methods used in this study. The theoretical approach and the operationalisation of the research objectives are detailed. The chapter discusses the philosophy underpinning the study and its relevance to- and implications for the research. Details of the data collection and analysis processes are provided. The methods used to collect data are detailed, including questionnaires, semi-structured interviews, focus group interviews and informal interviews. The chapter also explains the thematic analysis of the data which was deducted from previous tourism FDI impact studies as well as emergent from the study respondents, as outlined in the theoretical focus of the study. The chapter stresses that emic and etic approaches were combined to enable an emphasis on personal experiences, interpretations and views on the consequences of tourism development through FDI alongside researcher framing of the research.

Chapter 5 presents the results and discussion of Phase 1 of the primary research, focused on the semi-structured interviews with TFDI resort hotel employers, locally-based suppliers, investors, policy-makers, tourism and business association representatives. In addition to providing elaboration on the research context (in line with research objective 3), experienced 'realities' are identified and these are critically evaluated to identify relationships between these dimensions and currently known impacts of TFDI (as outlined in Chapter 2).

Chapter 5 also focuses on Phase 2 results and discussion, drawing on the interviews with TFDI employees and other local residents. A number of sub-themes and themes are discussed and the socially-shared and nuanced experienced 'realities' are identified. These are critically evaluated in line with currently known impacts of TFDI in line with research objective 4.

Chapter 6 concludes the study. Here, the focus is on determining any links between local impacts of TFDI revealed in this research study and evidence from previous, traditionally quantitative TFDI impact studies. The proposed theoretical framework proposed in Chapter 3 is revisited and the overall aim of the research - to analyse the local impacts of tourism-related FDI (TFDI) in a tourism-dependent, small island developing economy in the light of the reported 'realities' of local residents. Finally, this chapter considers the limitations of the research, its contributions to knowledge, recommendations for policy-makers, and scope for further research.

Chapter 2: Literature Review

2.1 Introduction

This literature review explores the topic of TFDI and perceptions of its impacts on local residents. It aims to provide relevant background information on topics relating to FDI in tourism, drawing upon existing academic studies as well as practitioner reports. Key debates in TFDI will be emphasised and research gaps will be identified in order to establish the focus of this thesis and its contribution to academic knowledge. It is designed to provide a conceptual foundation for the discussion and is organised into two thematic sections. The first section concerns FDI generally and further focuses on TFDI. The second section concentrates on resident perceptions of TFDI and links them to its impacts. Theoretical approaches used to examine resident perceptions of tourism are discussed and applied to TFDI impacts. The chapter is concluded by highlighting the main discussions surrounding TFDI and identifying key gaps in current academic studies. The overall purpose of the chapter is to assist in establishing the theoretical context of the study and the identification of knowledge gaps in the existing literature.

2.2 Foreign Direct Investment (FDI)

While the principle of FDI is a commonly used term, definitions of FDI are noted to have a *"variety of interpretations and valuation"* (Korhonen, 2005, p.156). According to the Organisation for Economic Co-operation and Development (OECD, 1996) there is consistency in definitions of FDI used by itself and international development organisations, the United Nations Council for Tourism and Development (UNCTAD) and the International Monetary Fund (IMF). UNCTAD (2006) explains FDI as the objective of capital invested for the purpose of acquiring a lasting interest and control by a resident entity in one economy in an enterprise resident in an economy other than that of the investor. In this long-term relationship between the investor and the enterprise the crucial aspects distinguishing FDI from other types of investment are location and control. In this long-term relationship between the investor and the enterprise the crucial aspects distinguishing FDI from other types of investment are location and control. A more succinct definition of FDI is provided by Economy Watch (2010, p. online), *"the injection of foreign funds into an enterprise that operates in a different country of origin from the investor"* yet the issue of direct control should not be overlooked.

FDI is the inflow of capital into and out of a particular sector of a country and signifies direct control of an enterprise by investors. This type of investment comprises (a) settler-type investment where the investor and his/her capital moves to a country, (b) 'putting-out' investment where ownership and control resides abroad but without links to other enterprises and (c) the multinational corporation as an extension of the corporation into foreign countries (Meyer, 2003). Although a foreign direct-investor can be an individual, a group of individuals, or a government, most FDI is made by public and/or private enterprises, incorporated or unincorporated. FDI can take place either through the direct entry of foreign firms or the acquisition of existing domestic firms made with the objective of obtaining lasting interest. There is a variance in the threshold value for foreign equity ownership in different countries however a minimum of ten percent ownership and control of ordinary shares or voting stock is suggested by the OECD (1996).

The economics literature distinguishes between different forms of investment or international money movement, and foreign investment falls into the two main categories of FDI and portfolio investment (Razin and Sadka, 2007). Nonetheless, Fan (2002) argues that neo-classical economists have been unable to differentiate FDI from portfolio investment, and contends that the impact each has on a country's development has led to inadequacy in explaining FDI.

2.3 Trans National Corporations and FDI

A long history of arguments in favour of and against FDI may be recognised; it has been purported that FDI may lead to economic growth and productivity increases as a whole but the risks associated with FDI have been emphasised. Bayulgen (2010) explores these opposing views in two alternative conceptualisations of FDI impacts. The first model, 'the benign model', is eminently positive and emphasises the net addition of inputs that foreign investors may bring to a domestic setting of dynamic competition. It describes how FDI can be used to interrupt the forces which drive under-development in a country. As explained by Bayulgen (2010, p.72) it *"assumes an inherent link between increased economic interdependence, socio-economic development, and democracy"*. This modernist approach essentially argues that the presence of Trans National Corporations (TNCs) should result in an increase in efficiency, expanded output, and higher economic growth in the host country. In line with these potential benefits, TNCs have been identified one of the primary

international forces of economic, social and environmental change in the global economy. Furthermore, Bury (2001) has claimed that TNCs affect not only economic development, technology, skills, trade and employment, but also the living conditions and natural environment of billions of people.

Baylugen's second model, 'the malign model', is much more problematic and distinctly negative. It emphasises the potentially distortionary impact that foreign investors from competitive international industries may have on domestic economies that are themselves challenged by market imperfections, such as their heavy reliance on imports to drive socio-economic growth. In such cases, FDI can also have a noticeably negative impact on the host country's prospects for development. This alternative model of FDI and development emphasises the potential malign interaction between TNCs and host economies (Baylugen, 2010). It reflects much of the criticism of TNCs whereby there is a possibility that FDI leads to government-related distortions by obstructing price and profit regulations, and antitrust laws. In such cases, Viscusi *et al.* (2005) argue that this gives governments explicit ability to deny companies from merging when that merger is perceived as threatening the competitive structure of the market. Other prohibitive actions that can arise from the interaction between TNCs and host economies include the introduction of policies regulating the migration of labour, wages, and the obstruction of laws designed to prevent socially undesirable practices, like income inequality regulations. In particular, there is scope for potential negative interaction to occur between TNCs in imperfectly competitive industries and host economies with imperfectly competitive domestic markets and some researchers have suggested that FDI is a product of market imperfections. Hymer (1976), for example, has articulated his view that the emergence of TNCs is a response to an imperfect global market environment. This, he claims, was either occurring naturally or imposed by government through imposition of tariffs and foreign exchange control to protect the domestic industry.

There has been some consensus amongst researchers around the conditions and factors that facilitate FDI. Notably, Hymer (1976), Vernon (1966) and Kindelberger (1969) were of the view that barriers to entry and imperfect competition are necessary for the FDI process to be possible (as cited in Moran, 1998). Caves (1971) and Buckley and Casson (1976) extended this idea further, supporting an 'internalisation theory'. This theory postulates that for a firm to engage in FDI it must have some advantage over rival firms in other national markets. This advantage can be in the form of superior technology, management know-how or marketing

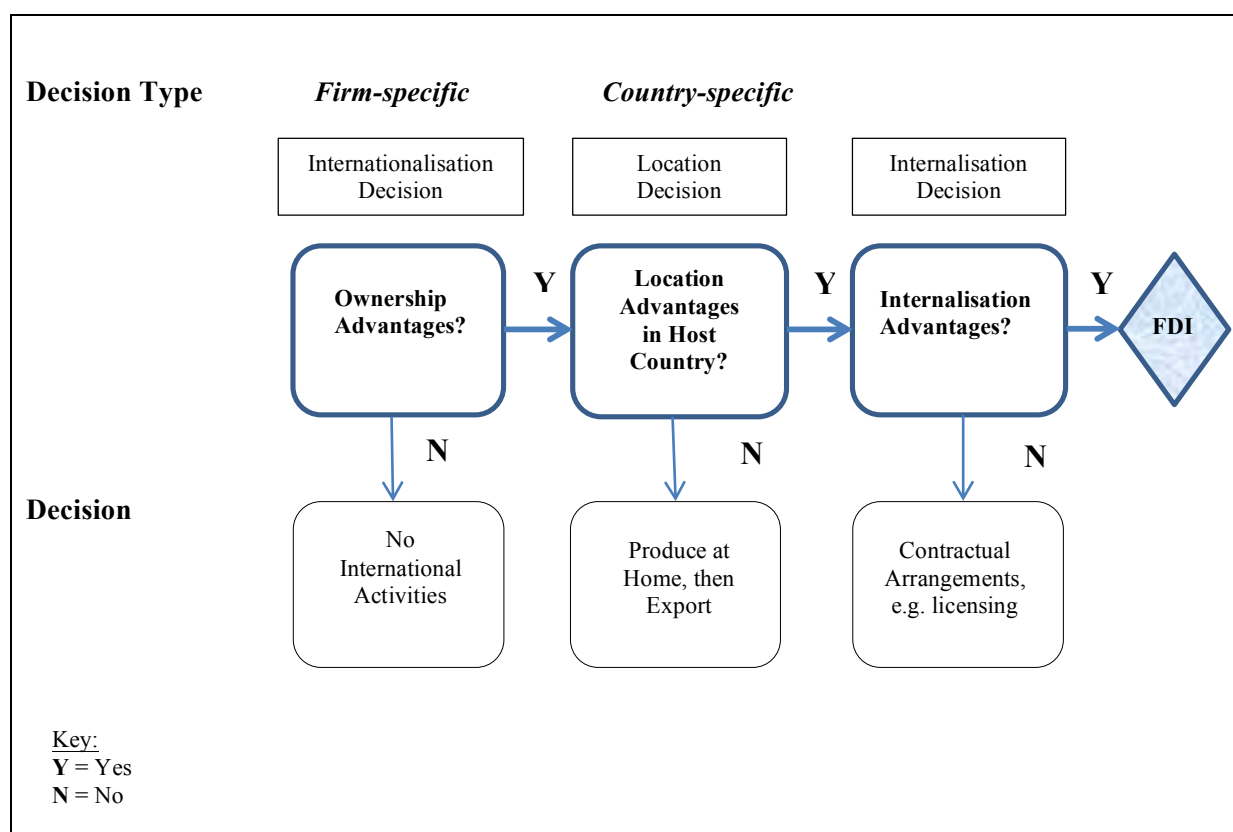
and distribution skills and is characterised by enabling a TNC to compete successfully with domestic competitors (Helpman, 1984). It is notable that these factors of advantage, when capitalised upon by the TNCs, are often rebuffed by local competitors. However, it is also noteworthy that in some instances, the advantages of, and access to resources by the TNCs can assist and improve the product offerings of local competitors. A very apt example of this somewhat ironic occurrence exists in Barbados. One tourism TNC, Sandals Resorts International (SRI), purchased a property near a popular tourism belt, St. Lawrence Gap, in Barbados. SRI embarked on a shoreline stabilisation project to construct groynes to prevent coastal erosion and replenished sand on the beach for its resort expansion (Bradshaw, 2015). Since all beaches in Barbados are public beaches, guests from surrounding properties and local vendors plying their trade on the beach are expected to benefit from the investment by SRI to upgrade the beach.

In order to explain the behaviour of TNCs and their motivations for engaging in FDI, Dunning (1979) developed 'the eclectic paradigm of international production', also referred to as 'OLI' based on the three decision factors it proposes: ownership; location; and internalisation (Figure 2.1). It is a holistic, yet context-specific, framework for analysing FDI determinants and it combines several isolated theories of international economics in one approach. The framework notably distinguishes between different forms of international activities: exporting; FDI; and licensing. The OLI-factors encompass both firm-specific (ownership) and country-specific (location) motives for international activities as well as highlighting internalisation advantages.

From the firms' perspective, ownership and internationalisation determine whether or not FDI is an attractive strategy. The ownership-specific advantages include unique property rights, and intangible aspects such as product innovation. Dunning (2001, p.175) sees these advantages as *"any kind of income generating asset that allow firms to engage in foreign production"*. TNC's country selection for FDI is influenced by locational advantages, which relate principally to tariff barriers, labour costs and the presence of competitors. SRI in Barbados provides a somewhat subtle example of a TNC capitalising on such benefits. As Wreath (2015, para 1, 2.12) reports *"Barbados is a destination beloved of celebrities, jetsetters and anyone seeking an elegant retreat...Sandals Barbados is the island's only 5-star Luxury All-inclusive resort designed exclusively for couples."* This statement does well to showcase how Sandals capitalised on Barbados' positioning as a luxury high-end

destination and essentially crafted a niche for itself where, in effect, it has a monopoly existence in its class. Dunning (2001, p.177) further suggests that internationalisation "*relates to the costs and benefits of different modalities of coordinating multiple economic activities*". While the OLI framework helps to evaluate the motives for a TNC to engage in FDI, greater insight is needed as to how the impact of TNCs in a specific country are perceived by local people.

Figure 2.1: Dunning's Eclectic Approach - OLI



Source: After Dunning (1979)

2.4 Local impacts of TNCs and FDI

Liu and Dicken (2006, p.1229) argue that to gain:

'obligated embeddedness on the part of TNCs—and for the state and its citizens to gain its benefits—the state not only has to have the theoretical capacity to control access to assets located within its territory, but also the power actually to determine such access'.

Thus, the role of the state in helping to secure positive local impacts from TNCs and FDI is noted.

In terms of local impacts of FDI, there has been an emphasis on labour market distortion (Hardy, 1998; Smith and Ferenčíková, 1998; Pavlinek, 2004) and effects on employees (Blomstrom and Kokko, 2003; Federico and Minerva, 2005) rather than local people at large. The impacts of FDI on local residents tend to be considered through proxy via the role of local financial markets (Alfaro et al, 2004) and the absence of local voices is notable.

Sumner (2005) has provided a review of research on the impact of FDI on economic growth and poverty reduction in the context of developing countries. He argues that *'it is not a question of whether FDI is good or bad for social and economic development, but that its impact is determined by the terms upon which FDI is accepted'* (Sumner, 2005, p.269). Further, he claims that a highly liberal FDI policy regime presents developing countries with a trade-off between courting FDI investors and extracting in-country benefits from inflows. The question of who benefits from FDI has stimulated research interest, notably from political economists (see for example, Evenett and Voicu, 2001; Girma *et al.*, 2001) and development economists (see for example, Kokko *et al.*, 1996; Blalock and Gertler, 2009). However, there has been a tendency for analysis to focus on financial data rather than conversations with stakeholders. Furthermore, the challenges of measuring FDI have been noted by researchers, including Fujita (2008, p.1):

'The quality of the data available for analyzing foreign direct investment (FDI), particularly in developing countries, does not often meet the required standard for the purpose of rigorous policy analysis'.

Despite difficulties relating to the availability of data and its quality, an interest in local benefits is apparent in the work of many FDI researchers. In this respect the integration of or linking of TNCs with national economic systems has been recognised to be highly desired. As Pavlinek (2004, p. 54) remarks:

'Linkages of foreign-owned plants with domestic firms are considered the most important mechanism through which technology transfer takes place, additional jobs are generated, and new local enterprises are formed (Dicken, 1998; UNCTAD, 2006)'.

One particular concern that has been raised is that a lack of local linkages *'make it relatively easy to move production to lower cost locations should the need arise'* (Pavlinek, 200, p.52). The notion of destination substitutability in tourism and a lack of loyalty from TNCs (as well

as tourist markets) is one that is well-acknowledged. This relates back to Dunning's (1979) idea of location advantage decisions (Figure 2.1).

2.5 Tourism-related Foreign Direct Investment (TFDI)

The increased importance of FDI is perhaps one of the most significant features of economic globalisation. As aforementioned, it has been argued that FDI can have important positive effects on a host country's development effort (see for example, Kokko, 1994; Borensztein *et al.* 1998; Xu 2000; Alfaro *et al.* 2003). It supplies direct capital financing and can provide a host country with technology and know-how while encouraging linkages with local firms. Furthermore, FDI can generate employment, raise productivity, enhance competitiveness of the domestic economy through transfer of skills and technology, strengthen infrastructure and enhance exports, which can help reinvigorate an economy. As a result, FDI is viewed as an engine for economic growth and development. With tourism being increasingly important to many economies, at all stages of development, investment is critical for further development of the tourism sector. Tourism is of economic importance as a generator of tax revenues, jobs and increasing tourist expenditure patterns, which may encourage public officials to re-examine the role of tourism as a national economic development generator. In tourism-dependent countries, tourism is often reported to be seen by governments as a panacea for the country's economic ills. There is a need to question wider perceptions of how TFDI impacts tourism-dependent countries, such as Barbados, taking a broader more holistic view of TFDI experiences at a local level.

Tourism may be one of the fastest and most effective ways in which small economies can access world markets. Due to its distinctiveness in global trade, it moves people to the product rather than transporting the product of the people (Pera and McLaren, 1999). The uniqueness of the tourism industry is distinguished in the complex tourism value chain (e.g. consumers/travellers, wholesalers, agents, tour operators, service providers, vendors and, natural and cultural attractions). Tourism has been known to generate domestic and foreign investment, foreign exchange earnings, enhance incomes and new jobs and be the creator of inter-sectoral linkages such as agriculture and tourism (Faladeobalade and Dubey, 2014). As a result, many countries are looking to tourism as a potentially promising avenue for economic and social development. UNCTAD (2007) highlights FDI as one of the routes through which developing countries can receive an advantage. FDI is not just composed of capital flows, but a package of long-term capital, technology and management expertise and

productive capacity that can contribute to development (Hall, 2008) and to the living conditions and natural environment of billions of people (Bury, 2001).

The tourism sector is relatively capital-intensive in terms of infrastructure, knowledge and access to global market and distribution chains, therefore Dieke (2000) argues that developing countries lacking capital and access to international marketing networks will seek to accumulate foreign direct investments to offset their disadvantages. However, FDI has been criticised and it is argued that when excessively accommodating foreign investment the phenomenon known as ‘Dutch Disease’ may arise, i.e. being over-reliant on foreign investment which, in turn, presents a high level of risk to the host country’s economy (Copeland, 1991). Many less economically developed countries (LEDCs) that depend on financial inflows from tourism suffer from lack of competitiveness from other industries. They also do not generate enough goods and produce to sustain their tourism industry. As a result, goods and produce must be imported and leakages are unavoidable. Although much has been written about leakages to the balance of payments, ODI (2006) states that empirical evidence of the effect of FDI on a country’s tourism balance sheet is scarce. The ‘Dutch Disease’ phenomenon can be seen, for example, in the Caribbean where there is an over-reliance on the tourism industry, lack of competitiveness and limited production. This phenomenon can be alleviated, through for example local procurement initiatives that can stimulate local entrepreneurs to produce new items and sell to other markets (Ashley *et al.* 2007). However, in island destinations with limited resources, this is often a somewhat unrealistic prospect.

2.6 TFDI Impacts

It is argued that the benefits of TFDI outweigh its costs mainly through its impact on tourism flows leading to net benefits to locals (e.g. Dwyer, Forsyth & Spurr, 2003). Beyond promoting growth, TFDI has other potentially desirable features that can assist with development such as, helping to reduce adverse shocks to the poor resulting from financial instability (e.g. the 1997 Asian Crisis). Another desirable feature of TFDI is that it helps improve environmental and labour standards because foreign investors are concerned about their reputation in markets. As a result, high school standards are very desirable and generating taxes that help support the development of a safety net for the poor. Additionally, foreign investors invest substantially into the community development in which they operate (Graham, 1995). The welfare effects of FDI in tourism have been examined by Chen and

Devereux (1999). Their study concluded that FDI generally raises socio-economic welfare gains associated with tourism (e.g. increased tourism expenditure, productivity growth, employment, and increase in tourism exports) and that FDI should not be restricted or discouraged. Tang *et al* (2007) examined FDI's role in China's tourism development and overall economic growth. Their study shows that policy encourages FDI inflow, especially into tourism sectors of poorer regions, resulting in greater tourism activity and greater economic development. Moreover, Campbell (2003) used regression analysis and annual data in his study of the impact of FDI on Barbados 1970-1999. The study showed that FDI had a negative impact on current account (i.e. exports and imports of goods and services) in the short and the long run, meaning that any FDI benefits would be offset by imports and repatriation of profits (i.e. leakage), as a result putting pressure on the country's foreign reserves. Brohman (1996) found that despite having a booming tourism sector stimulated by mass foreign investment, many small destinations in the developing world face enormous challenges in overcoming poverty and inequality. The correlation between TFDI and tourism growth does not in itself guarantee local economic growth. In this sense, Brohman (1996) contributes substantially to the literature by elucidating that for the positive correlation which exists between TFDI and tourism growth to be effective it must also be substantiated by other intervening variables. These variables include, but are not limited to, power relationships and management styles (Mowforth and Munt, 2003); and economic growth rates, and existing infrastructure (Singh *et al*, 2006). Some of these essential independent variables of TFDI and their inter-relationships are discussed in the following section.

2.7 Micro-level impacts

The OECD (2001) report argued that FDI has a particularly substantial impact on income inequality in destinations. The study proposed that whereas TNCs are often regarded as "*exploiting cheap labour*" (OECD, 2001:309), empirical evidence (Lipsley and Sjöholm 2001) suggests that in fact TNCs have a tendency to pay higher wages than local firms, even inducing local firms to increase their wage scales. These pay increases perhaps have some bearing on why openness to TFDI by less developed nations is perceived as being high according to Barrowclough (2007), even though that study also found that, in spite of that perceived receptiveness, policies are often not implemented to capitalise on those opportunities. This revelation by Barrowclough (2007) may therefore be a very reasonable basis upon which to question whether the lack of supportive policies is also indicative of a lack of protection for locals by the mere absence of any structured policy approach to the

issue. The Haley and Haley (1997) study in Vietnam offers support to the validity of this question. They revealed that TFDI had negative impacts such as inflating land prices hence forcing out locals, and environmental degradations thereby impacting the fishing sector. This then forced the government of Vietnam to subsequently implement regulations regarding the permissible level of FDI specifically into the hotel sector (Haley and Haley, 1997).

Research by Mowforth and Munt (2003) found that given that expatriates usually manage international hotels in less developed countries, this creates a greater potential for foreign dominance and existing international versus local power structures in the sector to be exacerbated. In spite of this increased foreign presence and resulting expanded power distance however, UNCTAD (2007) studying seven less developed countries (Bhutan, the Dominican Republic, Kenya, Morocco, Sri Lanka, Tunisia and the United Republic of Tanzania) indicated that foreign hotels in least developed and emerging tourism economies had higher staff to guest ratios (8:1) than local properties (1:1 or 1:2). While this creates some opportunity for new studies to examine whether this international management in foreign properties has any psychological impact on employees or affects management styles, it certainly adds credence to the notion the TFDI has a substantial role in local employment generation.

However, Fortanier and Van Wijk (2010) who studied TFDI in Tanzania, Ethiopia and Mozambique found no evidence to support this postulate and, instead, argued that foreign entities are not any more disposed to employing any disproportionate amount of persons vis-à-vis local entities. These results by Fortanier and Van Wijk (2010) therefore suggest that with respect to employment, foreign properties have no disproportionately adverse impact on the quantity of persons employed in the sector. This incongruity between the UNCTAD (2007) study and the study by Fortanier and Van Wijk (2010) certainly raises the question as to whether adverse impacts of TFDI in terms of quantity of employment are inconsistent across destinations, based on socio-economic backgrounds.

Notwithstanding the FDI contribution to the level of employment in the tourism sector, there appears to be a strong and consistent position in the literature that TFDI has a more consistent impact on the quality of employee. Fortanier and Van Wijk (2010) found that this was largely driven by higher expatriate to local employee ratios. In essence, hotels with higher expatriate ratios were found to have completed more formal training than those with lesser

expatriate ratios and even more so than local properties. Perhaps offering even more validation to this finding is the fact that no evidence was found to support the hypothesis that foreign properties of higher standard offer more formal training than lower quality foreign properties but rather that training across all FDI properties is fairly consistent.

This high quality formal training is certainly beneficial to the local population and one may argue it even somewhat counters certain aspects of Dunning's (1979) OLI framework which places a heavy emphasis on international firms 'exploiting' their unique advantages in local communities. That is not to insinuate though that these international tourism firms do not benefit from that unique advantage. Instead, as epitomised through the consistency FDI properties have in enhancing the quality of employee, this instance avows that this perceived 'exploitation' of their unique resources is a basis upon which substantial qualitative investments are made in the human capital. Moreover, interestingly the Williams and Deslandes (2008) study of FDI in Jamaica clearly suggests that FDI in foreign nations is not a monopoly-based competitive strategy. Spanish investors investing in Jamaica were argued to have faced significant competition from other Spanish investors who followed suit. Based on these suggestions it appears therefore to be a reasonable conclusion that when one investor enters the market and raises the quality of the human capital, the competitors who follow suit will also have to make similar investments in raising the quality of human capital so as to be competitive.

2.8 Macro-level impacts

The Williams and Deslandes (2008) study can be commended for its analysis of other impacts of FDI in Jamaica; however, it begs the question as to whether TFDI has some greater influence in attracting other TFDIs to a particular destination. Certainly if this is so, this would have a significantly positive impact on destinations for the causal relationship it creates between one set of FDI and the further formulation of another distinct set of capital for another investment. In essence, it was argued by Williams and Deslandes (2008) that TFDI has no correlation to FDI in other sectors (supported by the work of Parys and Sebastian 2010; Zhang *et al*, 2011). However, the Williams and Deslandes study certainly supports the validity of any question as to the degree of impact that one set of tourism FDI has on other tourism FDI initiatives. While the injection of capital appears to influence the attraction of additional capital into the sector, Parys and Sebastian (2010) also identify another factor which has a substantial impact on the stimulation of FDI into the sector. They

found that post-2003 when the Antiguan government implemented favourable tourism tax incentive policies tourism investment into the country rose substantially. This certainly reinforces Dunning's (1979) ideas about the influence that location-specific advantages have on attracting FDI.

Although tax incentive programmes have positive influences on investment, there are other location-specific advantages which serve to be 'pull factors'. The study by Singh *et al.* (2006), for example, alludes to factors such as existing tourism industries, infrastructure, economic growth rates and openness to foreign investment as principal variables in attracting FDI. The authors conclude that the existing size of the market is not a substantial pull factor variable. Support for this suggestion could also be vested in the Williams and Deslandes (2008) study which arguably analyses the formulation of FDI capital from a supply-driven perspective. That is to say, a greater interest is placed on analysing the factors which directly impact the supply (such as infrastructure and incentives) than whether demand for the presence of foreign entities actually exists. This is perhaps not surprising given that there has been consistent evidence supporting the notion that FDI stimulates tourism growth (Craigwell and Moore 2007; Selvanathan *et al.*, 2009; Te Velde and Nair, 2006; Samimi *et al.*, 2013). In fact, in India, Selvanathan *et al.* (2009) found that more than simply stimulating economic growth, FDI played a substantial role akin to a causal effect on the number of tourist arrivals.

While there appears to be consistency in the literature regarding the impact that FDI has on tourism inflows, as discussed in the Selvanathan *et al.* (2009) report, there is some level of incongruity regarding whether that impact is actually a reciprocal relationship. For example, Craigwell and Moore (2007) found tourism to have a causal relationship on FDI in only one third of all cases analysed whereas other researchers (Selvanathan *et al.*, 2009) found no relationship at all. In fact, Williams and Deslandes (2009) found that demand, or the lack thereof, for foreign properties does not necessarily have a substantial impact on the decision to invest capital in establishing a foreign property in a destination.

The study by Haley and Haley (1997) stands as an apt example of the negative occurrences which can force governments to place controls on FDI from a restrictive perspective. Conversely however, Pesakovic and Saunders (2009) also give representation to the consequences of unfettered and uncontrolled FDI growth. They proposed that in the Bahamas, there has emerged a “*dual economy*” with substantial control in the sector being

placed in the hands of foreigners. Pesakovic and Saunders (2009) argue that it is the governmental policies which fail to ensure sufficient benefits for the local population which have facilitated this economic division and have proposed that, as a result, there exists a foreign economy and a Bahamian economy where the latter is essentially subservient to the former. These studies certainly reinforce the importance of fair governmental participation and the necessity for local stakeholders to have equally strong political voices.

Given this established strong correlation and causal relationship drawn between FDI and tourism growth, it is not surprising that the UNCTAD (2007) report would consider that FDI into the sector creates additional secondary benefits such as local infrastructural development. The extent to which these impacts are actually quantified however is very limited. This most likely in large part has to do with the limited amount of research regarding the actual direct and indirect impact that tourism FDI has in developing countries (UNCTAD 2007). A lack of research is often precipitated in the first instance by the fact that many destinations fail to collect tourism data in systematic ways such as using tourism satellite accounting systems (TSA) (a standard statistical framework and the main internationally-shared tool for the economic measurement of tourism). Notwithstanding these limitations however, there exists a strong recognition in the UNCTAD (2007) study that FDI properties only invest in countries where there is some advantage or benefit either through local competition or through the use of some local resource such as labour or sun, sea and sand product offerings. This is in essence a repetition of the principles of Dunning's (1979) OLI framework suggesting that foreign properties have some affinity towards some form of 'exploitation'.

If one accepts the basis of Dunning's (1979) OLI framework which argues that TNCs exist to capitalise on these specific sources of sustained competitive advantage, then it seems logical to question whether there are certain attending consequences which would be more likely to ensue as a result of foreign investment compared to local investment. The study by Sheng and Tsui (2010) gave substantial credence to the argument that FDI properties result in certain spin-off negative impacts which are more specific to the foreign investment than local investment. They found statistically significant correlations between TFDI and negative consequences like leakages, real estate bubbles and the crowding out of local enterprises. From a more positive perspective, recall the argument espoused earlier by Fortanier and Van Wijk (2010) that the FDI properties they studied, regardless of their quality standards, had higher and more formalised training standards than local properties. In essence therefore,

literature does exist to support the argument that there is some difference in the resulting impact of TFDI compared to local investment. This differential adds substantial support to the relevance for this research by seeking to isolate some of these impacts from the perspective of them being specific to tourism related foreign direct investment, and by adding local voices in terms of perceptions to these previous studies focusing on econometric data.

2.9 Types of FDI in Tourism

There is a strong presence of non-equity foreign investment in tourism-related FDI where the separation of ownership and control often occurs (Brown *et al*, 2002) through for example leasing agreements, management contracts, and franchise agreements. The tendency of TNCs to enter new markets through non-equity investment rather than through FDI is greater in service industries such as tourism (e.g. hotels, restaurants and car rentals) (UNCTAD, 2006). Various entry mode strategies have been presented by Root (1994), highlighting FDI to be equity-based. Companies that operate mainly through non-equity foreign investments are not captured in FDI data (e.g. stock and flow, economic activities by foreign affiliates) hence the figures of tourism FDI are not a true representation of the extent of investment (FDI and non-equity foreign investment). In order to understand the true value of tourism FDI it is necessary to include non-equity forms of foreign investment. This makes the examination of the importance of tourism FDI more realistic, since this crucial type of tourism investment opens up markets, facilitates access to markets and creates demand, which leads to greater marketability and attracts visitors to destinations. On the other hand, the *"commonly held view about FDI in tourism in developing countries is that there is too much of it, that it is dominant, and that TNCs do not disperse the benefits of tourism sufficiently widely through the host economy"* (UNCTAD, 2007:7).

Mergers and acquisitions (M & As) are often used to enter a foreign market in the services sector (UNCTAD, 2010) and mainly take place in hotel deals in developed countries. This has to do with the speed and efficiency in purchasing an existing distribution network or trademark (brand) compared to starting a new business. Froot and Stein (1991) examined entry by acquisition and suggest that low values of the host country encourages FDI, arguing that currency depreciations make acquisitions by foreign firms more profitable by creating undervalued assets. Greenfield investment, which is more common for resort development, is likely to be predominant in tourism. This type of investment is where a parent company builds its operations in a foreign country from the ground up. In addition to the construction

of new production facilities, these projects can also include the building of new distribution hubs, offices and living quarters. Joint ventures with local partners are often used in the establishment of new tourism facilities (UNCTAD, 2007). Tourism-related FDI activities generally occur in hotels, restaurants and car rental companies, airlines, tour operators and travel agents. Table 2.1 re-presented from the UNCTAD report (2007) applies Dunning's (1989) OLI approach to these four tourism-related activities and outlines ownership advantages, locational advantages, internationalisation factors and organisational forms. This table demonstrates internationalisation factors that encourage FDI and factors that encourage other modes of investment.

Table 2.1 OLI advantages by tourism industry activity

Industry activity	Ownership advantages	Locational advantages	Internalisation factors (+) encourages FDI (-) encourages other investment modes	Organisational forms
Hotels	Experience in home countries in supplying upmarket services Experience in training key personnel Quality control systems (e.g. management, procurement) Referral system (GDS) Economies of geographical specialisation, access to inputs	Location-bound when selling a foreign service Exports through tourists/ business people visiting home or host country	Investment in hotels is capital-intensive (+) Quality control can be ensured through non-equity forms (-) Governments prefer non-equity forms (-) Referral systems are centrally coordinated without equity control (-) Growing brand recognition for new TNCs from the South (+) Lack of managerial expertise in host country (-)	Vary according to positive and negative influences on equity/non-equity decision, because both forms can protect ownership advantages
Restaurants and car rentals	Brand name and image Reputation and experience Referral system (GDS) Economies of scale and scope Tie-up deals with airlines and hotels	Location-bound Foreign earnings through tourists and business people visiting exporting countries	Franchising can protect quality (-)	As with hotels, forms vary because ownership advantages can be protected by contract
Airlines	Highly capital-intensive Government support measures and/ or control over routes of foreign carriers	Logistical management Advantages of vertical integration Quality control	Role is essentially location-linking (-) Need for local sales office, access to terminal, and maintenance and support facilities (+/-) Growth in alliances and code-sharing (-) Liberalisation of markets (+)	International services do not require FDI Growth in alliances and affiliations (e.g. code-sharing)
Tour operators/ travel agents	Reputation of providing satisfactory experience Economies of scope (travel portfolio offered) Bargaining power Quality of deals made with airlines, hotels, cruise companies and other associated	Need for local tour agents and support facilities Customers initially originate from home country? Costs of supplying local facilities usually lower Fiscal incentives and infrastructure facilities	Coordination of itineraries, packaging of services, need for quality control of ancillary services for tourists (-) Economies of transaction costs from vertical integration (+) Growth in e-commerce and increasing role of local tour operators (-)	FDI is rare; mostly firms have only local agents

	services			
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Source: After UNCTAD (2007)

2.10 TFDI Trends

A study by UNCTAD (2010) highlighted three general trends in TFDI. Firstly, the report proposed that although tourism is a substantially large industry, it appears to be one of the least globalised with low levels of TFDI evident in both developed and developing countries when compared to other industries. As an example, the UNCTAD (2010) report highlighted that TFDI outflows from the UK were just \$34,404 million or 2.5 % of that nation's total FDI outflows. Secondly, the report proposed that TFDI was largely located in developed countries with 85-90% of tourism TNCs being located in the developed countries. Moreover, to further exacerbate this finding, it is also widely accepted and acknowledged in the UNCTAD (2010) report that TFDI is often most associated with four specific types of tourism activity (see Table 2.2). Thirdly, there was a proposal within the report (UNCTAD 2010) that notwithstanding these prior two aforementioned trends, TFDI inflows to developing nations were increasing drastically.

Table 2.2 Frequency occurrence of TFDI by activity

Activity	Frequency with which TFDI occurs within activity		
	Most frequent	Occasional	Rare
Hotels and similar	✓		
Restaurants and similar	✓		
Second homes	✓		
Passenger transport and rental equipment	✓	✓	
Railway passenger transport services		✓	
Air passenger transport services			✓
Road passenger transport services			✓
Water passenger transport services			✓
Passenger transport supporting services			✓
Travel agencies and similar			✓
Cultural services			✓
Sports and other recreational services			✓

Source: After UNCTAD (2010)

Shift in the concentration of tourism-related foreign direct investment can be better understood through a review of the study by Zhang and Jensen (2007) which *inter alia* provides a reasonable explanation as to how FDI which is related to tourism impacts the proliferation of further FDI into the sector. Zhang and Jensen (2007) argued that tourism FDI in developing- and lesser developed nations tended to be directed more towards facilitating the development of local tourism sectors through investments in the development of infrastructure and technology rather than directly focused on attracting tourists. They explained this revelation by contrasting FDI in OECD economies compared to lesser developing economies suggesting that “*there is already excess capacity in the OECD countries, hence investing in additional infrastructure will not in itself help to attract more tourists*” (Zhang and Jensen, 2007, p. 240).

The fact that Zhang and Jensen (2007) argue that the over-capacity is a dominant factor motivating tourism TNCs away from the OECD (Organisation for Economic Development and Cooperation) countries is largely substantiated by the location-specific advantages segment of Dunning's (1979) OLI framework (Figure 2.1). The Zhang and Jensen (2007) study in its pronouncement on over capacity, when examined in the context of Dunning's (1979) OLI framework assists in explaining how this shift in the concentration of tourism FDI is being perpetuated. As mentioned by Dunning (1979), these location-specific advantages determine country selection; therefore, it logically follows that the ownership advantages which these TNCs have can be better exploited in locations where that ownership can serve to be of greater distinct competence than in a location where the market has reached a state of relative maturity.

As Mihalic (2014) alluded, many developing nations often use tourism development as a means of social and economic development. However, a major obstacle for tourism development is shortage of capital, and many countries look to foreign investors with capital that will develop their tourism industries. Traditionally, the largest tourism FDI source countries have been the United States, United Kingdom and France (UNCTAD, 2007). Surprisingly, however, this re-concentration of outward FDI from developed- to developing nations has also been accompanied by a rise in FDI to the developing world from other developing economies. Considered a new trend in outward FDI, it is the rise of South-South investment, where a number of TNCs are from developing and transition economies such as the BRIC countries (Brazil, Russia, India and

China) (UNCTAD, 2010).

South-South investment is viewed as a necessary complement to the more traditional North-South (developed to developing world) investment since it allows developing countries the ability to access capital from other developing nations, especially in instances whereby TNCs in the developed world adopt risk averse policies (Meyer, 2011). Moreover, Culpan and Akcaoglu (2003) have proposed that South-South investment is considered to be proliferated largely as a result of closer cultural, geographic and trade relationships between host and receiving nations.

Notwithstanding these emerging trends and re-concentrations in tourism FDI, it is a statement made by ECLAC (2008, p.108) which perhaps brings the greatest substantiation to the validity of this research. It stated “[In fact], *in most cases, the tourism industry is dominated by local investors including SMEs*”. As with this ECLAC (2008) report and the Endo (2006) study there is wide acceptance that tourism FDI in developing nations has been insignificant, it is only logical that some attempt be made to elucidate the impacts of TFDI in developing regions as a result of this supposed foreseen influx of more TFDI to the developing world.

2.11 Local voices and perceptions of tourism impacts

Knowledge is always mediated by pre-existing ideas and values, whether this is acknowledged by researchers or not and human communities in practice have created reasonably firm grounds on which credibility can be judged, whether or not these grounds can be supported in some ultimate sense by means of philosophical reasoning. Perhaps the difficulty in this primarily derives from the inherently fallible and imperfect nature of our understanding of the world in which we live. For this reason, there are no absolute truths, and therefore, one could only speak of contingent validation of social ideas and norms of appropriateness. Truths are proven and disproved every day. Often based on fact, truths are the humanistic extension of facts. Truths take a fact and combine the totality of the environment, situation, and unverifiable subjectivity of the individuals or things involved. Truth can be seen as a fact summarised by life, a life is different for everyone, and therefore the truth of a fact can be unique for each person. Facts can change over time while truths and perceptions can change by the second.

Resident perceptions have been widely studied in tourism because of the direct impact of the industry and its related activities on local people. Through both endorsement and resistance, residents have an impact on how well tourism in a destination flourishes (Deery *et al.*, 2012). As a result, it is imperative for their voices to be heard. Perceptions have varying meanings and definitions, which range from the simple dictionary definition, *"a belief or opinion, often held by many people and based on how things seem"* (Cambridge University Press, 2016) to the definition by Pickens (2005, p.52) who states that, *"a perception is the process by which organisms interpret and organise sensation to produce a meaningful experience of the world"*. This has been further expanded to include recognition, and the fact that the process of actually receiving stimuli through senses is the first step in developing perception. Perception is the process by which we interpret the worlds around us, forming a mental representation of the environment. The stimuli are interpreted into something meaningful to that person due to past experiences. However, Pickens (2005) adds that what an individual interprets or perceives may be substantially different from reality. In his view, everyone lives in their own world therefore there is no uniform consistent reality. Reality is individual and as a result there are many realities, all made up of objective realities (what actually happens) and subjective realities (how our brains make sense of what happens). Reality may be regarded as a subjective concept; therefore, it cannot be assumed that everything is the same for all individuals. Since there is no uniform consistent reality, it is important to take various perceptions into consideration. It has been acknowledged that although reality is open to interpretation at an individual level, there are aspects that may be socially shared. Thus, areas of congruence and dissonance between the realities of individuals may be identified. This is important to note if research is to inform policy responses.

Hence, this research examines local realities of TFDI impacts. It places a primary emphasis on local residents (with and without a connection to FDI companies) but it also considers the perspective of the FDI companies in Barbados, namely resort hotels. It is intended that this will allow for a more rounded and meaningful analysis of local TFDI impacts and will offer understanding of Barbadian resident perceptions, in particular, which adds to existing on TFDI research and provides valuable knowledge for tourism decision makers.

There has been extensive research focusing on community perceptions of tourism and its impacts (e.g. (Sinclair-Maragh, Gursoy, & Vieregge, 2015)(Kim, Uysal, & Sirgy, 2013) (Almeida-García, Peláez-Fernández, Balbuena-Vázquez, & Cortés-Macias, 2016) (Stylidis, Biran, Sit, & Szivas, 2014)), although this has included little evaluation of community perceptions of TFDI. Despite studies on community perceptions of tourism, few researchers have explicitly examined perceptions of local residents toward TFDI generally and, more specifically, in a tourist dependent island destination (e.g. (Wortman, Donaldson, & van Westen, 2016)), the Caribbean, and small island developing states (SIDS) (e.g. (Fauzel, Seetanah, & Sannasee, 2016). Many studies of resident perceptions focus on developing countries however; this research fills a literature gap by examining local perceptions of TFDI with a focus on the Island of Barbados in the Caribbean.

Understanding of resident perceptions of tourism and its impacts is important for the success of tourism destinations and has therefore been widely examined (e.g. Andereck, Valentine, Knopf, and Vogt, 2005; Andriotis, 2005; Besculides, Lee, and McCormick, 2002; Harrill, 2004; Long, Perdue and Allen, 1990). However, impacts of FDI in tourism-dependent destinations have been mainly studied from an econometric perspective (e.g. Craigwell and Moore, 2007). Adding a local voice, in the form of perceptions, to the existing knowledge will assist in painting a fuller picture of TFDI and its local destination impacts.

There are various factors that can affect or alter residents' perceptions of tourism. Specific influences have been examined in the tourism literature, such as socio-demographic, economic, and spatial factors, as well as involvement, and the individual's knowledge of tourism. Socio-demographic factors including age, educational level, gender, community attachment, ethnicity, occupation and income have been the focus of much discourse, with contradicting or conflicting reports pertaining to each specific variable. Some investigations (e.g. (Tomljenovic & Faulkner, 2000) show contrasting results with regards to age and the perceived impacts of tourism. On the other hand, researchers such as (Teye, Sirakaya, & F. Sönmez, 2002) have argued there to be a significant relationship between level of education and the perception of tourism; persons with

higher levels of education were found to be taking a greater interest in the impacts of tourism and its contribution to improvement in quality of life.

Community attachment and length of residency in the community is another factor that has been argued to influence perceptions of tourism. While some research has been inconclusive with regards to attachment and perceived impacts (Gursoy, Jurowski, & Uysal, 2002), the findings of other researchers (including, (Besculides, Lee, & McCormick, 2002) emphasises the fact that the more attached a resident is to their community, the greater their concern about tourism-associated impacts. It is claimed that residents usually have a sense of community spirit and pride and therefore are more sensitive to developments or projects that affect the community, although the extent of collective interest is open to debate in differing geographical and social contexts (Palmer and Chuamuangphan, 2017).

There is a plethora of research on the economic impacts of tourism that demonstrate that significant economic benefits that can be gained through tourism such as employment generation (Kalaiya and Kumar, 2015), contribution to government revenues, foreign exchange earnings (Yazdi, Salehi, & Soheilzad, 2017), stimulation of infrastructure development (Webster & Ivanov, 2014) and contribution to local economies (Pratt, 2015). On the other hand, there are however reports of negative economic consequences of tourism development such as export leakages (Rylance & Spenceley, 2017), increase in cost of living ((Sinclair-Maragh et al., 2015), national economic dependency on tourism (Chaperon & Bramwell, 2013) and the economic impacts of the seasonality of tourism ((Martín, Aguilera, & Moreno, 2014).

Spatial factors such as distance of tourism development to residential area, and the geographical location of the tourism area and size have also been studied. Some research has shown that living within close proximity to tourism areas can lead to residents having increased negative views on its impacts (Harrill & Potts, 2003). In contrast, other studies have suggested that the further the distance between residence and tourism development, the less positively perceived is the impact (e.g. Teye, Sirakaya, and Sönmez, 2002). It is perhaps self-explanatory that with tourism areas located within residential environs or in close proximity, issues such as increased stress on public transport and other local infrastructures, congestions and increased pressure on local services can

arise (Kim et al., 2013). These occurrences can cause issues for those in close proximity to tourism sites and therefore residents that are furthest away are the ones usually expected to be most in support of tourism development. However, this remains open to debate; while most research to date supports this claim, (Jurowski & Gursoy, 2004) maintain that residents who live close to tourist development support tourism more than those who live far away.

Residents' ability to voice their opinions and be a part of tourism decision-making processes can have an impact on their perception of tourism. Research shows that when residents are involved with various community activities, they appear to be more favourably disposed towards community change and development (Sharpley, 2014). However, resident involvement is not always possible, particularly in developing countries where tourism projects are often externally initiated.

When it comes to individuals' knowledge of tourism and their level of contact with tourists, Lepp (2006) suggest that residents who are more involved with tourism and directly interacting with tourists are more positively inclined toward the activity and possess favourable perceptions. Lepp (2006) further adds that in locations where residents have little or no prior knowledge of tourism, the activity can be received with distrust, fear and anxiety. Residents that have a higher knowledge of tourism are expected to understand its costs, benefits, and impacts and, linked to this notion that familiarity breeds favourability, it has been claimed that local residents who are working in tourism have been shown to have more favourable perceptions (Brunt and Courtney, 1999).

There have been various approaches to studying perceptions of tourism, its development and its impacts. Each approach offers a different level of insight into residents' perceptions towards tourism. Perceptions based on place attachment, for example, have been studied using Attribution Theory (e.g. (Gross & Brown, 2006) while Dependency Theory has been applied to resident perceptions based on livelihood and income reliance. With respect to the latter approach however, Preister (1989) argues that the macro-level orientation of dependency theory limits its application at the local community level and he recognises that it is unable to account for both positive and negative impacts. One of the most frequently used frameworks used to investigate

resident perceptions of tourism and its development, in a range of contexts and for differing purposes, is Social Exchange Theory (SET). This is one of the few theories that has been argued to be appropriate to explain both positive and negative perceptions, and suitable for studying the relationship between residents and tourism at the individual and the collective level.

2.12 Social Exchange Theory (SET)

Social Exchange Theory (SET), proposed by Thibaut and Kelley (1959), is established as the most accepted framework used to explain residents' reactions to tourism development. SET captures different views based on experiential and psychological outcomes (Nunkoo and Ramkissoon, 2011; Prayag *et al.*, 2013) and it takes social interactions into consideration as an 'exchange of resources'. SET suggests that individuals are more likely to engage in an exchange when there are expected benefits, however without encountering unacceptable costs (Ap, 1992; Diedrich and Garcia-Buades, 2009). As such, satisfaction with an exchange is obtained by the evaluation of the outcomes by those involved in relationships of exchange, and the outcomes can be broadly categorised as 'economic', 'socio-cultural' and 'environmental' (e.g. Nunkoo and Ramkissoon, 2012; Andersson and Lundberg, 2013). In addition to SET, the Social Disruption Theory can be used to explain the relationship between local perceptions and tourism development. According to Diedrich and Garcia-Buades (2009), Social Disruption Theory is closely linked to 'boomtowns', which in sociology refers to locations that experience a sudden rapid growth in demand for social services and community infrastructure. This leads to a shock (or disruption) for local residents. Once the initial shock wears off, it is claimed that residents adjust to the changes, and with that, the perception of costs decreases. It is when levels of negative impact surpass levels of positive impact that resident perceptions arguably become a cause for concern; negative perceptions can hinder the success of tourism destinations. Consequently, for tourism development and its operation to be successful, it has been noted that it is imperative to take resident perceptions of tourism impacts into consideration (e.g. Ap, 1992; Butler, 1980; Harrill, 2004; Nunkoo and Ramkissoon, 2011).

The Economic Dependence Factor postulates that communities and individuals that are economically-dependent on tourism are more favourable to its development (Vargas-Sánchez *et al.*, 2009: 31). Nevertheless, McGehee and Andereck (2004) argue that residents in tourism-

dependent communities would rather have less tourism development and its impacts are perceived as negative in comparison to communities that are less economically-dependent on tourism. The perception of 'costs' and 'benefits' can be a significant factor in determining resident perceptions of tourism. Factors that may affect perceptions include: concerns that residents have for their community; the degree to which they are environmentally sensitive; and the extent to which residents use the same resource base as tourists. It should be recognised that these ideas build on the works of earlier researchers and provide a theoretical basis for SET, which assumes that individuals select exchanges after an evaluation of 'rewards' and 'costs' (Jönsson and Devonish, 2007). Consequently, residents who evaluate the exchange as 'beneficial' perceive a positive impact, whereas a negative impact will be perceived by someone who evaluates the exchange as harmful or 'detrimental'.

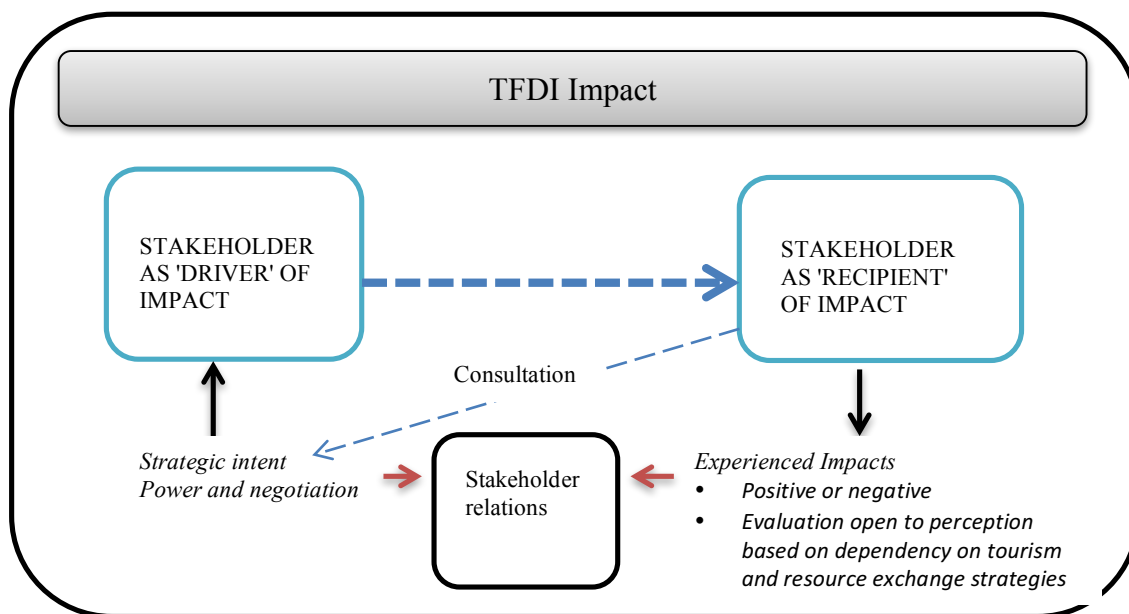
Although Butler's TALC model (Butler, 1980) is thought to be over-simplistic and has been increasingly open to challenge by tourism researchers in recent years, it has often been applied to residents' perceptions of tourism development and how they change with the different stages of development. The model proposes that most tourist destinations go through six stages of development. It states that most tourist destinations start in a very small scale and get bigger and more developed until stagnation occurs. Studies suggest that for tourism to grow in a sustainable way (a tourism development goal shared internationally), it must grow under controllable circumstances without creating socio-economic and environmental issues (Diedrich and Garcia-Buades, 2009). This is important in the context of examining local impacts in this research study as 'issues' relating to TALC growth are positioned as being defined through perceptions of experienced realities.

2.13 Conceptual framework based on academic literature

Reflecting on the review of literature presented in this chapter, a conceptual framework of stakeholder: impact relations is presented (Figure 2.2). This is based on common discourses within the existing literature on TFDI that envisage impacts as malleable, open to being directed by stakeholders who act as 'impact drivers'. Some semblance of agency is also suggested by a shared notion that 'impact recipients' are also able to evaluate impacts differently based on levels of dependency on tourism and resource exchange strategies. Here, the notion of capability and

capacity building arises; if community stakeholders in particular do not possess the capabilities to harness, or even recognise, opportunities then the extent to which recipients might influence impacts received is questionable. One deficit in the existing body of literature around TFDI impacts in particular is a lack of attention paid to power, influence and local voices. This is exacerbated by the exclusive adoption of quantitative methods, an emphasis on macro level impacts in contrast to micro level impacts and a quest to capture factual, statistical information as with value chain analysis and UNCTAD's approach. Figure 2.2 summarising existing literature on TFDI impacts also largely separates the 'driver' of impacts from the 'recipients' of impacts; consultation and opportunity to influence the stakeholder: impact relationship.

Figure 2.2: Conceptual framework of stakeholder: impact relations based on existing research on impacts of TFDI



2.14 Chapter conclusion

This chapter has addressed research objective 1 of the thesis by presenting a critical review of existing literature pertaining to local impacts and resident perceptions of TFDI in tourism-dependent destinations. It has identified a gap in the literature in terms of TFDI and the intersection of economic theories and the perceptions of it by local communities who are affected. It has furthermore laid the theoretical foundations for the thesis research in terms of

both economic and social theories related to TFDI and those relating to the attitudes of local communities towards it. Dunning's (1979) OLI framework will be applied to this research in order to examine the locational advantages in the case study location. Social Exchange Theory allows for the capturing of different perceptions of rewards and costs between individuals and has been often applied in tourism research. Therefore, it will be used as a framework or lens to examine local perceptions of TFDI in the case study location. This will fill the literature gap by enabling examining local perceptions of TFDI. In bringing FDI and local perceptions of tourism literature together, it is hoped that such discussion provides a framework needed to better understand the impacts of TFDI on local people in a tourism-dependent, small island economy. The following chapter lays out the methodology for the data collection and analysis. It draws on the literature review and is presented in the context of the case study location (presented in more detail in Chapter 4 incorporating secondary data analysis and primary data collection focused on FDI resort hotel companies).

Chapter 3: A Case study of Barbados

3.1 Introduction

This chapter provides the case study context to the research and includes a detailed examination of Barbados' economic dependence on tourism, government intentions surrounding TFDI in Barbados, and the nature of TFDI involvement in the country, with a specific focus on the resort hotel sector. It draws on available secondary data sources including, official reports, statistics and local news articles. The chapter commences by providing a general overview of Barbados' tourism industry and its primary source markets. The structure and management of the Barbadian tourism industry are considered before exploring the nature of TFDI in Barbados, with a discussion of past and current trends and developments.

3.2 Overview of the Barbadian tourism industry

The Caribbean region, also known as the Antilles or the West Indies, stretches over 2,000 miles from the Bahamas in the north to Trinidad in the south, between the North- and South American continents. There are over 30 inhabited islands in the region, with a total population of 44 million people (Haines and Steckel, 2000; Blouet, 2007; UN, 2017). Despite the fact that most of the islands have diverse historical and cultural backgrounds, many of them share among other things, the same environmental, political, and economic challenges (Blouet, 2007). The islands are predominantly open economy small island developing states (SIDS) that have limited economic resources and are vulnerable in this era of globalisation, as they depend heavily on international trade of goods and services, particularly tourism, for their economic development (Pollard *et al.*, 2008; Blouet, 2007). A lack of adequate infrastructure or superstructure (e.g. hotels, restaurants, attractions, roads, telecommunications etc.) to facilitate the growth of tourism is notable throughout the islands, and research shows that these are both necessary as they are the basis of tourism development which are usually undertaken by the private and public sector (Jovanovic and Ilic, 2016; Thano, 2013; Panasiuk, 2007; Jeffries, 2001).

It was only through the emergence of mass tourism in the Caribbean during the late 1950s, and inexpensive air travel in the early 1960s that tourism became a major economic activity in the region. Tourism currently plays a vital role and is currently one of the dominant economic

drivers and earners of foreign exchange in the Caribbean region (Duval, 2004; WTTC, 2017). To bring this into perspective, in 2015, travel and tourism attracted over 23.9 million visitors to the region, and in 2016 it contributed US\$56.4bn to the region's Gross Domestic Product (GDP). The over-reliance on tourism and travel in some islands is astounding. Table 3.1 illustrates the immense contribution of tourism to the GDP of some of the islands in the Caribbean region.

Table 3.1 Tourism contribution to GDP (%) by Caribbean country

Country	% Tourism contribution to GDP
Anguilla	56.6
Antigua and Barbuda	60.4
Barbados	39.9
Dominica	34.7
Grenada	20.2
Jamaica	30.3
The Bahamas	44.8
Dominica	34.7
Jamaica	30.3
St. Lucia	39.6
St. Vincent	22.3
Trinidad and Tobago	7.9

Source: WTTC (2017)

Tourism statistics suggest that one in every five persons is employed either directly or indirectly in the tourism and hospitality industry in Barbados (BTI, 2015). Barbados' competitive advantage is the fact that it is a fairly mature destination with many repeat visitors primarily from the UK. For this to continue, Barbados must always reinvest in itself, while attracting additional external investments. Notably, Barbados lacks many brands, creating a situation where there is a dearth in brand name hotels available, namely American. This can be detrimental to the destination, as it has been argued that American tourists tend to visit a destination where there are brands that they are familiar with.

It is evident that tourism directly and indirectly impacts the Caribbean region, especially through the creation of jobs, enterprises and infrastructural development. In 2016, tourism directly generated 725,000 jobs to the region which included employment in various capacities by hotels, travel agents, airlines, restaurants etc. (WTTC, 2017). In the same year, the total contribution of tourism to employment was 2,319,500 jobs. This accounted for 13.4 percent of total employment in the region and, although no updates have as yet been released, it has been forecasted to grow by 3.1 percent in 2017 to 2,391,000 jobs accounting for 13.7 percent of the total employment in the region as well as wider impacts such as indirect and induced impacts on the economy (WTTC, 2017; UNWTO, 2017). Table 3.2 provides an overview of tourism's direct contribution to employment in some Caribbean Development Bank (CDB) Borrowing Member Countries (BMCs) in the region.

Despite the contribution of tourism to employment, unemployment remains a major concern for many of the islands in the region. This situation may be perpetuated by a lack of knowledge and skills or *“poor, non-existent human resource policies and practices”*, which gives the region a competitive disadvantage (Caribbean Development Bank, 2016; United Nations, 2007). Table 3.3 shows the most recent data for some countries in the region which have the highest unemployment rates.

Table 3.2 The direct contribution of tourism to employment in selected CDB BMCs

Country	Direct Employment (% of employment)	Total Employment Contribution (% of total employment)
Anguilla	1,500 (20.7)	4,500 (59.1)
Antigua and Barbuda	6,000 (16.4)	9,500 (54.3)
The Bahamas	53,000 (27.3)	102,500 (52.9)
Barbados	17,000 (13.3)	51,000 (39.8)
Dominica	4,000 (10.4)	11,500 (31.6)
Grenada	2,500 (5.3)	9,000 (18.5)
Jamaica	97,000 (8.4)	318,500 (27.5)
Saint Lucia	17,500 (22.7)	36,000 (46.5)
St. Vincent	2,500 (5.8)	9,000 (20.5)
Trinidad & Tobago	28,500 (4.4)	69,000 (10.6)

Source: WTTC (2017)

Table 3.3 Unemployment rates of Caribbean countries with the highest unemployment rates, 2015/2016

Country	Unemployment rate (Year)
Grenada	28.6% (2016)
St. Lucia	19.8% (2016)
St. Vincent	25.1 (2015)
Barbados	9.9% (2016)
Jamaica	12.8% (2016)
The Bahamas	12.2% (2016)

Source: Knoema (n.d), CDB (2016)

Together, Tables 3.2 and 3.3 suggest the potential value of tourism employment in economically-challenged economies, both in terms of direct employment and employment contribution. Historically, the value of tourism to economic development in the context of Barbados has been noted specifically. Lorde, Francis and Drakes (2011) noted almost 6% growth in tourism employment on the island 1974-2004 and highlighted the labour-intensive nature of the industry together with opportunities for the low-skilled, women, students and young adults, in particular. They argue that these social groupings typically have higher unemployment rates than other labour force segments. With this in mind, the relationship between tourism employment contributions (Table 3.2) and unemployment rates (Table 3.3) should perhaps be recognised.

3.3 Barbadian context

Barbados is one of the southernmost islands in the Eastern Caribbean (see Figure 3.1, map of the Caribbean) and measures 166 square miles with a population of 276, 000. The country has a small, open economy driven by external forces and has a long-established tourism industry dating as far back as the 1940s. Barbados has evolved from the sugar industry to focus on tourism. During the 1950s the government of Barbados tried to find a way to diversify the economy through a means of manufacturing and tourism direct investment (Central Bank of Barbados, 2010). International hotel chains and tour operators have shown interest in Barbados as a tourism destination since the 1960s. With the increase in customer demand the Barbados

government saw the potential of the tourism industry to diversify its economy (Jönsson & Devonish, 2009).

Figure 3.1 Map of the Caribbean

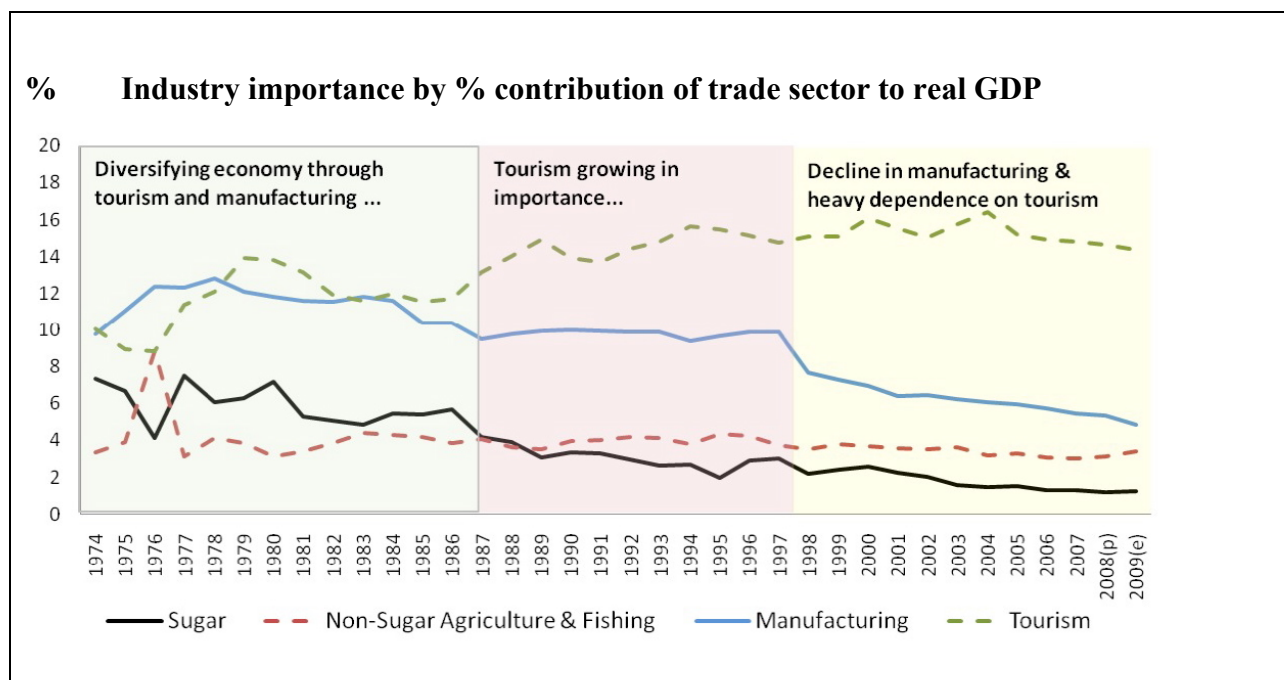


Source: www.islands.com/barbados (In Jönsson, 2005)

In the 1970s, the government of Barbados further supported the growth of tourism by investing in the development of tourism by developing roads, airports, hotels and by establishing the Barbados Board of Tourism, the Ministry of Tourism (MOT), and the the PomMarine Hotel and Hospitality Institute to train locals for jobs in tourism and hospitality (Levy and Lerch, 1991). By the 1980s, tourism accounted for sixty percent (60%) of the island's foreign exchange (Dann, 1984) while seventy-five percent (75%) of the high-end hotels were foreign owned (Archer, 1980). Barbados' 'plantocracy', a population of planters regarded as the dominant class, are mainly involved in tourism indirectly through ownership of land, commerce, seaport, tax-free outlets and construction companies. However, the Barbados government is committed to ensuring that tourism will improve the life and economic development of the people of Barbados (Braithwaite & Greenidge, 2005) and has a comprehensive social development policy emphasising human capital development (Lashley, 2009).

Barbados is a mature Caribbean tourist destination and it is one of the leading island destinations in the Southern Caribbean for British and North American tourists (Jönsson, 2005). Barbados has very few natural resources; therefore, tourism continues to receive increased attention as an important sector of Barbados' economy. In 2015, Barbados received 591,872 stay over visitors, mainly from the UK, USA and Canada with the UK market being the dominant tourist market accounting for 36.2% of arrivals, followed by the USA accounting for 24.9% of tourist arrivals (Barbados Statistical Service, 2014). Tourism generated 50% of Barbados' foreign exchange earnings accounting for 15% of GDP (Sookdeo, 2011).

Figure 4.2 Evolution of tourism sector dependence in Barbados (1974-2009)



Source: Central Bank of Barbados (2010)

In recognising tourism's actual and potential contribution to the economy, the Barbados government is giving the sector a higher political priority than before. Attempts at tapping into new tourism markets such as Brazil and China have been (Jönsson & Harrison 2015). Additionally, the tradition sun, sea and sand tourism product is being diversified by for example including sports tourism (Jönsson, 2008). As a result, economic policy objectives increasingly centre on tourism's ability to generate employment, earn foreign exchange and contribute

significantly to government revenue. This is reflected in the contribution to GDP as illustrated by the Central Bank of Barbados (2010) in Figure 3.2.

3.4 Tourism in Barbados

The main tourism development areas can be found along the West and South Coast of the island. However, recently there has been a lot of new tourism developments located on the East Coast of the island, which is known for its picturesque beauty, featuring a seascape with large rocks and looming hilly terrain. This area has generated interest from foreign investors but it should be noted that the eastern coastline is protected land which limits new development. Thus, in terms of land access the government retains development control in tourism. Most of the buildings found along the coast are small properties, mainly cottages and small boutique hotels (e.g. Atlantis Hotel), with some cottages being valued as high as US\$800,000.

Large-scale tourism development in Barbados dates back to the late 1950s and early 1960s, but colonial ties to Britain had made it a popular destination for wealthy British nationals for many years before World War II. However, the absence of a strong tourism planning and policy framework in the early stages of its development has contributed to a range of environmental and social challenges that can be attributed, if only partially, to tourism development. Nevertheless, tourism continues to be the major foreign exchange earner, providing direct and indirect employment for thousands and serving as a catalyst for growth and development in other sectors.

To date, Barbados is one of the most mature Caribbean tourism destinations with tourist generating regions being Europe, USA, Canada and the Caribbean Community (CARICOM) destinations. In 2015 Barbados received a total of 255,027 visitors from Europe, 148,067 from the US, 74,494 from Canada and 87,980 from CARICOM (Barbados Statistical Service, 2014). Table 3.4 provides a comparison of tourism arrivals to Barbados by geographical market, 2011-2015.

Table 3.4 Tourist arrivals to Barbados by market, 2011-2015

Market	2011	2012	2013	2014	2015
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USA	142,414	130,762	120,583	118,508	148,067
Canada	71,953	72,020	67,293	65,813	74,494
U.K.	189,150	173,519	168,732	186,823	214,175
Germany	8,401	9,182	10,300	11,992	12,338
Other Europe	27,458	27,937	30,764	32,744	28,514
Trinidad and Tobago	36,825	38,005	31,614	27,915	29,659
Other CARICOM	64,149	58,482	55,680	50,815	58,321
Other Countries	27,374	26,396	23,548	24,988	26,304
Total	567,724	536,303	508,514	519,598	591,872

As an island separated from its major source markets, long stay tourism to Barbados is facilitated through air transport, which is supported by policies and agreements made between different governments. Some of these policies are 'open sky agreements' and, according to the U.S. Department of State (2017), they have expanded international passenger and cargo flights, promoting increased travel and trade, increased productivity, spurring high quality job opportunities and economic growth. The Government of Barbados has Open Skies/Air Transport Agreements with various countries including: the Government of the United States of America; Canada; the United Kingdom (UK); Chile and India (Caribbean Journal, 2017; Loop News Barbados, 2017; U.S. Department of State, 2017). In addition, because airlift capacity is important to the success of Barbados' tourism industry, it is an issue that usually gets a lot of attention. However, because of its importance, it usually results in the implementation of business practices that are not the most effective, such as subsidies being paid directly to airlines in the form of a lump sum and/or at per passenger occupancy levy and governments investing directly as owners of airlines (Barbados Tourism Master Plan, 2014). According to Ronald St. Clair Toppin (Member of Parliament, Barbados), the latter is synonymous with LIAT, which has been owned and subsidised by governments in the region for 42 years. Even though an ownership share of that airline has arguably been critical to the regions' development over the years, it has been argued that the burden of the operations had fallen disproportionately on the

government of Barbados, considering that the airline lost as much as US\$50 million in the year 2015 (Barbados Today, 2016). These business practices are not an isolated occurrence as reports indicate that after negotiating for a number of years, the Government of Barbados was able to finalise an agreement with Gol Airlines to provide a direct link between Barbados and Brazil (The Barbados Advocate, 2007). The inaugural direct flight took place on 26th June, 2010, however, shortly after, it was reported by the opposition party that the Government of Barbados paid Gol Airlines an exorbitant amount of money (US\$ 200,000) to fly to Barbados in a specific month. In refuting that claim in an effort to bring clarity to the accusations, Minister of Tourism Richard Sealy is quoted as saying, *“It is simply not true... the Government had a revenue guarantee arrangement with Gol Airlines in the same way it had arrangements in place with other airlines, as has been the practice of Government for many years”* (Nation News, 2011). This statement confirms what has been speculated locally for many years - that there is indeed a revenue agreement.

The carriers that currently provide service to Barbados, some of which were mentioned earlier, are classified by their markets in Table 3.5. It is important to note that some airlines (Delta, Gol Airlines and Avianca) have recently stopped and/or suspended their services to Barbados for various reasons. In August 2016, for example, Gol Airlines’ service to Barbados was suspended with no reason given; meanwhile, more recently the Colombian airline Avianca announced the immediate suspension of its service between Bogota and Barbados. For the second time, Delta Airlines has pulled its service from the Barbados market and although they gave no statement, it is speculated that this could possibly be a seasonal withdrawal of service, as is customary of the airline, so it is uncertain that the cancellation is permanent (Loop News Barbados, 2017; Caribbean360, 2016; Barbados Today, 2017)

Table 3.5 Airlines serving Barbados by geographical market

Market	Airline(s)
USA	American Airlines (incl. US Airways) JetBlue Caribbean Airlines
Canada	Air Canada (incl. Air Canada Rouge*)

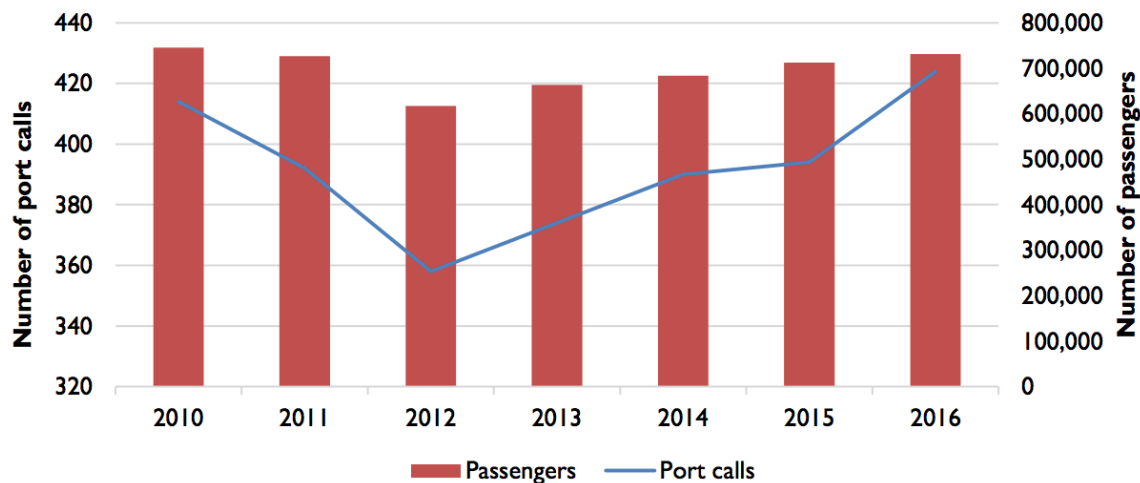
	WestJet
Caribbean	LIAT (Leeward Islands Air Transport) Caribbean Airlines
UK	Thomas Cook * Thomson* British Airways Virgin Atlantic Airways
Other Europe	Air Berlin Condor

* = airline operates seasonally (during winter period)

Barbados has also continued to develop its cruise tourism industry with plans to develop a new cruise port given that the current sole marine port (Bridgetown Port) is designated for both cargo and cruise ships. During peak periods, because of the limited capacity levels and high facility utilisation, displacements in each sector sometimes occur. For example, there have been instances during peak periods where cargo ships have had to remain in open water until berths become available. Capacity issues are therefore also hindering further expansion of both sectors (cargo and cruise tourism). Moreover, Barbados' cruise tourism industry has also been facing challenges such as the redeployment of cruise vessels to other regions, the loss of home porting vessels, and declines in cruise passenger spend. Figure 3.2 showcases the decline in cruise passenger arrivals and port calls to Barbados, 2010-2012. However, in recent years the number of cruise passengers and port calls to Barbados has been steadily increasing.

What Figure 3.2 does not reveal is that seasonality is not only specific to the land-based Barbadian tourism sector but is also reflected in cruise tourism. Indeed, seasonality in tourism can be attributed to the fact that some of the tourism arrivals during the winter periods are directed towards cruise tourism. It should be noted that the period of most vibrant tourism activity for Barbados usually spans from December to April. The increase in tourism activity during this period is usually the cold winters in home destinations which 'push' tourists towards warmer regions. Visitors are also attracted to Barbados by 'pull factors', including: the warm weather; safe environments; developed amenities; and unique cultural and heritage attractions. The influence of push and pull factors on consumer choice of Barbados as a holiday tourism destination appears to be in line with the thinking of Pearce (1995).

Figure 3.2: Cruise passenger arrivals and port calls to Barbados, 2010-2016



Source: BPI (2017)

The tourism product must be considered as the total vacation experience, beginning when the visitor travels to Barbados and this also include the accommodation and transport facilities used, the activities in which he/she participates, the services used, the infrastructure, the level of safety and security that exists and the quality of the built, human, socio-cultural and natural environment. Barbados' product is based on the human, built, natural, cultural and social resource base of the island. While Barbados, like most tropical island destinations, is known because of the primary natural attributes of its climate and coastal environment, the other components, particularly its people and built, cultural and natural heritage elements are of critical importance. Barbados' product is diverse in quality and quantity and includes an accommodation complement of 6,315 rooms, scores of restaurants and other food and beverage facilities, nature attractions including underground caves, historic sites, festivals, golf courses and a range of other activities (National Commission on Sustainable Development, 2004).

3.5 Structure and management of the Barbadian tourism industry

Barbados' tourism industry is managed by a combination of public, private and non-governmental organisations that meet regularly in a variety of formal and *ad hoc* groupings. Policy formulation, planning, management and monitoring of the industry are, therefore, the shared responsibility of a range of stakeholders.

The Ministry of Tourism is the main public sector agency and is accountable for spearheading policy formulation and plan development, conducting research and facilitating and monitoring of product development activities. Table 3.6 highlights the mandates of other public sector agencies which all operate under the MOT.

It can be seen that the mandates of the public sector tourism agencies listed in Table 3.6 include not only development, marketing and advocacy but also extent to management and oversight of specific tourism products on the island.

Unlike the public sector with its multiple agencies, there are currently only two primary bodies operating in the private sector: the Barbados Hotel and Tourism Association; and the Tourism Development Corporation. The former is a trade organisation that represents the interests of the industry; whereas the latter is a non-profit organisation funded entirely by private sector companies and sponsors, who use their funds to assist in product development and promotional activities within the sector. Co-ordination between the public and private sectors may be identified to be lacking; no single organisation represents the interests of both parties.

Table 3.6 Mandates of Barbadian public sector tourism agencies

Agency	Mandate
The Barbados Tourism Product Authority	Responsible for product development.
The Barbados Tourism Marketing Inc.	Responsible for tourism marketing.
The Tourism Advisory Council	Made up of public, private and non-governmental agencies, which advises the Minister on any tourism matters.
The Barbados Tourism Investment Inc.	Responsible for ensuring that there is tourism investment promotion and development in Barbados.
The Needhams Point Development Inc.	Oversees development of Needham Point and the redevelopment of the Hilton Hotel.
The Barbados Conference Services Ltd	Manages the Lloyd Erskine Sandiford Conference

(BCSL)	Centre.
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Many non-governmental organisations have also been involved in tourism development including the Barbados National Trust and the Barbados Museum and Historical Society. These organisations have been working primarily on the conservation of built, cultural and architectural heritage and, to a lesser extent, on the natural heritage. The Pinelands Creative Workshop, a community-based organisation, has also been involved in poverty alleviation using tourism as a vehicle. Other agencies that are closely related and play major roles in tourism development are: the National Conservation Commission; the Ministry of Environment; the National Cultural Foundation; the Town Planning Department; and the Ministry of Finance and Economic Affairs. Thus, a plethora of bodies of interest exist in terms of tourism structure and management on the island. However, co-ordination and joining up of tourism interests is perhaps an area that is lacking.

In relation to TFDI, Barbados Tourism Investment Inc. should be acknowledged as having particular relevance. The Barbados Tourism Investment Inc. (BTII) was formed on April 17th, 1998 by the Government to develop a portfolio of tourism related properties and to facilitate both public and private investment in the tourism and hospitality sector of Barbados. The Government of Barbados is the sole shareholder and is represented by the Minister of Tourism (Barbadostourisminvestment.com). Its mandate is to ensure that it facilitates public and private sector investment in Barbados' tourism and hospitality sector, develops a portfolio of tourism related properties on its own or in collaboration with private and public partners, and manages the implementation of the Urban Rehabilitation Programme throughout the island, in areas such as Bridgetown, Speightstown, St. Lawrence Gap and Oistins.

Therefore, for persons considering an investment in any tourism and hospitality related project in Barbados, the BTII will assist by identifying any investment opportunities there may be, as well as the service providers such as architects, attorneys-at-law, accounting firms etc., who may be necessary to facilitate the investment process. It reviews investment proposals and advises as to their general acceptability within the context of the Sustainable Tourism Development Plan of

the Ministry of Tourism by providing information/data on the social, political and economic environment. The BTII officially claims that it tries to make the process as easy as possible by explaining incentive legislation and the benefits available to investors in the tourism and hospitality sector, while liaising with government departments and agencies.

As outlined above there are a number of organisations that refer to tourism stakeholders in Barbados (including, the Tourism Development Corporation (TDC) of Barbados, Barbados Tourism Marketing Inc., the minister of finance and economic affairs, the Barbados Hotel and Tourism Association(BHTA) and the Barbados Employers' Confederation). With specific reference to TFDI in Barbados however, the identification of- and agreement on stakeholder groups is less documented. In 2013, Caribbean News (2013) reporting on the design of a Hotel Innovation Fund for the island noted that the previous Minister of Finance and Economic Affairs, Christopher Sinckler,

"stressed that it was incumbent upon government, the private sector and citizens to encourage and facilitate investment, and provide opportunities through tax concessions and waivers, since these things would drive investment in tourism and keep Barbados at the top of its game".

Although Sinckler did not elaborate on specific tourism investment stakeholders beyond the broad groupings of government, private sector and citizens, social groups with a stake in TFDI in Barbados can be recognised to extend to: foreign-owned hotel managers and employees; local residents and students; government tourism officials; tourism and business association representatives; policy makers; suppliers to foreign-owned hotels. These fit with six broad categories of stakeholder types proposed by Waligo, Clarke & Hawkins (2013), whose work draws on a breadth of previous tourism studies involving stakeholder identification and analysis (Aas et al., 2005; Butler, 1999; Byrd, 2007; Getz & Timur, 2005; Hall & Lew, 1998; Hardy & Beeton, 2001; Markwick, 2000; Mason, 2003; Medeiros de Araujo & Bramwell, 1999; Vernon, Essex, Pinder, & Curry, 2005). Tourists, industry, local community, government, special interest groups and educational institutions are all acknowledged to be stakeholder groups that influence

tourism development in a variety of ways, encompassing tourism supply and demand, regulation and the management of tourism impacts. The existence of each of these six stakeholder groups may be acknowledged in Barbados, specifically in relation to TFDI. Firstly, as discussed earlier, tourists are mainly international in origin, providing Barbados with a trade export. Secondly, the tourism industry is dominated by foreign-owned investments in the accommodation, namely resort hotels sector, dependent on suppliers to import Western standard goods. Thirdly, the local community forms the employee base for many resort hotels as well the non-employed resident locale surrounding resort hotel locations, highlighted in section 3.3. Fourthly, the government of Barbados has a stake or interest through a multitude of ministries and agencies that regulate and promote TFDI, discussed in sections 3.4 to 3.6, 3.9. Special interest groups relating to tourism in Barbados include a number of community associations, geographically based, notably the Crane Community, Port Ferdinand, Six men's Community, St. Matthias and Trent. The nature of these community groups is outlined in section 3.3 together with acknowledgement of the influence of The University of the West Indies based in Bridgetown - a stakeholder that possesses expert views that feed into the national tourism strategy and development plan.

3.6 TFDI in Barbados

Foreign Direct Investment (FDI) plays a critical role in the development of many countries across the globe, and has been studied extensively throughout academic literature. It is an important source of capital for a range of host and home economies, and is seen as the most important element of the globalisation process, with research (e.g. Bevan and Estrin, 2004; Borensztein, Gregorio and Lee, 1997; Habib and Zurawicki, 2002) proving that it facilitates economic growth and technical innovation through capital investments, even more so than domestic investments.

Tourism is the sector that receives the most FDI overall in the Caribbean region (UNWTO, 2017) and the demand for Tourism Foreign Direct Investment (TFDI) is reportedly high (Endo, 2006). Craigwell & Moore (2007) considers tourism to be the 'engine of growth' for small island developing states (SIDS), as it provides direct and indirect benefits such as foreign exchange

earnings and employment which all contribute to Gross Domestic Product (GDP). Consider also that FDI accelerates the transfer, acquisition and absorption of new technologies while enhancing human capital and the competitive position in host countries (Read, 2007; Craigwell & Moore, 2007). However, the OECD (2008) believes this may only be achieved through the right policy environment in the recipient country. In the case of Barbados, this concept is also recognised by local economist Forte, who highlights that the island's poor administrative procedures, substandard facilitations and lack of credible economic policy framework are hindering the country's investment attractiveness (Barbados Today, 2016).

In light of this background, it was identified that there is a relative lack of literature and empirical studies conducted in Barbados on TFDI. Therefore, as argued in Chapter 1, this thesis will seek to address this gap in an effort to contribute to the academic literature given that TFDI plays a very important role in the development of tourism in SIDs such as Barbados.

In recognising the role and importance of travel and tourism to the Caribbean region, many of the islands' governments seek to sustain and expand their tourism products by investing in tourism facilities and providing financial incentives and duty-free concessions to developers through policy making. This is all done in an effort to attract foreign direct investment (FDI), because among other things; capital, infrastructure and access to marketing and distribution chains are all elements necessary to facilitate the success of tourism development (Duval, 2004; UNCTAD, 2007). Research indicates that FDI can play an important role in promoting economic growth in developing countries (e.g. UNCTAD, 2007; Duval, 2004; De Groot and Ludeña, 2014; Dufey, Grieg-Gran, and Ward, 2008), and since the 1990s, FDI flows in the Caribbean have been rising steadily, reaching US\$6.7bn in 2008 with the increase of tourism arrivals being a notable influence (De Groot and Ludeña, 2014).

According to the WTTC (2017), tourism attracted capital investment to the tune of US\$6.8bn in 2016, and this is expected to rise by 2.5 percent in 2017, and later to USD\$9.8bn in 2027. The tourism industry attracts the bulk of investment in many islands in the region (UNWTO, 2017). However, FDI can be volatile and is subject to not only the international economic state, but the

local economic conditions as well. The global financial crisis in 2008 had a major negative impact on FDI flows in the region and the recovery of investor confidence was very challenging. As a result, Caribbean economies that are dependent on tourism suffered the most, and tourism growth in the region after 2008 has been recorded to only have been 1.1 percent annually, compared to 3.3 percent worldwide (De Groot and Ludeña, 2014).

From its earliest days as a British colony, Barbados' growth has been fueled by FDI. Barbados is now an independent nation and the Barbados Government actively promotes and continues to encourage FDI. Invest Barbados (IB) is a government agency of which the prime responsibility is to promote and facilitate FDI by being a one-stop shop that deals with each potential investment on an individual client basis with offices in New York, Toronto, London, Shanghai and Bridgetown.

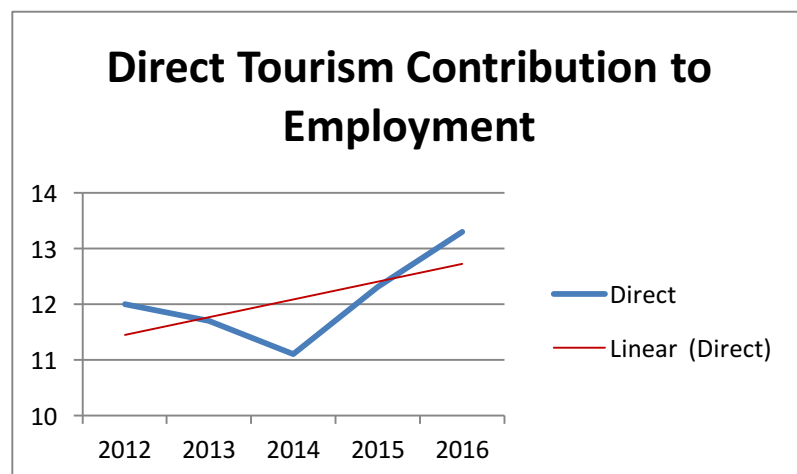
There have been two distinct growth periods of FDI inflows into Barbados, from 1970-1975 and 1985-2003. FDI inflows to Barbados between 1977 and 1985 mainly went to public utilities, manufacturing and tourism activities (Codrington, 1987). Mainly non-resident enterprises invested in public utilities and they had a major controlling interest in telecommunications and electricity services (ibid). Codrington's study (1987) further revealed that the Industrial Development Corporation for manufacturing was established in Barbados to push industrial development and attract FDI. A ten-year tax holiday was established for manufacturers selling their total output outside of the Caribbean Community (CARICOM). This is a temporary period in which a government offers incentive programs which give a tax reduction or removes certain taxes on certain items as an incentive for business investment. Most foreign firms were producing electronic components and clothing accounting for seventy-one percent (71%) of FDI in manufacturing.

Since 1985, investment has become less dominant but it is still very important to Barbados as a means of employment generation (Gill and Campbell, 2005) and, what UNCTAD (2007) refers to as 'boosting foreign reserves', which are the means of support of the Barbadian economy. Gill and Campbell (2005) argue that FDI had a negative impact on Barbados' current account in the short and the long run, meaning that any FDI benefits would be offset by imports and

repatriation of profits (i.e. leakage), as a result putting pressure on the country's foreign reserves. The long-term capital inflows have averaged USD \$30 million per annum of which FDI inflows accounted for three quarters (ibid). FDI mainly comprised of loans from parent companies to their branches and subsidiaries (62.9%) and undistributed earnings (22%). During the same period portfolio capital started expanding. FDI impact on Barbados' economy has been further studied by using company data from 255 firms from 1985-1995 (Belgrave and Ward, 1997). The study focused on the manufacturing sector and the influence of foreign equity on the survival of manufacturing firms was examined. The foreign equity variable did not explain firms' survival and the same result was obtained even when the sample was disaggregated by sector.

With regards to tourism, the Hotel Aids Acts was passed in 1956 in an attempt to develop Barbados' tourism industry. The Act included customs duties exemptions on building materials and equipment for hotels, and it allowed a seven-year tax holiday for accommodation establishments. In 1958 the Barbados Board of Tourism was formed along with additional incentives for the tourism industry. North American and British interests controlled a large share of the available accommodation capacity by 1970, and 15 years later approximately 50 percent (50%) of the establishments in Barbados had at least 25 percent (25%) foreign ownership. After the fall of the sugar cane industry - the main income earner for Barbados - tourism and manufacturing gradually took over between 1974 to 1980 as the main source of revenue and employment (Central Bank of Barbados, 2010). In 2016, Tourism directly accounted for 17,000 jobs, which represents 13.3 percent of Barbados' total employment. Figure 3.3 identifies the direct contribution of tourism to Barbados between 2012 and 2016.

Figure 3.3: Direct Tourism Contribution to Employment



Source: Knoema (n.d), WTTC (2017)

During 2002, real estate became the largest source of FDI inflows in Barbados. The growth of the sale of real estate to non-resident created a boom in FDI. Barbados saw a decline in inflows from investment fund branches and direct investors in 2004. Due to tourism related projects, there was a rapid increase of FDI inflows in 2006-2007 (Central Bank of Barbados, 2010). Recently, Barbados has experienced FDI through the emergence of condominiums as a result of the incentives that are granted to foreign investors in Barbados. According to Te Velde and Nair (2005), Barbados is known for granting national treatment to foreign investors in its domestic laws; this has caused foreign investors to enter the Barbadian economy because of the attractive policies which are prearranged, thus causing foreign investors to invest in new tourist facilities such as condominiums. In 2004, Barbados saw a record of direct investments in condominiums, real estate property and land by returning nationals and foreigners. Due to the access to and ownership of properties the value and resale prices of these properties and surrounding areas has been pushed up (Griffith, Waithe and Craigwell, 2008). FDI peaked in 2007 with \$675.6 million of which real estate transactions accounted for over 60% (Central Bank of Barbados, 2010).

3.7 FDI Trends in the Tourism Sector

In 2013, tourism directly contributed 12.9 % to the GDP and accounted for 13.3 % (which was equivalent to approximately 17,000) of total workforce (WTTC, 2017). Tourism is one of the traditional sectors besides mining, energy, and agriculture where FDI inflows to Caribbean

islands are concentrated. FDI is often considered one of the most effective engines for harnessing capital, infrastructure, knowledge and access to global marketing and distribution chains. All of the above are critical for the tourism industry (Peric and Radic, 2011). With increasing globalisation, FDI and more specifically, TFDI have become an important competitive strategy for MNCs to invest globally. On the other hand, governments consider FDI crucial to the development of their economies and competitiveness (Tang, 2007).

Armstrong and Read (1998) suggest that this TFDI is popular especially for Small Island Developing States, (SIDS), such as Barbados because of their relatively small markets, limited resources and more relaxed restrictions on trade. Often foreign direct investment is used to develop the accommodation and ancillary sectors in these SIDS (Craigwell, 2007). According to some researchers, the higher the tourism demand or visitor numbers in a region, the higher potential for TFDI. This is due to measurable and actionable evidence of a lucrative economic environment and because of the resultant market potential, many SIDS decide to promote TFDI (Tang *et al.*, 2007).

Moreover, the trend of FDI inflows to the Caribbean in services sectors is increasing, reflecting the international trend. Figures from the World Investment Report (2007) indicate that relative to the amount of capital investment to the Caribbean, approximately 36% was directed toward the tourism and hospitality industry in 2004. More specifically, as a percentage of total capital investment, tourism is most important for Barbados (65.1%) (Craigwell *et al.*, 2006).

According to the UNCTAD World Investment Report (2007), global FDI inflows amounted to \$1,306 billion in 2006, increasing by approximately 38 percent more than inflows of 2005. However, global FDI fell by 18 percent to US\$1.35 trillion in 2012. After the 2012 slump, global FDI returned to growth, with inflows rising nine percent in 2013, to US\$1.45 trillion (World Investment Report, 2014).

Stemming from 2012, developing countries took the lead and for the first time ever, absorbed more FDI than developed countries, accounting for five percent of global FDI flows. FDI flows to developing economies have proved to be more resilient than flows to developed countries. They accounted for 52% of global FDI inflows exceeding flows to developed economies for the

first time ever by 142 billion (World Investment Report 2014). In line with trends at the global level, FDI flows to the Caribbean increased from US\$1,290 million in 1995 to US\$3,797 million in 2005. Over the years this increase became a decrease and in 2012, FDI flows diminished to US\$244 billion. Trade however bounced back in 2013 when FDI flows to developing economies reached a new high of 54% with the Caribbean accounting for six percent (World Investment Report, 2014).

Determinants of TFDI are the same as in the other industries and include cultural/historical/geographical distance, political and/or economic risks, level of economic development, socio-economic environments, and privatisation of the industry, taxation, investment incentives, availability and quality of hard and soft infrastructures and corporate strategies or company-specific factors (Endo, 2006).

Tourism-specific data is scarce; hence, information herein presented is heavily reliant on secondary data and inferences to illuminate FDI volumes into the tourism sector. The World Investment Report (2014) estimated that FDI inflows to Barbados were US\$11.2 million in 1990, compared to US\$54.7 million in 2000 and US\$289.7 million in 2010 (Table 3.7). These estimates point to a substantial increase in FDI inflows over the period at hand. Notwithstanding, the time period analysis shows that although FDI inflows increased steadily and reached peak amounts in 2007-2008, the flows plummeted. These decreases could be as a result of the 2007/2008 global recession. It was only in 2009 that Barbados and other Caribbean islands began to actually see the repercussions of the economic crisis, so this could be a potential indicator as to why FDI flows to the island saw a decrease.

Moreover, total tourism investment in 2013 was BDD\$302.8 million, or 21.9% of total investment in the country (WTTC, 2014). This was an increase from US\$5 million prior to 1990, with Sandals Resorts of Jamaica investing over US\$250 million, purchasing one resort (now Sandals Resort, Barbados) and building a brand-new Beaches Resorts at the site of the former Almond Beach Resort in St. Peter (Sandals, 2013; ECLAC, 2015). With these purchases and acquisitions came an increase in media coverage with regard to TFDI (e.g. Loop News Barbados, 2017; Business and Finance, 2017; News Americas Now, 2017; Business Barbados, 2017; Barbados Today, 2017; Littlejohns, 2017). This came as a result of the revelation of the

concessions given to the company. A copy of the extent of concessions granted can be found in the Appendices and the concept of concessions is explained further in this chapter. It is important to note that the main sources of FDI to Barbados are Canada, United Kingdom and the United States of America.

Table 3.7 FDI inflows to Barbados, 1990-2010

Year	FDI inflows (US\$ millions)
1990	11.2
2000	54.7
2005	240.0
2006	342.3
2007	476.4
2008	464.4
2009	247.1
2010	289.7

Source: World Investment Report (2014)

Governments of many developing countries such as Barbados are looking to TFDI as a promising avenue for further development of tourism because they lack their own capital as well as to gain comparative advantages to developed countries. Attracting FDI in the tourism sector is often difficult, and there is a growing demand for support in this area by employing various public incentives schemes such as tax holidays and lower taxes for foreign investors, financial incentives such as grants and preferential loans to MNCs, investment allowances as well as measures like import duty exemption (UNCTAD 2007).

3.8 Past and Current Tourism-related FDI projects in Barbados

However, as beneficial as TFDI may be, at times it can be beset by difficulties. This is shown in the case of Mr Gordon "Butch" Stewart, who is a Jamaican hotelier and business man, but more importantly the founder and chairman of Sandals and Beaches Resorts. His earliest attempts to invest in Barbados' tourism industry, can be traced as far back as 1992, during which time he bought one of the best beach front properties in Barbados, the Paradise Beach Resort from Cunard Group for the development and introduction of his Sandals brand to the island. He held

onto the property for 13 years, but among other things, including certain fundamental issues with the Barbados Government at that time and the expensive nature of the refurbishment, he never developed it (Caribbean News Now, 2003). In 1999, he was faced with additional problems when an American investor attempted to purchase the property from him for US\$19 million, however the deal collapsed and what ensued left Mr. Stewart with a legal cloud hanging over his property, as it could neither be developed into a Sandals hotel or sold to any other interested investors (Caribbean News Now, 2003). Arguably though, on the basis that the property was too costly to refurbish and/or develop, Mr. Peter Wickham raised a valuable point in his newspaper column titled “People and Things: Economic Democracy”, where investments such as these are concerned, stating that:

'An investor who can afford to purchase such a hotel can also afford to wait a few years while his investment matures in this less-than-buoyant market, and thereafter dispose of such a property with a reasonable profit. This option works for the wealthy investor, but does little for Barbados, which loses potential foreign exchange, as well as valuable jobs' (Nation News, 2012).

After a lengthy legal battle, the American investor abandoned his claim to the property and after, on behalf of his business partners, Stewart is quoted as saying that *'hotel operators in Barbados had to take full responsibility for the lost jobs and other missed opportunities caused by the prolonged closure of the Paradise Beach'*, and now that the property is finally free from all legal entanglements, *'Sandals Resorts International will be actively exploring every avenue to facilitate its development or disposal'* (Caribbean News Now, 2003).

This then leads us to the year 2005, when it was reported that the Sandals Group of companies, which owned the Paradise Beach finally sold it to a group of international investors headed by hotel magnet Michael Pemberton and Robin Paterson who is a London property entrepreneur. It is understood that the new owners were set to develop a new multi-million-dollar five-star hotel with 125 rooms and associated facilities, along with 35 luxury villas priced at US\$11 million to US\$18 million apiece. It was to carry the logo of one of the world's most recognised brands – Four Seasons, with the area to be renamed Clearwater Bay (Barbados Today, 2016). Initially, this development seemed very promising with expectations to be finished in 2011, and up until 2009, all but 20 villas were sold to very high-profile persons including Andrew Lloyd Webber,

Simon Cowell, Formula 1 personality Eddie Jordan and music industry mogul Lucian Grainge (Evening Standard, 2009).

However, following the onset of the global financial crisis in 2009, to date this endeavour too has been beset by difficulties and controversies. Nine years after its launch in 2008, it is a deserted construction site with half-built villas clad in rusting scaffolding (Daily Mail, 2012). Some of the initial buyers who had placed deposits on their luxurious villas costing as much as US\$30 million grew impatient with the long wait times of the development and some of them even formed an action group in an effort to expedite the process (Evening Standard, 2009). One investor even launched a lawsuit in the Barbados Supreme Court for the return of his US\$1.7 million deposit, claiming that developers are in breach of contract for failing to complete his US\$8.2 million five-bedroom villa by the agreed date of 2010, whereas, another investor wrote a letter of complaint due to a four-year delay to his property (Daily Mail, 2012). It seems as though investors were relying on the funds from the buyers to actually complete the hotel. When contacted, Avinash Persaud, the person overseeing the project estimated that they needed US\$123 million to complete the hotel, and at that time they had only raised US\$102 million. He went on and is quoted as saying that *'Most of the people who have put down deposits understand that once the financing is in place we can move forward'* (Daily Mail, 2012).

Controversy surrounding the construction of the luxury hotel and villas did not end there, as Pemberton enraged the Barbadian public when it was disclosed that he had flown in as many as 600 Chinese workers to work on the project, amid suspicion that they did not have any work permits and further criticised in his suggestion that the resort might have a private beach. The Barbados government responded to each issue, and a compromise was made with regards to the Chinese workers, however, Tourism Minister Richard Sealy in addressing the private beach matter is quoted as saying:

'We have made it clear as a government that there should be no private beaches. I'm under no misconceptions at all. The beaches belong to the people. When we invite people here to enjoy our beaches, they must understand that they are coming to share and not to own and our policy is very, very, very clear.' (Evening Standard, 2009).

More than half of the villas were left unsold, and buyers were not making additional payments on their deposits, probably due to the lack of confidence in the developers. These and the

aforementioned issues are what caused this project to fail and never recover (Barbados Today, 2017). As a result, in January 2016, the 25 developers led by Pemberton and Paterson, dissolved their company and terminated their appointments (Companies House, 2017).

However, there still seems to be some interests in the project as multi-millionaire investor Andrew Stewart expressed his willingness to take over the project, stating *'Yes, if it came on the right terms it is something that I and my investors would look at with interest'* (Barbados Today, 2017). Notwithstanding this though, there are new efforts by the Government of Barbados to get the project up and running again. After the International Development Bank (IDB) withdrew its support of US\$160 million in loans they committed to the project two years prior, the Barbados government has officially made statements acknowledging that the Four Seasons project has been once again sold to a group of British investors for US\$60 million.

This comes after the government of Barbados agreed to guarantee a US\$60 million loan from a Caribbean bank to assist in restarting the construction. In return for the guarantee, the government will own 20 percent equity stake in the project. This type of government involvement goes against Jenkins' (1982) argument, which supports the idea that government involvement is required in tourism, as it pertains to setting long term objectives, providing incentives while supporting, implementing and enforcing development standards and environmental controls. However, they do not agree with government ownership.

Sandals Resorts International own and operate 23 resorts across seven Caribbean islands. They opened their first resort – Sandals Barbados, in November 2013, and in 2018, will be spending about US\$375 million to build a 580 room Sandals Beaches Resort in Barbados (Fieser, 2017; Barbados Today, 2016)). Currently, it is believed that around 700 persons are employed on the Sandals project and as many as 1,000 persons may be employed as the project nears completion. However, as alluded to earlier, media attention given to the 2013 development mostly highlighted the concessions and tax exemptions granted to the developers. Before a gathering that included Minister of Tourism Richard Sealy and Minister of Industry and Commerce, Donville Inniss, a local developer accused Government of discriminating against investors like him, in favour of non-nationals as it relates to duty free concessions for tourism development

(Barbados Today, 2017). In an unprecedented move, Sandals was granted complete duty and tax-free status for 25 years by the Government of Barbados. After the first 25 years, the rate of concessions will be cut by 50 percent for an additional 15 years bringing it to a total of 40 years. Not only were these concessions seen as an unfair advantage to other hotel operators in the industry, notable economist and former Prime Minister Owen Arthur contended that:

'An already eroding tax base occasioned by changes to the second largest revenue earner, the offshore sector, was made worse by the concessions, not only to Sandals, but to the entire tourism sector, the island's primary money earner' (Barbados Today, 2016).

The issues and controversies surrounding this development not only stemmed from the duty-free concessions and tax-free status. Concerns were also raised about the environmental damage at Dover Woods, where Sandals Royal Barbados is being expanded. Sustainability enthusiast, Jim Webster stressed that while he understood the perceived benefits of the Sandals investment as it relates to employment and economic gains, there must still be balance between economic development and the environment. Sandals Public Relations Manager David Hinds responded and is quoted as saying that:

'Development of Sandals Royal Barbados Resort [was done] in accordance with all necessary permissions, environmental assessments and permits, and within the guidelines provided to us, as we do in every territory which Sandals operates.' (Barbados Today, 2017).

The most recent FDI project was announced in 2016 by Hyatt Hotel Corporation, who confirmed that for the first time ever they have entered into an agreement to build the branded Hyatt Centric hotel in Carlisle Bay, Barbados. The project is expected to be completed and opened in 2019 and will cost US\$100 million to build. Two 12 storey buildings will be built featuring 237 rooms, 32 residential condominium units, several dining options including a signature restaurant, pool bar and grill, market style café, full service spa, a fitness centre, outdoor pool, kids club, beach activities and 6,135 square feet of meeting or event space, all situated along one of the most beautiful beaches in Barbados. It is also reported that the benefits from this project are expected to create more than 300 jobs for locals such as architects, engineers and designers during the construction phase, and it has also been stated that after completion it will provide many jobs for Barbadians.

However, as with most TFDI over the years in Barbados, this project did not lack any controversy. There has been public outcry from the Barbadian public surrounding the proposed site of development for Hyatt, with some claiming that the 15-storey development does not fit in with the environmental landscape of the environment and threatens the country's designation as a UNESCO World Heritage site (Barbados Today, 2016). Taking the lead in this fight against Hyatt and the Barbados government is attorney-at-law and social activist David Comissiong, who is quoted as saying that *'the building is the most disproportionately large, domineering, ugly, out of character structure'* in the heart of what was previously designated a UNESCO Heritage Site (Barbados Today, 2017). Mr Comissiong is now entangled in a legal battle with the current Prime Minister of Barbados, The Hon. Freundel Stuart, who is also the minister responsible for the Town and Country Planning Department, for granting planning permission for the project and leading calls for a detailed EIA to be done (Barbados Today, 2017). As a result, Comissiong filed an Application for Judicial Review in March 2017, and in addition, an application to suspend the development until the court has been given the opportunity to hear the entire matter and make a decision (The Barbados Advocate, 2017; Barbados Today, 2017).

Others too have spoken out and have accused government of 'cherry picking' projects for environmental impact assessment (EIA). Mr Dwight Sutherland of the opposition Barbados Labour Party raised this concern in parliament stating that the current administration has been inconsistent in terms of its due diligence for major developments and is quoted as saying:

'My difficulties come when we seek to implement certain projects that are critical to Barbados' sustainable development, but yet we want to circumvent the EIA studies in certain critical projects.'

and further stating that, *'You cannot come on one day and speak to EIAs being important in one sector, and then in another section of Government [it is not]'* (Barbados Today, 2017).

As it relates to all these development cases, the need for an EIA is supported in literature by Mycoo (2006), who highlights that the failure to utilise these assessments in development is a serious policy failure since it supports the preservation and balance between development and the environment to ensure during the short and long term, that sensitive environments such as coastal areas or local forestry are not destroyed.

Lastly, The Wyndham Sam Lord's Castle Resort is the latest TFDI project scheduled to open its doors in Barbados 2019. It will be the largest real estate investment in Barbados' history featuring 450 suites, a flexible meeting space and a large spa, and will be funded by the government of China. It will provide employment for at least 1,100 Barbadians, and the state of the art resort will cater to present day and future travellers, multigenerational families, honeymooners, foodies and persons travelling for MICE (Meetings, Incentives, Conferences, and Events) (Barbados Advocate, 2017; Caribbean Broadcasting Corporation CBC, 2017).

3.9 Government policies and targeting of FDI

The Government of Barbados (GOB) has recognised the importance of attracting foreign investment as an important element to achieve these growth and development objectives of the tourism sector. It further recognises that efficient and constant investment in product and infrastructure offerings will be essential over the coming years to improve the quality and standards of the overall tourism product in this increasingly competitive environment. It is therefore essential that a favourable business environment be established and maintained (Strategic Solutions Inc., 2012).

Notwithstanding, the GOB, through Invest Barbados (IB), Barbados Tourism Investment Inc.(BTII) and the Ministry of Tourism and International Transport (MTI) has taken the approach of creating an enabling environment by introducing certain policies to attract much needed foreign direct investment. This 'favourable' investment framework comprises of special investment incentives.

In recent years, the policy framework directly governing tourism development in Barbados was premised upon two main documents, namely: The Green Paper on the Sustainable Development of Tourism in Barbados- A policy framework and the Tourism Development Act, 2002-2007. The Green paper was developed as replacement to the draft Barbados National Tourism Policy (1997) and stood as the document which provided guidelines, parameters and objectives that would guide tourism development in Barbados. This policy has a total of nineteen objectives specific to areas such as awareness, human resources, organisational structure, standards, economic contribution, investment, marketing, community involvement, services,

accommodation, the built and natural environment, cultural heritage, land use, inter-sectoral linkages, technology, safety and security, airlift and cruise tourism (Ministry of Tourism, 2001).

Resulting from the realisation that investment is especially important to the Barbadian tourism industry; the Government of Barbados has developed the Tourism Development Act as a legal, fiscal and regulatory framework to further encourage development of the industry. This framework recognises the need to diversify the tourism product thereby catering to new and emerging product types and market niches and give Barbadians, particularly communities, a greater share in the benefits to be derived from the growth and development of tourism in Barbados. In addition to providing a schedule of fiscal incentives for initial investment in the industry, the new framework incorporates measures to continuously enhance Barbados' tourism product and provides a set of standards to ensure the long-term viability of the industry (Ministry of Tourism, 2002).

To date, the Tourism Development Act, Cap.341 acts as the principal statute governing tourism in Barbados. It replaces the former Hotel Aids Act and differs from its predecessor in that it offers concessions to not only hotel owners and operators but also to other accommodation operators, operators of restaurants, attraction, sport and recreational facilities and any other project, which the Minister of Tourism deems to be a tourism project. Two other policy initiatives are worth mentioning. These are: The White Paper on Tourism Development in Barbados which was published in the year 2012 and builds on and replaces the Green Paper, as well as the Tourism Master Plan which was published in the year 2014. Both of these recognise the need for policy and practice to guide tourism planning and development and to be responsive to changes in the external and internal environments to audit the management of the human, natural and built resource base, and to create an environment which promotes investment and increases profitability (Moore *et al.*, 2014).

3.10 Types of TFDI incentive offered and the investment climate in Barbados

Many countries, like Barbados, often strive to create favourable conditions for TFDI by creating enabling regulatory environments through the use of investment incentives often referred to as 'concessions', as tools to upset the location of investment (Shapiro & Globerman, 2001; Silajdzic and Eldin, 2012). This high demand for TFDI in developing countries has caused a high

level of competition which has furthered the need for countries to have competitive incentives for investors.

Barbados offers a range of incentives for various types of investment but the primary legislation that provides benefits and incentives to investment in the tourism and hospitality sector is the Tourism Development Act. The scope of these custom duty or income tax concessions may be granted under the act in respect of duty free importation of building materials and equipment during construction and rehabilitation; supplies for refurbishment of hotels, restaurants, villas and sports and recreation facilities for tourism purposes; extended tax holidays/write-off of capital expenditure and accelerated write-off of interest; training of employees and marketing, which all include waivers of Value Added Tax (VAT) and the Environmental Levy.

Additional incentives can be obtained under the Special Development Areas Act. This act provides concessions to approved developers carrying out specific activities in defined geographical areas within Barbados including; Carlisle Bay Redevelopment area in St. Michael, Speightstown in St. Peter; St. Lawrence Gap in Christ Church; and The Scotland District Conservation Area. The eligible activities include hotel conference areas, residential complexes, commercial buildings, tourism facilities, water based activities, tourism projects highlighting heritage and natural environment, arts and cultural investment and agricultural activities.

Barbados is one of the countries across the globe that operates as an international business and financial services centre. A basic review would suggest that these countries, Barbados included, offer the same basic value proposition – *‘a low-tax jurisdiction that companies based in other countries can use to increase their competitiveness’* (Invest Barbados, 2015; Barbados Tourism Investment Inc., 2015). However, beneath the exterior perceptions, there are varying degrees of integrity in how these jurisdictions are run. Further, Barbados is ranked 106th in the World Bank’s ‘Ease of Doing Business Report (2015).

Barbados is renowned worldwide as a secure, sound and recompensing international business centre. Additionally, substantial increases in Revenue per Available Room (RevPAR) and annual hotel occupancy rates of over 70% have made Barbados very attractive to many major hotel

brands such as Hilton, Radisson Aquatica, Courtyard by Marriott, Sandals Resorts International, Wyndham (planned) and Four Seasons (proposed but not finished). It is often stated that Barbados is popular because of its business environment where the Government, Labour Unions and the business community work in a tri-partnership fashion to promote sustainable economic development.

Barbados continues to be a presiding choice for many universal investors to invest in. This is because the Barbados advantage is plentiful and continues to evolve to meet the demands of global investors. Special mention here can be made of the Double Taxation Agreements that Barbados continues to expand. It is purported that having a multitude of sovereign agreements with many reputable nations offers global investors a transparent, compliant and legal framework to reduce their overall tax rate. The point can be then made that Barbados has in fact distinguished itself owing to its extensive treaty network, prudent regulatory framework, excellent professional services, modern infrastructure, economic and political stability in addition to these special incentives. Investors also tend to look at historic returns when making forward-looking decisions, such as to invest in a small Caribbean island (Invest Barbados, 2015).

Fifty years of a stable democracy has also served the tropical island of Barbados quite well and has laid the foundation for the advancement of its political, economic, and social stability. It should be herein noted that this stability is supported by the fact that Barbados is governed by the third oldest parliamentary democracy in the British Commonwealth. As a result of sustained commitment to a policy of social and economic development, inward investment is fully supported by the Government of Barbados. The government is committed to ensuring that appropriate incentives and legislation are in place to promote/assist investment decision making (Barbados Tourism Investment Inc., 2015).

3.11 Chapter conclusion

This chapter has partially addressed research objective 3 of the thesis by beginning to examine the operations and management of TFDI in Barbados. In concluding, since there is little academic literature on TFDI in Barbados, this chapter provides a brief overview and history of mass tourism in the Caribbean region. It emphasises the importance of tourism and the effect the sector has on SIDs in the Caribbean, specifically with regards to employment and

unemployment, infrastructural development and its contribution to GDP. The chapter also outlines the importance of investment flows into the Caribbean. The history and importance of FDI, and by extension TFDI in the Caribbean is discussed, with a focus on Barbados. FDI helps facilitate the development of tourism and its infrastructure in Barbados however FDI is volatile and may have a negative impact on tourism and vice-versa.

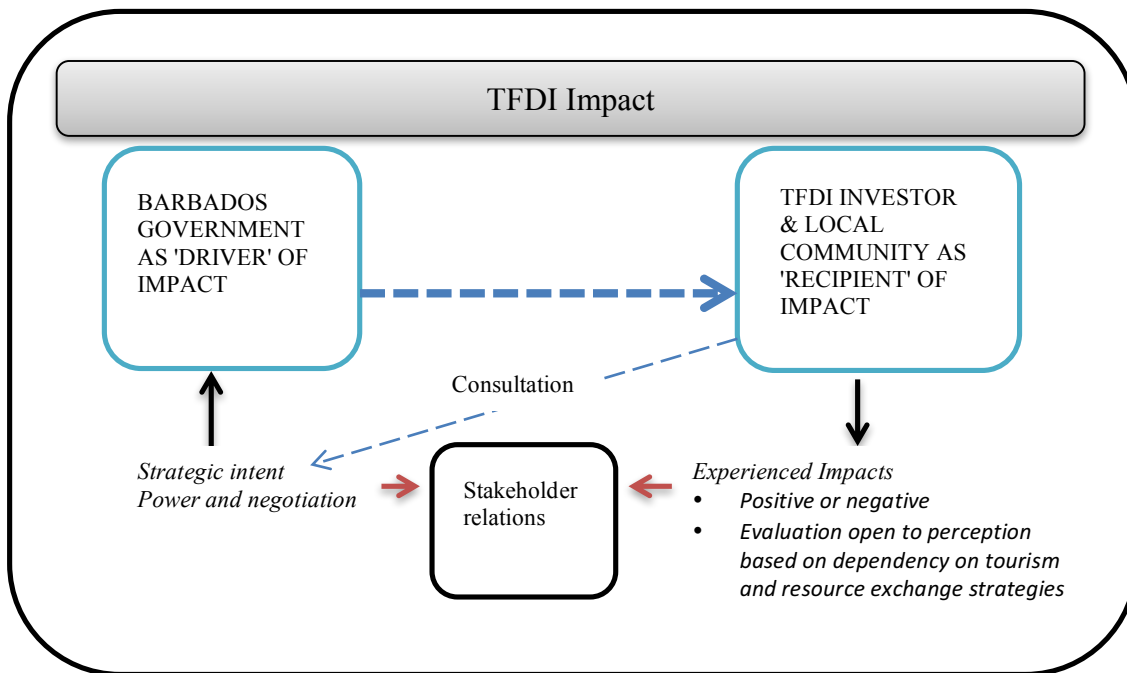
Barbados has an extensive history as it relates to FDI and TFDI in the context of the Caribbean. It is partly due to FDI that Barbados has been economically successful over the years. FDI has been able to provide and sustain employment in Barbados while facilitating technological growth. Yet, as simple as it may seem, it is a complex topic that depends on a multiplicity of factors for it to be successful. Factors ranging from policy making, infrastructure, accessibility and stakeholder collaboration to ensure that the economic and social environment is conducive for development and FDI.

In reviewing the past and current tourism-related FDI projects in Barbados, it has been determined that although Barbados is a very attractive place for FDI, it is sometimes plagued by the inefficiencies of the processes through which developers must go through. Also, there seems to be a lack of communication between all stakeholder involved, or an issue with some stakeholders even being acknowledged or disregarded for that matter. This behaviour is evident as attorney at law, Hal Gollop, who is representing Prime Minister Freundel Stuart in the Hyatt case, argued that attorney at law and social activist David Comissiong, has no right to challenge Stuart's decision to grant developer Mark Maloney permission to construct the US\$100 million hotel on Bay Street (Barbados Advocate, 2017). In moving forward, secondary data relating to the case study context of TFDI in Barbados suggests that there needs to be more transparency, consistency and cooperation between stakeholders involved in planning and development as it relates to FDI (Mycoo, 2006; Wilkinson, 1989) in addition to fair treatment across the board.

At the start of Chapter 2 it was stated that emphasising key debates in TFDI and identifying research gaps would provide a conceptual foundation for the research study. With this in mind, after exploring the context of Barbados following on from the literature review, Figure 3.2

provides a conceptual framework that TFDI stakeholder positioning in the context of TFDI impacts in Barbados.

Figure 3.4: Positioning of TFDI stakeholders in the context of TFDI impacts in Barbados



Chapter 4: Methodology

4.1 Introduction

This chapter outlines the philosophical stance of the researcher, the methodological approach and the methods used in this study. The theoretical approach and the operationalisation of the research objectives are detailed. The chapter discusses the philosophy underpinning the study and its relevance to- and implications for the research. Details of the data collection and analysis processes are provided. A focus on resident perceptions of local TFDI impacts is reiterated, acknowledging challenges surrounding engagement with FDI resort hotel companies. The chapter also explains the thematic analysis of the data. The chapter stresses that emic and etic approaches were combined to enable an emphasis on personal experiences, interpretations and views on the consequences of tourism development through FDI alongside researcher framing of the research. This was seen to be important given a desire to be able to capture and present local 'realities' with a view to being able to inform policymakers and tourism development investors as to how to enhance socio-economic development along with local livelihoods through TFDI.

4.2 A conceptual map: pre-data collection

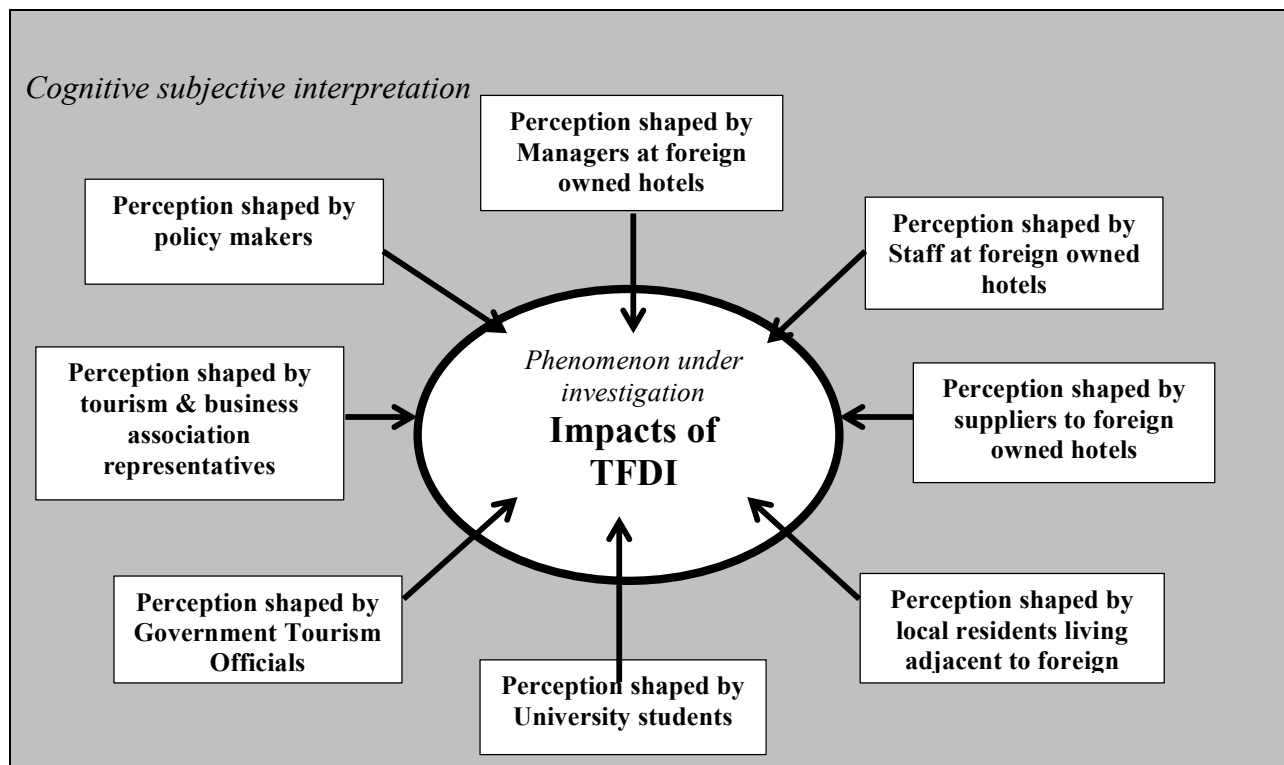
It is useful to begin the chapter with a conceptual map that synthesizes what is known thus far after completing the literature review and providing context information. This may be presented as 'a conceptual map: pre-data collection' (Figure 4.1).

4.3 Philosophical stance and conceptual thinking

Philosophical and theoretical perspectives of research make up its research inquiry paradigm and can range from broad philosophical approaches (i.e. ontology, epistemology, and methodology) to more specific theories that guide and shape the research. It is perhaps inevitable that the researcher's views and interpretation of reality and the social world influence the research approach and methodological choices. This has implications for the operationalisation of the research, - its design and execution -, and is important in the thesis narrative when conducting social science inquiry, explaining the nature of human actions as viewed by the researcher (Gill and Johnson, 2002).

The potential value of Social Exchange Theory (SET) has already been acknowledged in Chapter 2, as has Dunning's (1979) OLI framework and its relevance to the consideration of locational advantages in the case study location. SET and Dunning's OLI framework have influenced the design of the interview questions in this study. It is useful here to reflect on the philosophical stance of the researcher. Figure 4-1 outlines the conceptual thinking that underpins the study.

Figure 5-1 Conceptual thinking



It is conceived that TFDI exists but the nature of its impacts are open to multiple perceptions or cognitive subjective interpretations, in line with a realist epistemology. The nature of being (ontology) is viewed as subjective with reality being open to multiple views or perceptions, shaped by personal experiences of individuals. This research study takes a critical realist ontological stance, which reflects the researcher's view of reality; that there is a mind-independent external reality and that it can be known or accessed but this happens cognitively by individuals. Critical realism denies that there is any certain knowledge of the world, and accept

the possibility of alternative valid accounts of any phenomenon. In other words, there are different valid perspectives on reality. In his classical statement, Sapir (1958) argued that “the worlds that different societies live in are different worlds, not simply the same world with different labels attached” (1958:69). This coincides with the research aims and objectives, which propose to analyse facts, and the interpretation of facts, by various respondents.

Philosophic realism in general is defined as ‘the view that entities exist independently of being perceived, or independently of our theories about them’ (Phillips, 1987, p.205). In the social sciences, realism is a dominant philosophical approach. The most notable manifestation of realism is the critical realist, which is associated with the work of Roy Bhaskar (1978, 1989, 2011). Critical realism is gaining ground in the study of tourism. The realist perspective can reveal dimensions and knowledge obscured by separation of truth and virtue, facts and values, theory and practice which are usually demanded by the proponents of positivism and phenomenology.

A typical feature of realism is that it negates that anyone can have a definite or objective knowledge of the world and acknowledges that alternative valid interpretations and perspectives of any phenomenon is possible. Critical realism ontology distinguishes between three ontological domains: (1) the empirical, (2) the actual; and (3) the real. Jeppesen (2005) claims that the empirical domain is our experiences of what actually happens while the actual is made up of events, things that happens whether we observe them or not. The real is the deepest level of reality that is made up of mechanisms with generative power. The concept of mechanism is central to critical realist ontology. Mechanisms are not directly observable since they can exist under the empirical surface. Based on the observed phenomena (i.e. impacts of TFDI) the researcher’s aim is to find the underlying mechanisms that produce the phenomena and to ‘understand the interplay between them and how they shape the outcome’ (Danermark [2002](#), p.59).

From a critical realist perspective, the researcher assumes that the participant’s real world is accessible through the participant’s interpretations and knowledge in a particular area of it (i.e. impacts of TFDI). This knowledge is based in the participant’s experiences and perspectives,

which can be shared with the researcher. Critical realism is a philosophy of perception hence the realist approach best coincides with the researcher's understanding of knowledge. As a result, the study examines the contents of what is being said about TFDI impacts and what that tells us about the social world. This ontological stance corresponds with the research aims and objectives that intend to examine realities of a number of respondents within the society.

In this study, thus, the value-laden nature of information gathered from the field is acknowledged. The perceptions of residents will be presented as their subjective, experienced 'realities' but they will also be considered alongside secondary data sources and official views (as presented in Chapter 3). This is important given the overall aim of the research and, specifically, research objective 4 which will be the focus of Chapter 6 of the thesis. It was considered to be imperative that both emic (insider) and etic (outsider) approaches will be combined; the outcomes of the research are intended to be insightful for practice as well as contributing to theoretical knowledge. This will be considered further in the discussion of data analysis.

The personal experiences of the researcher cannot be overlooked; the framing of the study is, to some extent, biased by her world views, cultural experiences and upbringing. The researcher is of Swedish nationality, working and residing in Barbados for 15 years. She views herself as an 'outsider' in terms of the subject matter under study. However, her subjectivity is also noted in terms of unconscious interference in the research, emotions, and her academic learning experiences as a tourism scholar.

The reason for examining perceived impacts in Barbados has to do with personal interest, which has been confirmed by the researcher's previous research. In conducting research with a focus on Barbados, she began to discover a new interest in tourism development and more specifically the role of FDI in a tourism dependent destination. Living in Barbados and hearing local people saying that foreign investors are taking over the island without contributing to the economy, the researcher thought it would be interesting to examine if this is a common held perception in Barbados. Reading previous TFDI studies she found few studies that examined local and resident perceptions. Finally, the main motivation for the study is the researcher's interest in the topic,

access to study participants in a tourism dependent SIDS as well as the importance of tourism in the Barbados' socio-economic development.

4.3 Research strategy

The researcher initially intended to replicate the structured UNCTAD questionnaire survey (grounded in a quantitative tradition of inquiry) merely as part of a scoping exercise to further inform the case study context, given the dearth of existing data on TFDI in Barbados (Chapter 4). The design and execution of that stage of data collection is discussed later in this chapter. However, it should be emphasised that qualitative methods were the principal means of managing the relationship between theory and data; it was not the intention of the research to test theory but rather there was a desire to build theory through the capturing of local resident views, namely focusing on their perceptions as a means of articulating their experienced 'realities' of TFDI. The intention here was to contribute to a gap in the literature, noting an existing predominance of econometric approaches to the study of FDI and TFDI impacts (see Chapter 2).

The data collection spanned over a 2-year period, from 2014 – 2016 (see Table 4-1). However, challenges were faced while collecting the data from the various stakeholders. The Managers of the foreign owned hotels were reluctant to share information on operational data, which made it difficult to collect quantitative financial data in particular. Most of the foreign owned hotels in Barbados required permission from their overseas head office to participate in this study. The guarding of information was also further complicated by the fact that many of the FDI-led hotels asked that contact be made with their respective headquarters. Even at these levels however, the information was not provided. This lead to only a handful resort hotels participating in this study. Staff at foreign owned hotels were reluctant to participate in the study due to vicitmisation, and the fear of their participation having a negative impact on their employment with the FDI resort hotel.

Table 4-1 Data Collection Timeline

Timeline	Date
E-mailed interview request letter and follow up request letter to informed participants: TFDI Resort Hotel Managers, Suppliers, Government Tourism Officials, Tourism &	September 2014 – November 2015

Business Association Representatives, Policy Makers	
Interviews with informed participants	January – June 2015
Requested participation by staff at TFDI Resort Hotels via hotel managers	January – June 2015
Interviews with TFDI Resort Hotel staff	October 2015 – February 2016
Requested participation by university students via The University of the West Indies – Cave Hill Campus intranet	October – November 2015
Focus group interviews with local communities and University students	February – April 2016

Many researchers have for a long time claimed that they endorse either an inductive or a deductive approach (Fischer, 1979). In reality both approaches tend to be used coherently and therefore several researchers have identified abduction as another research approach (Dubois and Gaddes, 2002). In this respect, it is postulated that there are three ways of reasoning when examining a particular problem: inductive reasoning; deductive reasoning; and abductive reasoning. In general, inductive research is theory-generating, deductive research is theory testing and abductive research is a combination of the inductive and the deductive approach, thus the latter approach does not negate the influence of theories such as SET and OLI in this study, for example.

Traditionally, inductive research is often linked with qualitative interviews or ethnographic work, and deductive research with quantitative experiments or surveys. One of the critiques of assuming an inductive approach is that it has been claimed that nothing is known about the range and generality of the theory as it is founded on empiric materials, which are particular to a specific situation, time or group of people. Additionally, it has been claimed that purely inductive thinking is naive, since it does not consider thoughts that can be derived from existing theories. There is an extreme view that researchers who work inductively are supposed to discover something that can be formulated or generated into a theory. The lack of a theory at the beginning of a research project does not mean that the work will be totally unbiased. It is

acknowledged here that the researcher's own ideas and thoughts will affect any new theories that are to be formed.

The difference between an inductive and a deductive method relates to 'pacing'; if the researcher looks at data first and then forms the hypotheses (inductive), or if the researcher forms the hypotheses first by conjecture and then seeks research data to verify the deduction (deductive) (Glaser, 1998). The basic rule of thumb is nevertheless that an inductive approach is useful in situations where very little previous research exists, whereas a deductive approach is called for when a comprehensive theory of the phenomenon exists (Bryman, 2016).

Others argue that it is unlikely that any researcher could genuinely separate the two processes of induction and deduction – *'both are always involved, often simultaneously'* and *'it is impossible to go theory-free into any study'* (Richards 1993, p.40) - that is, all data are theory-loaded (Popper, 1972). It is generally acknowledged that deductive and inductive strategies may mix and that most studies are not exclusively either deductive or inductive but rather they tend to contain elements of induction and deduction in varying proportions.

The combination of the inductive and the deductive approach derives from what is known as an abductive approach. This is regarded as a rather convenient and effective reasoning, since by making use of both established theories and empirical evidence researchers can construct their own theoretical models (Merriam, 1998). However, abduction has been criticised for being too permissive to be of much use as it seems to allow inferences to all sorts of wild hypotheses (Kovacs and Spens, 2005). Therefore, it might seem that a new idea is not really a result of abduction inference. With respect to this the study it was intentionally loosely framed to enable the perceptions of Barbadian residents to be captured inductively, whilst acknowledging the *a priori* knowledge of the researcher and the context of the research as documented officially (Chapter 3). Sense-making of the data needed to allow for links to be made (or refuted) between local impacts of TFDI revealed in this research study and evidence from previous, traditionally quantitative TFDI impact studies, in line with the intended outcomes of the study (see research objective 5, Chapter 1). Yet, a delicate balance needs to be obtained between emic and etic

perspectives. As Bryman (2016, p.394) remarks, reliance on explanation and understanding of the world views of those under study must be emphasised:

'The crucial step in abduction is that, having described and understood the world from his or her participants' perspectives, the researcher must come to a social scientific account of the social world as seen from those perspectives.'

It was recognised that this needed to be considered at the research design stage.

4.4 Research design

The research design has been structured to achieve the aims and objectives of this study, and is based on its philosophical approach and conceptual thinking. The following section will discuss the key research design issues relevant to this study namely, the employment of a case study approach, prior to detailing data collection methods and sampling.

It has been claimed that the case study method is an approach capable of examining simple or complex phenomenon, individuals, groups or large businesses, using a variety of data-gathering segments which can contribute to the application of theory (Yin, 2003). Gummesson (2000) emphasises the use of case study research in social sciences due to two identified characteristics: generalisation; and conclusions based on a specific topic. This enables the researcher to focus on one specific problem, situation or environment, which can be explained for one particular situation or one particular study. This was seen to hold relevance for this study of local TFDI impacts in the context of Barbados.

There are three main rationales for undertaking a single case study. Firstly, the *critical case* when the objective is to test a well-formulated theory in order to confirm, challenge or extend that particular theoretical framework. Secondly, the *extreme case* which investigates a unique or rare event, and thirdly the *revelatory case* referring to events that have not yet been scientifically studied. This PhD study was considered to conform to the third rationale, seeking to reveal local TFDI impacts in Barbados.

Identification of the potential relevance of adopting a case study approach meant that it was necessary to determine the type of unit on which case analysis would be based. Yin (1994) recognises that a holistic design will concentrate on a single unit of analysis in order to evaluate the global nature of the event, while on the other hand an embedded design will evaluate several units or sub-units of the same phenomenon. A case study can be designed based upon a matrix and Yin (2003) identifies four different case study designs. Distinction is made between single and multiple cases while another distinction is made between holistic and embedded analysis (Yin, 2003). The number of cases studied determines the first distinction, and the second distinction is determined by whether the case is holistic or a unit is embedded within it.

Several rationales should be present in a single case study for it to be of relevance (Yin, 2003). The case needs to be critical towards existing theory by challenging or extending the theory. Additionally, the case has to be unique for its problem and should represent an everyday situation of the specific environment. Finally, by accessing previously inaccessible sources (an opportunity provided to the researcher as a resident of Barbados), the case should bring something new in its research.

Stake (2005) differentiates between three types of case study: the intrinsic; the instrumental; and the multiplier or collective. The approach chosen in this PhD study might be described as an instrumental case study because the intention is not to focus on the individuals involved but on the insights that they provide (via expressed perceptions) into an issue (TFDI impacts) and the possibilities for commonalities or differences in the expressed views. Stake (2005) further postulates that case study is part of scientific methodology, and insists upon conventional approaches to rigour, such as triangulation of data in order to address issues of validity, reliability and objectivity. It is argued that an interpretivist approach suffers from a concern with detail and depth, and is unable to offer explanatory theories, which can, nonetheless, be developed within the analytic approach (Skocpol, 1984). However, an interpretivist take on the case study has been provided by Willis (2007, p.238) who defines a case study as '*an examination of a specific phenomenon such as a program, and event, a person, a process, an institution, or a social group*'.

This research follows a single holistic case design based on the revelatory rationale. By concentrating on the perceptions of TFDI impacts as a single phenomenon in a specific location, the aim of this study is to uncover the manifest interaction of significant factors characteristic of this phenomenon in Barbados. Bryman (2016) has acknowledged the role of the case study as a means of offering intensive analysis, able to be associated with both theory generation (induction) and theory testing (deduction).

The value of the case study approach to this PhD study was recognised; the researcher is aiming to capture various nuances, patterns and latent elements that other research approaches might overlook. This is an interpretive study in which the main objective is to understand the different constructions and meanings that people place on their experiences, in this case their experienced realities of TFDI impacts. The study focuses on the single geographical case of Barbados. This approach fits well into this study as it provides opportunities for the investigation of complex issues in their specific local contexts. By subscribing to the interpretivist paradigm, the study will be able to examine the ‘truth’ (as ‘experienced reality’ articulated via reported perceptions) in a situation and not simply focus on rhetorical facts. Local impacts of TFDI in Barbados have not yet been scientifically studied, thus this case study is what Yin (1994) refers to as a holistic revelatory case.

4.5 Data collection methods and sampling

A case study approach allows for the usage of mixed methods. Given the lack of previous empirical research on local impacts of TFDI in Barbados there was a need to collect data in a variety of ways. This included documentary analysis of secondary sources and primary data collection focused on TFDI employers to build a detailed context for the research (outlined in Chapter 4) as well as the collection of primary data from residents of Barbados, TFDI employees as well as non-TFDI employees) in line with research objective 4 (Chapter 1). This entailed the design of a 2-phase methodology (Table 4.1).

Table 4-2 The 2-phase methodology employed in the study

Phase	Method	Sample group	Data	Research objective
Phase 1: Scoping	UNCTAD	TFDI employers	Quantitative	3

of the context of TFDI in Barbados	questionnaire survey Semi-structured interviews		Qualitative	
Phase 2: Resident perceptions	Focus group interviews	Residents (TFDI employees)	Qualitative	4
	Focus group interviews	Residents (non-TFDI employees)	Qualitative	4

Each phase will now be discussed in detail, in turn.

4.6 Phase 1: Scoping of the context of TFDI in Barbados

While scoping the context of TFDI in Barbados stakeholders were identified by their attachment to TFDI Resort Hotels. The forms attachment was employment (managers and staff), business exchange (suppliers), and residential area (local residents adjacent to the TFDI Resort Hotel). The local residents in communities adjacent to TFDI Resort Hotels were selected due to those communities being primarily affected by the presence of the Resort Hotel. University students were identified as stakeholders due to their assumed higher level of TFDI and knowledge of tourism related issues. Policy makers, tourism Government Officials and Tourism & Business Association Representatives were selected to participate in this study as local stakeholders due to their informed knowledge about tourism planning and development and TFDI.

Given the lack of comprehensive research explicitly focused on TFDI in Barbados, it was recognised that there was a need initially to gain a broader understanding of the case study context. The UNCTAD (2007) questionnaire survey was recognised as an appropriate existing primary data method for accessing the TFDI context. It was noted that the survey had previously been applied to a range of countries, including Small Island developing states (SIDS), but not specifically Barbados. However, Barrowclough (2007, p.618) noted its value for studies pertaining to the implications of TFDI scale and impact for small island developing states (SIDS), arguing FDI in tourism to be *'mainly concentrated in hotels and accommodation'*.

Thus, the UNCTAD questionnaire survey was adapted to this PhD research study (APPENDIX 1). It was developed for foreign owned hotels because this is where most tourism-related FDI

activity in Barbados was known to take place. The questionnaire consists of thirty-six questions, a mix of structured (closed) and unstructured (open-ended) questions. These are broken down into four sections. Section A is specific to the profile of the hotel, Section B relates to visitors, Section C focuses on operational characteristics and other data and Section D is comprised of open-ended questions. Section C, which is the most complex of the sections, includes seven categories: bookings; purchases; employment; environment; local community initiatives; profits; and agreements with an international chain. It is perhaps this section that offers the most comprehensive data relating to the identification of potential impacts, economic, social and environmental.

This survey was distributed via email to ten tourism resort hotel properties in Barbados, which are publicly known to be financed by FDI either as a result of media publications or historical ownership. It is difficult to collect further detailed information with respect to the status of local or foreign ownership of properties in Barbados as there is no publicly accessible information source or database with this type of information. Furthermore, there are a limited number of internationally-branded chain tourist accommodations in Barbados. As a consequence, therefore, there was a limited sampling frame from which to draw a sample

Of the ten sampled resort hotels, only five (50%) responded to the questionnaire survey. All of the survey respondents raised concerns about the confidentiality of the information being provided. As such, to preserve the identity of the participants and in concert with research ethics protocol, the majority of the data is anonymised and where appropriate aggregated; the names of respondents and the participating resort hotels have been withheld. It should be noted that where responses to the questionnaire survey were received the data provided was not always complete. Only three out of the five responses received enabled TFDI employer snapshots to be gained (presented in Chapter 5).

A decision was therefore made to supplement the questionnaire survey data with semi-structured interviews with other TFDI-related stakeholder respondents, allowing for a narrower insight into the TFDI context but enabling a richer understanding of that context than through resort hotel operator snapshots alone (see Chapter 5). The need to pursue an alternative data collection

method afforded the researcher the opportunity to include the views of hotel suppliers (n=5), policy makers and tourism and business association members (n=6) in the research, sample groups for whom the UNCTAD questionnaire survey were not appropriate. The interview data was analysed using thematic analysis (Thomas, 1994) and is presented as a supplement to the case study context given in Chapter 3. It should be reiterated here that the Phase 1 data was always intended to be collected as part of a scoping exercise to further inform the case study context, given the dearth of existing data on TFDI in Barbados.

4.7 Phase 2: Resident perceptions

A combination of semi-structured interviews (APPENDIX 2) and focus group interviews (APPENDIX 3) were selected as an appropriate method for accessing a broad spectrum of resident perceptions of TFDI impacts. The nature of tourism activity in Barbados had to be acknowledged as part of practical data collection considerations. As a small island developing state with a population of approximately 286,000 and with tourism being the primary economic activity, it was recognised that all Barbadian residents would have some level of interaction with the tourism sector. As a small destination, only 166 square miles in size, tourism activity is not generally confined to enclaves or traditional tourist resorts in the same way that the literature ascribes these attributes to larger and more developed destinations (Schulte and Dissart, 2015). While tourism activity in Barbados is to some extent concentrated in certain areas (such as the West and South coast), these locations locally known as ‘tourist belts’ are not tourist enclaves in the traditional sense as they are equally accessible to, utilised by, and inhabited by the local population. In essence therefore, no segment of the Barbadian population can truly be isolated from the implications of tourism activity, especially as a result of the island's extreme reliance on tourism for economic growth and development. This was important to recognise in terms of the design of Phase 2 of the data collection. It held implications for the design of the semi-structured interview questions and also the sampling strategy.

Despite the qualitative focus of the research, it was considered necessary to include a wide sample of residents in Phase 2. With this in mind, interviews were aimed at two key sample groups: TFDI employees; non-TFDI employees. Given the nature of Phase 1, a decision was made to focus on TFDI employees who were resort hotel employees. These employees were

randomly selected and in total 59 TFDI employees were interviewed across six focus groups (Table 4-3).

Table 4-3: Resort hotel employee focus group interviews in Phase 2 of the research

Interviewees	Number of interviewees per focus group
Resort hotel #1 employees	8
Resort hotel #2 employees	12
Resort hotel #3 employees	12
Resort hotel #4 employees	12
Resort hotel #5 employees	3
Resort hotel #6 employees	12
Total	59

Of the 189 non-TFDI employees interviewed, 139 (74%) were members of the Port Ferdinand and the Crane communities which constitute the immediate vicinities of three major TFDI projects: Port Ferdinand Marina; Port St. Charles Marina; and the Crane Resort and Residences. The remaining 50 community interviewees were members of the Trents community which is not within the immediate vicinity of any tourist accommodation or attraction.

In order to attain a demographic spread of resident views, five sets of focus group interviews (with 25 participants in total) were conducted with University of the West Indies (UWI) students. Students representing each faculty of the university were targeted: Social Sciences; Humanities; Medical Science; Science and Technology; and Law. Here, a purposive sampling method was used. Students participated in the focus groups at various locations on campus according to the ease of access and availability such as during lunch breaks. Five students were chosen from each faculty based primarily on the unfamiliarity of each other so as to gain a less biased view of the topic under review. The focus group interviews sessions were completed between March and April 2013.

Additionally, one focus group interview was conducted with Crane community residents, comprising five participants from the Crane area. The researcher approached persons who were

patronising shops near to the Crane Resort and asked if they were residents of the Crane area and if they were willing to take part in the focus group. The residents were chosen as it was believed that they would have first-hand knowledge of the Crane and its surroundings. There were eight topics for the focus group interview, all of which required knowledge of the local geographical area. The topics focused on the impacts of the Crane development on persons living within the community.

One focus group interview was held with eight participants from the Trents community. The participants were selected through convenience sampling and approached the same way as the Crane residents. This interview was also held in the community shop. Finally, one focus group interview was conducted in the St. Matthias community with 4 participants. Participants were randomly selected and approached within the community, as with the participants in the Crane and Trents' focus groups interviews.

Focus groups were chosen due to the ease of acquiring information. Culturally, Barbadians enjoy group discussions. Conversely, they are reluctant to one-on-one conversations where they feel that they are giving information, such as an interview. In a small island society such as Barbados there is a fear of being victimised, which is one of the reasons that semi-structured interviews are more challenging. In the focus group interviews their participation was less formal and the participants got carried away discussing the topic.

For clarity, Table 4-4 details all Phase 2 research respondents by method.

Table 4-4: Phase 2 research respondents by method

Method	Sample	Number respondents
Semi-structured interviews	Non-TFDI employees	
	<i>Crane</i>	5
	<i>Trents</i>	50
<i>Total</i>		55

Interviewees Part of Focus Groups	TFDI employees (resort hotels)	59
	Non-TFDI employees	
	<i>Residents from Port Ferdinand and Six men's Community</i>	134
	<i>Students from the University of the West Indies (UWI)</i>	25
	<i>Residents from the Crane community</i>	5
	<i>Residents from Trents Community</i>	8
	<i>Residents from St. Matthias Community</i>	4
	<i>Total</i>	235

The interview data was digitally recorded and transcribed between November 2014 and May 2015. The interviews were all conducted face-to-face in public venues such as cafés. The researcher conducted the interviews, while a second person served as a note-taker. The interviews were digitally recorded and transcribed verbatim, and each interview was reviewed to identify emerging themes, a process consistent with thematic analysis.

4.8 Analysis of data

As Fletcher (2017) has noted relatively little guidance is available on appropriate methods of data coding and analysis for critical realist research. Braun and Clarke (2006, p.3) have however argued that thematic analysis '*offers an accessible and theoretically-flexible approach to analysing qualitative data*' and note its value as '*a tool to use across different methods*' offering a rich and detailed account of data.

Given the nature of the research study, a thematic approach to data analysis was adopted as a means of being able to provide a consistent approach to data analysis, whilst being compatible with the critical realist approach. The analysis procedure offered by Thomas (2006) was considered. Analysis of the data began using an open coding approach whereby all of the data was combined into one electronic file. All files were read through by the researcher and topics of interest were labelled using the comment system in Microsoft Word. Using this approach, every response was reviewed, however not every response was ascribed a label. This was particularly so in instances whereby the respondent was superficial in their response or veered from the topic.

Responses which were explanatory or generally descriptive and related in any way to issues of tourism, FDI and/or development were all labelled. This provided a means of reducing the mass of data into a more manageable condensed form from which categories could be distilled.

A three-step approach to formulating themes was devised. This three step system involved creating: 1.) Labels; 2.) Subthemes/ categories; 3.) Themes. This approach reflects the open, axial and selective coding method. The process occurred as follows. The review of the data was completed using an open coding system whereby data was labelled. After having created all requisite labels, the labels were firstly grouped by interview. That is to say all labels generated from a particular interview were combined under that particular interview schedule. This systematic approach assisted in ensuring that the labels were categorised in a systematic manner. This ensured that when themes were finally devised there would still be an opportunity to attribute any particular theme to the requisite respondent grouping(s) from which the most detailed data relevant to that theme was derived. This helped to add a further level of detail to the research.

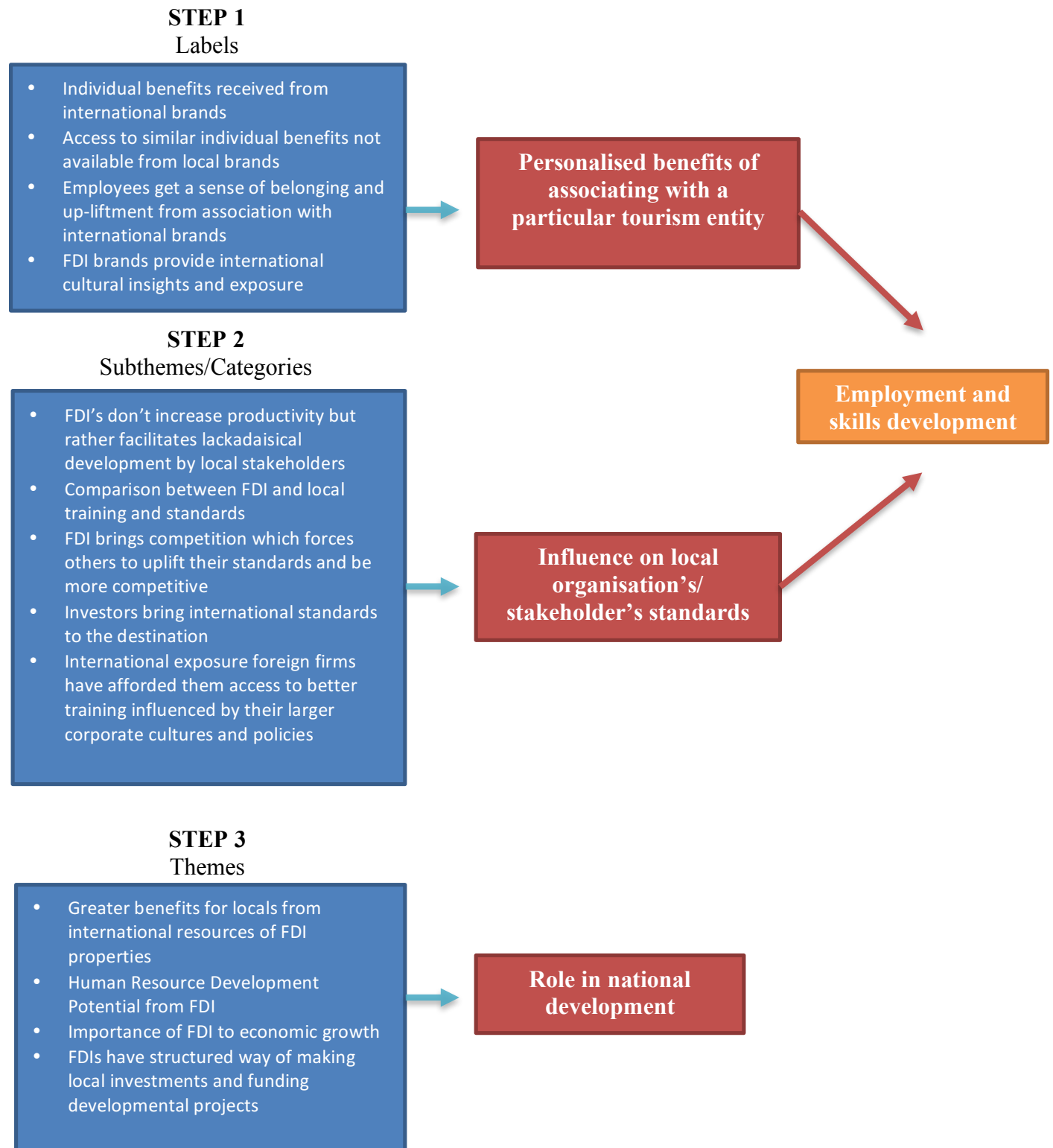
After the labels were grouped by interview schedule, the next step was to group similar labels in each interview schedule together. In other words, each interview schedule then had a number of groups which centred on a similar idea. Combining these labels led to the creation of what was termed sub-themes/ categories. This step embodied the axial coding stage. At this stage, the labels were now grouped on the basis of similarity and these groups of labels then led to the creation of subthemes. Neuman (2003) suggests that strong themes emerge from multiple instances of empirical evidence, and that axial coding is largely a system of consolidation whereby connections and similarities are reinforced. Logically therefore, these testimonies suggest that if the same issue is raised from multiple perspectives it should be deemed to have a strong sense of validity. The sub-theme/ categorisation step therefore ensured that only ideas which were being constantly and or strongly reinforced- even if from multiple perspectives - would emerge to influence the evolution of themes.

Finally, sub-themes were then grouped on the basis of a broader sense of similarity to allow for the emergence of themes. Whereas at the categorisation/ sub-theme level labels were grouped on

the basis of strict/ very specific notions of similarity; at this thematic level, categories were organised surrounding main ideas. This hierarchical type system in the analysis ensured that data analysis could be conducted with extreme detail to ensure construct validity. That is to say, it ensured that any further analysis of the themes will reveal extremely specific and very detailed links between the raw data and the themes confirming that the themes proposed are genuine reflections of the data.

This step embodied selective coding in that these categories which were now created in the second stage, now direct representations of the amalgam of raw data now became more effective and more representative examples of the diverse labels. The import of this is that these initial labels would have lacked temperance and objectivity because of their unadulterated reflections of the respondents' opinions. In essence, the selective coding therefore assisted in distilling the raw data to ensure objectivity in the analysis and to ensure that the results were not skewed by any particular respondent's bias. This approach was a final attempt to ensure construct validity was maintained in the analysis. Figure 4.2 provides an excerpt of the data as it evolved through the three stages discussed above.

Figure 4.2: Example of the three-step data analysis method



The results and findings relating to Phase 2 of the data collection will be discussed in Chapter 5, highlighting the key subthemes/ categories and themes as a means of being able to critically evaluate Barbadian resident 'realities' of TFDI and to identify relationships between these perceptions and currently known impacts of TFDI.

4.9 Chapter conclusion

This chapter has outlined the methodology of the study and addressed research objective 2 of the thesis, developing a qualitative and quantitative research design to enable experienced 'realities' of local TFDI impacts to be captured. It has illustrated that the iterative and reflexive process of data collection, in particular. It is worth reflecting here on the nature of collecting data on TFDI in a SIDS context.

As a developing nation, particularly with human resource challenges in the public sector, there is often not a holistic compilation of statistical information on an economic sectorial basis from a micro perspective. That is to say, while macro data such as the contribution of tourism to GDP and employment within the sector is readily available, this data is not disaggregated into more in-depth analysis such as the extent of leakages or the exact amount of foreign investment into the sector. The absence of this data can in large part be attributed to the absence of tourism specific statistical measurement tools. As a consequence, the challenges faced while conducting the study primarily surrounded access to data. Operational data is heavily guarded by businesses within Barbados which made it difficult to collect quantitative financial data in particular. Though this information is confidential and as such is within the right of management to withhold it, a student participant from the local university in particular suggested, *'people are afraid that the information they give might affect the taxes they pay or might cause the government to come after them'*.

The guarding of information was also further complicated by the fact that many of the FDI-led hotels reported not being able to complete the survey directly and instead asked that contact be made with their respective headquarters. Even at these levels however, the information was not provided. Since ownership information with respect to hotels in Barbados is not publicly available, it was also difficult to distinguish between FDI financed properties and local properties

in particular because Barbados has traditionally had a small percentage of internationally branded hotels. TFDI in Barbados is primarily centralised in the tourist accommodation sector. As such, the study was limited to data from the tourist accommodation sector and is therefore not holistically representative of the tourism industry in Barbados.

Nevertheless, despite some unforeseen challenges, contingency plans were enacted and data was gathered in line with the research objectives of the study. The next chapter focuses on the results of Phase 1 as a means of supplementing the case study context presented in Chapter 3, providing essential background information for the reader prior to the presentation of the Phase 2 research findings. The findings from both phases are considered in tandem as part of Chapter 6, in line with research objective 5 of the study.

Chapter 5: Results and Discussion

5.1 Introduction

Given the philosophical stance outlined in Chapter 3, it is useful to consider first-hand experienced realities of TFDI in Barbados alongside the official facts and econometric statistics presented in Chapter 3. Difficulties in collecting data from TFDI employers using the UNCTAD (2007) questionnaire survey that were noted in the methodology of this thesis presented opportunities to consider qualitative responses from TFDI employers, suppliers, investors, policy makers and tourism and business association representatives as part of a scoping exercise to build the case study context. This section presents the results of what became Phase 1 of the research prior to discussing Phase 2 results.

5.2 UNCTAD questionnaire survey results

This phase of the study was discussed in Chapter 4. The original intention was to use the methodology from the UNCTAD questionnaire survey, not previously applied in Barbados. Data collection did not proceed as planned. Operational data is heavily guarded by businesses in Barbados, as a result, although requests to complete the UNCTAD survey were sent to ten resort hotels in Barbados that were known to be FDI financed, only three of these establishments responded. Furthermore, none of the three responding properties provided complete information as requested, citing the information to be heavily confidential.

It is evident that each of the three employers identifies their involvement in local community initiatives but report challenges to increasing local resource usage and is reliant on international imports, particularly with respect to furnishings. Furthermore, at this stage, government support in terms of policy and FDI initiatives were highlighted as negative experiences. The issue of trust was raised, linked to the extent to which the needs of FDI operators were met by government administration, local banks and local supply chains.

5.3 Semi-structured interviews

Additional information from semi-structured interviews also assisted in examining the experience of actual TFDI resort hotel operators in Barbados (Table 5.1), alongside locally-based suppliers, investors, policy makers and tourism and business association representatives (Table 5.2). It should be noted that the coding of the resort hotels corresponds with their coding in relation to the UNCTAD questionnaire results; Resort Hotel #1 and #2 refer to the same organisations as per Figures 5.1 and 5.2.

Table 5.1: Phase 1 interviews with TFDI resort hotel managers, locally-based suppliers and officials

Interviewees	Number of interviews
Resort Hotel #1	4
Resort Hotel #2	5
TFDI suppliers	5
TFDI investor	1
Former tourism policy maker and restaurant owner	1
Ministry of Tourism policy maker	1
Tourism Association representative	1
Barbados International Business Association representative	1
Invest Barbados Representative	1
Total	20

The 20 interviews provided in-depth responses. Due to the richness of the data acquired through this data collection method, the findings are discussed by employers, suppliers, investors, policy makers and tourism and business association representatives in turn, prior to a summary of the findings relating to this research phase and consideration of the picture provided from primary data collection vis-à-vis the secondary data presented in Chapter 3.

5.4 TFDI resort hotel managers

As aforementioned hotel managers in two of the resort hotels that had responded to the UNCTAD questionnaire agreed to follow-up interviews.

5.4.1 Resort Hotel #1

The information within this section was compiled utilising the data collected from the Management Team of Resort Hotel #1. Four Managers, from varying departments were interviewed, utilising fourteen questions. The Management Team of Resort Hotel #1 acknowledged the value of tourism to the island of Barbados as the primary driver of the local economy and argued the role of tourism to be:

'To sustain and maintain the island's growth'

'To help the development of Barbados'

'To enhance lives in the economy'.

However, one respondent in particular noted that the tourism efforts of destination Barbados are *'currently at a standstill'*, arguing that there needed to be *'more international exposure'*. This view was founded on a recognition that Barbados as a small island economy is heavily dependent upon tourism. The government was identified as a key actor in enabling growth within this important sector through enhanced planning processes. The managers of Resort Hotel #1 suggested that this is a key reason why foreign owners choose to invest in Barbados. Invariably, it was also recognised to depend on the *'vision of growth and success of companies'*.

An argument was also put forward that the *'many foreign investments in Barbados'* including Resort Hotel #1 can help to build the economy and *'place [the island] on the map'*. This idea of reputation-building through foreign investment was thought to be the case due to the fact that tourism activities invariably *'create opportunities'* for small business owners and/or employment opportunities for many of the local residents. It was recognised that tourism activities can also serve to create linkages with other sectors through suppliers, restaurants and attractions. It was reported that there are many benefits provided to the employees of Resort Hotel #1; the employees are all provided with access to a range of amenities housed within the resort, such as the spa and gift shops, at employee discount pricing (Managers 1, 2, 3, 4 and 5). Additionally, those amenities were highlighted to *'provide employment'* for many local individuals. Aside from economic opportunities, cultural experiences and interactions (Managers 3 and 4) were also recognised to be provided, such as *'showcasing of arts, craft and dance' elements* (Manager 1).

Resort Hotel #1 can also be viewed as an economic, social and environmental development tool for Barbados by virtue of the success of its established brand reputation, generating high

prospective repeat visitor numbers through brand loyalty (Manager 1). It was claimed that tourism arrivals to the island are expected to increase as a direct result of the brand's success (Manager 3).

Cultural diversity in terms of the guests, expatriate workers and the local staff is also expected to act as a developmental tool for the island (Manager 4). Furthermore, the value of the Resort Hotel's Foundation was stressed. This *'aims to assist with environmental, economic and social community challenges'* and also seeks to *'give back to the communities and enhance environmental practices'* (Manager 2).

Interviewees from the management team of Resort Hotel #1 argued that the presence of the resort in Barbados presents significant opportunities for local community residents in terms of career development, not least the availability of managerial positions. It was noted by Manager 1 that *'managerial opportunities are offered to locals who have the qualifications and are looking to apply themselves in a vastly expanding organisation and are willing to provide outstanding service'*. However, with respect to skills development and capabilities, qualifications, as alluded to by other interviewees, are the major antecedents to the provision of management positions for the local population (Managers 2, 3, 4 and 5). Thus, opportunities are directly linked to existing, demonstrated capabilities. The development of human capital thus appears restricted.

The management team at Resort Hotel #1 believed that there are significant difficulties encountered in the sourcing of locally produced goods and services. Lack of *'High tech machinery'* was seen as a major issue, creating difficulties with the acquisition of key *'tools'*, which would allow the employees of the resort *'to continue providing the service they are known for'* (Manager 1). A tension was acknowledged between a need to achieve consistency in brand quality and attempts to integrate with local supply chains (in the sense of buying local). Here, competing conflicts between brand standardisation and sustainable tourism operations were evident.

Additionally, it was emphasised that *'Barbados has very few sources'* that provide the necessary resources locally at relatively low cost. In order for Resort Hotel #1 to remain in a profitable

state it was claimed that '*operational tools would [need to] be imported especially [in the case of] furniture*'. Other examples were also provided - '*hotel room aesthetics and technology*' are also imported '*due to the expensive cost*' locally. In addition, a supply deficit was also highlighted in that these items are only available in limited quantities within the local market (Managers 2, 3, 4 and 5). Thus, operational scale was identified as a barrier to local resource usage.

It was noted that Resort Hotel #1 has actively incorporated social programmes or community initiatives within its business model. Resort Hotel #1's Foundation is well-established and makes significant provisions for local communities, schools, and the environment. Additionally, its programmes often take the form of community investment projects, with the explicit purpose of revitalising key geographical areas (Managers 1, 2, 3, 4 and 5). Thus, the desire or will to integrate locally was demonstrated.

Empowerment was reported to be a major part of Resort Hotel #1's business model. This was explained through the provision of access to opportunities to all employees. Employee voice was also noted through opportunities to contribute within the daily meetings of resort employees (Managers 1, 2, 3, 4 and 5) and an ability to provide feedback and ideas to the management team, through the use of suggestion boxes.

In terms of the impacts of Resort Hotel #1 upon the infrastructure in the surrounding communities, it was stressed that there are attempts made to beautify and maintain the area that it occupies, in addition to the immediate surroundings (Managers 1, 3, 4 and 5). Additionally, it was argued that Resort Hotel #1's Foundation assists in the care of elderly residents by visiting their houses, and '*cooking for them*' (Manager 2). Some aspects of corporate social responsibility were, thus, identifiable. Resort Hotel #1's Foundation also aims to protect the environment of the areas in which it is located (Manager 5). The company mainly recycles bottles and paper and facilitates beach litter pick-ups through its adaptation of the Earth Guard Policy (Managers 1, 2, 3, 4 and 5).

In terms of reinvestment of the company's profits, some of these are indeed reinvested into the island's economy. It can be noted that a portion of the *'profits made by the hotel are distributed into employee salaries, and the ... Foundation, which gives back to local communities'* (Managers 1, 2, 3, and 4). Monetary donations made to schools and communities were reported to invariably enact positive 'changes' upon the individuals who they impact (Manager 5). Notably, these donations may be recognised to act as a form of 'reinvestment in the country' through the associated 'supplies' purchased from local companies.

There were also believed to be many benefits, in addition to a multiplicity of issues, for the hotel resort due to its geographical location. It was acknowledged that Resort Hotel #1 is located within a *'popular area in Barbados'* (Manager 1, 2, 3, 4 and 5). A significant benefit of this was perceived to be its proximity to night clubs, bars and other amenities, in addition to the local airport. However, competition from nearby accommodation and noise pollution were recognised to detract significantly from any benefits offered (Managers 2, 3, 4 and 5). Satisfaction with location and loyalty to place was questionable.

5.4.2 Resort Hotel #2

The focus group interviews held with management level employees of the Resort Hotel #2 consisted of five individuals, each in charge of a different department within the resort. The Human Resource Manager suggests that Resort Hotel #2 is a profitable enterprise with profits from last year totalling USD\$5.5 million, in light of private residence sales for the last financial year totalling USD\$10 million. However, the tax aid on gross revenue is unknown due to the exemption of taxes through the Tourism Development Act which allows the hotel to write off its capital expenditure against current profits for a set period of time.

The resort imports approximately 80% of its furniture and fixtures. Construction materials like blocks and building materials are bought locally as it is not cost effective to import these items. Local residents make up approximately 99% of the workforce and a few persons are outsourced to work in the kitchen and construction areas. Over 50% of the employees are from the local geographical area. Traditionally, there have not been many businesses located in the area immediately surrounding the resort however, it should be noted that a number of new small

businesses have recently been established. In fact, there are two registered restaurants located outside of the resort property that guests often frequent to gain an 'authentic' taste of Barbadian culture.

It was argued that there is a procurement policy in place, ensuring that the hotel purchases from entities that *'provide the best value for money'* (Manager X). However, disadvantages with purchasing locally mentioned by interviewees were the prices, reliability and the inability to deliver the promised quantities. This highlights a potential tension between seeking 'value for money' and acquiring locally sourced goods and services. Notwithstanding, it was emphasised that significant levels of produce are purchased from small farmers in nearby communities. The greatest operational challenge for the resort was seen to be its *'proximity to the sea'*, due to the fact that the salt air is corrosive for much of the fixtures and equipment of the resort, resulting in high maintenance costs.

Resort Hotel #2 is Leadership in Energy and Environmental Design (LEED) certified and has an environmentally friendly Designated Project Manager who has been accredited. The resort also focuses on providing environmentally friendly rooms and products such as dishwashing liquid and laundry detergents. There is a policy in place for guest rooms and staff offices to be inspected when guests check out to make sure that the air conditioning units are switched off. In fact, some key cards are programmed to automatically turn off the power to rooms once they have been removed from the guest room.

It was reported that the resort is involved in several local sponsorship programmes. Some of these programmes involve local children's homes, schools, churches and community organisations. Annual donations are also made to cricket and football clubs, in addition to two children's homes in the local parish. Another social contribution was acknowledged; the property also undertakes and facilitates graduations from schools within the area, free of cost.

One interviewee argued that the level of FDI in Barbados should grow further, stipulating that the *'government needs to make the Barbados environment a lot easier to operate in'*. The key identified challenges that many foreign investors face when trying to invest and operate in the

Barbados climate were recognised to relate to obtaining the necessary approval from government departments - such as Town and Country Planning, Immigration, and the Ministry of Health. Furthermore, it was reported that if the government of Barbados wants to attract investment from foreign entities, it needs to *'create a single Department for Investments so that the current need to liaise with five different government departments will be eliminated'*.

5.4.3 The 'reality' of the Resort Hotel managers

Among the TFDI employers participating in the study, there was recognition of some clear initiatives aimed at contributing to the immediate surrounding local community. However, while some properties have established programmes to source local produce, furniture and other inputs, all of the hotel resort managers interviewed indicated a heavy reliance on international goods and services which indicates the potential for increased inter-sectoral linkages. This is aptly illustrated through the fact that Resort Hotel #3 (see Figure 5.3) reported not being able to source linen locally in satisfactory quality; this is despite the fact that Barbados has a domestic cotton industry producing high quality cotton which is the primary raw material found in linen.

For the resort hotel managers interviewed, a number of shared salient sub-themes and themes were identifiable in their experiences or 'realities' of the local impacts of TFDI on tourism development (Table 5.2).

Table 5.2: Sub-themes and themes in the Resort Hotel Manager data

Sub-themes	Themes
Challenges to local economic linkages Value for money Quality Brand reputation Economic viability of using local suppliers	Supply chains
Employee feedback schemes Provision of access to opportunities Managerial opportunities for those with existing qualifications Support for employees	Employee empowerment
Competition Noise pollution Administrative barriers	Barbados as a TFDI destination of choice

In particular, some key shared issues were highlighted in the experienced 'realities' of both resort hotels.

Tensions were revealed between a need for 'standardisation' (in line with hotel brand objectives) and a desire to support local economies (in line with sustainable tourism). Thus, it appeared that whilst the resort hotel managers wanted their TFDI to create positive local impacts, the structure of their organisations and their operating models did not readily facilitate this.

Provision of career opportunities and employee benefits were noted but there was a lack of evidence to support the existence of capacity building and skills development. Whilst experience in training key personnel was acknowledged as a positive contribution made by the resort hotels, the issue of requiring existing, baseline qualifications from employees was raised. This questions the scope of TFDI to contribute to overcoming inequality and poverty (Brohman, 1996). It may be challenged that, in this case, TFDI serves to reinforce local inequalities by providing access to opportunities for the most educated rather than for the wider Barbadian population. This supports the sentiment of the OECD (2001) report that noted FDI to have a substantial impact on income inequality in destinations but it challenges the idea that TFDI can help countries to break free of a cycle of under-development (Moran, 1998). There needs to be recognition of local opportunities and capabilities (Sen, 1999) and TFDI's potential contribution to local equality, equity and human development requires further consideration.

Evidence of corporate social responsibility was provided but this was observed to exist alongside an overall lack of place loyalty. The observation of high levels of TFDI investment in community development initiatives is in line with the observations of Graham (1995) and Chen and Devereux (1999) cited in Chapter 2. However, the interviews with the resort hotel managers indicated a corresponding lack of local linkages (Pavlinek, 2004), weak country-specific location decisions (Dunning, 1979) and, thus, the risk of destination substitutability. This suggests the presence of actions that may be termed 'CSR lite', akin to Honey's (2008) identification of 'ecotourism lite').

5.5 TFDI suppliers

Five suppliers to resort hotels in Barbados were each interviewed. The data gathered from these interviewees suggests that tourism is an intrinsic component of the Caribbean region, upon which the individual and collective populations are dependent. Tourism can result in the maintaining of, and the improvement of the standards of living for Barbadian residents. However, the interviewees were undecided as to whether the one resort hotel in particular (coded as Resort Hotel #1) could be seen as providing a social developmental tool for Barbados due to its all-inclusive and the perceived restrictive nature of its impacts locally.

5.5.1 Supplier #1

Supplier #1 is a locally owned firm that had been in operation within Barbados for 130 years, supplying frozen pastries and ice cream to many resort hotels. The supplier believed it to be difficult to do business with foreign owned hotels who often utilise their purchasing power in the light of high levels of price sensitivity. In fact, it was reported that many of the foreign-owned hotels choose to ignore the credit terms of Supplier #1 due to their sheer size and perceived self-importance. The interviewee perceived that many of the TFDI resort hotels invariably try to impose their own beliefs and business practices upon the suppliers of Barbados. It was also claimed that many of the foreign-owned entities also fail to communicate effectively and efficiently, issues that were generally only experienced when dealing with foreign-owned hotels, not local ones.

The product offerings of Supplier #1 are primarily of European origin, which coincides with the main source market of tourists to Barbados. This allows the tourists to *'feel at home, without being at home'* due to the products offered. Tourism was reported to be *'very important'* in terms of the operations of Supplier #1; though it is not perceived to be as important as it once was. In terms of Supplier #1's experience, this is in stark contrast to other Caribbean islands, such as St. Lucia. This is an interesting perception, given tourism's contribution to GDP for both islands (WTTC, 2017). Table 3.1 in Chapter 3 indicates that the percentage contribution is remarkably similar for both islands, if slightly higher in Barbados (39.6% for St. Lucia and 39.9% for Barbados). However, there is a notable difference in the direct contribution of tourism to

employment in each island; direct employment makes up 22.7% of all employment in St. Lucia compared to 13.3% in Barbados (see Table 3.2).

It was recounted that tourism has benefited the operations of Supplier #1 both in a direct and an indirect manner. Directly, the company supplies many hotels and their restaurants. The company also stocks ice cream and other products in supermarkets, shops and stores which are also often purchased by visitors to the island as well as by local residents. This supplier believed that the entire country benefits from tourism economically. This belief was founded on the existence of more 'disposable income' being available, allowing the local market to purchase more of the supplier's product line. Thus, the influence of an income multiplier effect was implied.

The supplier acknowledged that it was impacted by both foreign direct- and indirect- types of investment. It was noted that foreign investment, in particular, can be positive for economies, because it can allow them to experience growth. However, concern was expressed in relation to a need to secure economic linkages; if many construction projects must utilise raw supplies that are not produced within the island; much of this investment leaves the country as import costs. This was perceived to be the case in Barbados, where there is a dearth in the local manufacturing industry, resulting in significant importation of materials. It must be noted that Supplier #1 reported that it did not have to restructure, nor make any special requests in order to meet the needs of the foreign-owned businesses which it now supplies. In fact, it was argued that many individuals invariably under-estimate the demands of locally-owned hotels. This sentiment is one that has received little attention in the academic literature on TFDI and FDI to date. Indeed, much emphasis has been placed on the challenges of meeting the demands of foreign-owned businesses and perceived tensions between the standards of TNCs versus local suppliers (as articulated by the resort hotel manager interviewees in this study. The perspective of local suppliers to both foreign-owned and locally-owned businesses has been overlooked.

5.5.2 Supplier #2

Supplier #2 is a locally-owned firm that has operated within Barbados for over 140 years and supplies a variety of dairy items, meats, seafood and beverages to hotels and resorts alike. The interviewee noted that there are no real differences in the operations and business ethics of

locally- and foreign-owned operations, despite the fact that some entities are *'focused on price and some on quality'*. This is in stark contrast to the findings relating to Supplier #1 where the business ethic of locally- and foreign-owned firms was perceived to differ significantly.

Tourism is thought to be important to the operations of Supplier #2 since it conducts a great deal of business with both local- and foreign-owned restaurants. Tourism was also acknowledged to have benefitted its business operations due to the fact that the supplier also provides building materials to many hotels. It was interesting that international or foreign investment was argued to have been one of the major factors keeping Supplier #2 in business for the past 140 years and the interviewee believed this to be the case for many other businesses in Barbados. In line with the views of Supplier #1, it was reported that any difficulties wrought by foreign-owned hotels are often minor, and attributable to the purchasing department of the hotels. Much like Supplier #1, Supplier #2 did not have to perform any restructuring or alterations to its businesses processes as a result of obtaining contracts to supply foreign-owned hotels.

5.5.3 Supplier #3

Supplier #3 is a Barbadian distribution firm which has been in operation within Barbados for over 130 years. It primarily supplies a variety of food and beverage items, comprising several well-known brands. Tourism is important to the operations of Supplier #3, due to the fact that it also operates a ship chandlery in addition to supplying food and beverage items to villas, hotels, and cruise ships that dock in Barbados as well as those ships that choose to dock in neighbouring islands. Therefore, product quality and consistency was reported to be very important to this supplier as is the monitoring of occupancy within the accommodation operations supplied to. This was stated as being because demand is based on occupancy.

Additionally, Supplier #3 noted from experience that the business ethics and the operations of the foreign-owned hotels do not differ from that of the locally-owned hotels. Foreign investments were seen to be very important to Supplier #3, impacting significantly upon their own financial position and the wider economy of Barbados.

Much like the other businesses who supply foreign-owned businesses, Supplier #3 reported that it did not have to make any alterations to its business processes to suit the needs of these

businesses, however it was conceded that there were some differences in supplying to these businesses in terms of scale of operations - they often order in large quantities.

5.5.4 Supplier #4

Supplier #4 is a family-owned and operated Barbadian firm specialising in pest control and the supply of hygienic sanitary products. Its primary aim is '*to promote personal and public hygiene*'. It provides and services products such as sanitary bins, sanitary toilet seats, liquid soap dispensers, air fresheners and tissue dispensers. The interviewee suggested that Supplier #4 does not conduct a significant level of business with foreign-owned hotels, nor does it receive much direct business from other tourism-related entities. However, tourism was still seen as an important business sector for Supplier #4 and any investment into the local economy was viewed as being beneficial for the wellbeing of the entire country.

It must therefore be noted that Supplier #4 stated that it has not incurred significant direct benefits or profits from tourism. Due to the fact that the supplier had not completed a comparatively high level of direct business with foreign-owned hotels, the interviewee felt that comparisons between the ethics and practices of local- and foreign-owned resort hotels could not be drawn.

5.5.5 Supplier #5

Supplier #5 is a locally-owned firm that has been in operation in Barbados for over 100 years, offering wholesale services for multiple product lines. Alcoholic beverages such as rum were reported to be its most popular products. Tourism was reported to have benefitted the employees of Supplier #5 especially, due to the fact that it reported that it is recognised as one of the main suppliers Barbados' tourism industry. As such, jobs at Supplier #5 are all thought to be directly dependent on tourism.

The tourism industry is thought to be beneficial to local communities due to the economic benefits, wrought by the employment of individuals, and the purchasing of goods and services. The island of Barbados depends significantly on tourism and international investment, and

tourism certainly provides many benefits for Supplier #5, including increased profits, and the ability to market its products more efficiently.

Supplier #5 reported that its experience of dealing with foreign-owned establishments was that they are often stricter in terms of the rules and regulations that they follow. It had been observed that many local businesses have followed suit, adopting 'foreign rules and policies' to give their company more structure. This view is in line with the literature relating to the impacts of FDI in transfer of business practices and the net addition of inputs that foreign investors may bring to a domestic setting (Bury, 2001; Bayulgen, 2010). Thus, Supplier #5 identified itself as a firm that had been forced to elevate its standards in order to meet the requirements of the foreign investors.

In contrast to other suppliers, Supplier #5 reported that it found it easier to work with locally-owned businesses. Product adjustments had been required to suit the foreign investors. For instance, changes had to be made to the labelling and packaging of some products, in addition to lowering the potency of some of the alcoholic beverages to 35% (much lower than had previously been supplied for local markets).

5.5.6 The 'reality' of the TFDI suppliers

In all five supplier cases, tourism was regarded as a major economic driver for Barbados, mainly in terms of its contribution to foreign exchange earnings and employment opportunities for a wide-cross section of the island's population. The suppliers interviewed suggested that they had benefitted from the development of Resort Hotel #1 in particular as they supply that establishment with many of the products necessary for it to conduct its primary business activities. This supports the reported claims of contributions to local linkages by Resort Hotel #1 and sits within 'good practice' as advocated in the TFDI literature (WTTC undated, cited in Meyer, 2006).

Additionally, it was argued that tourism can be beneficial to Barbados due to the fact that it '*encourages other countries to invest*' in Barbados [Supplier # 3], and facilitates the building of reputation in the global arena. The suppliers also believed that tourism plays a positive role in

improving the quality of life of members of the local community. This was believed to make a positive local impact on those residents who are both directly and indirectly related to the tourism industry due to the presence of inter-sectoral linkages. TFDI specifically was recognised to act as a political driver for the improvement or enhancement of infrastructure from which local residents might benefit. The supplier interviewees credited tourism as a contributing sector to the high stage of development which Barbados has achieved. This reflected their perception of tourism as a major industrial sector for the island, privy to a significant degree of foreign investment, direct and otherwise, in their eyes further propelling the island's economic development. Additionally, the construction of infrastructure such as hotels, shopping malls, and roadways was noted as positive.

However, the interviewees did observe that tourism can be detrimental to the environmental development of Barbados, due to the fact that it is not without environmentally-damaging aspects cited as: the dumping of sewage; hotels being built too close to the sea; and the death of coral reef, in particular. It was in the context of environment impacts that Barbados' status as a SIDS was raised. Due to the small size, and vulnerable state of Barbados, one interviewee argued that there is urgency for the environment to be constantly monitored and protected against the damaging aspects of tourism. It was felt that foreign-owned businesses could support positive environmental development. Resort Hotel #1 was cited as a visible example of a foreign-owned business leading the way with its policies on recycling, environmental protection, litter removal and waste management. There was an optimistic view that the actions of Resort Hotel#1 may serve to positively impact upon the business practices of other resorts on the island.

The funding for many tourism projects in Barbados is believed by the supplier interviewees to have been provided largely from public sector and tourism revenues, with a relatively small proportion being provided by the private sector and other stakeholders. It can be noted that the suppliers interviewed believed that Barbados has insufficient levels of foreign investments and saw the value of FDI as antecedents for future tourism revenues, and ultimately further development of the national economy. In particular, the international franchise business model was cited as being desirable, bringing with it established non-local reputation and brand loyalty

as well as higher brand standards. These were argued to be important to assist the marketing efforts of destination Barbados.

For the suppliers interviewed, a number of shared salient sub-themes and themes were identifiable in their experiences or 'realities' of the local impacts of TFDI on tourism development (Table 5.3).

Table 5.3: Sub-themes and themes in the TFDI Supplier data

Sub-themes	Themes
Contribution to foreign exchange earnings Inter-sectoral linkages Improves local quality of life through employment opportunities for locals TFDI is a Political driver for infrastructure development and enhancement	Communal economic development benefits
Adjustments to products and standards required to supply FDI resort hotels FDI resort hotels leading the way on recycling policies, environmental protection and waste management	TFDI impact on business practices
Marketing efforts FDI resort hotels building Barbados' reputation globally	Barbados as a tourism destination of choice

5.6 Investors, policy makers and tourism and business association representatives

The views of investors, policy makers and tourism and business association representatives were collected through six semi-structured interviews. To further protect the anonymity of the interviewees here, given the political nature of some of the discussion, the small sample and the small island context, the discussion of interviewee opinions has been combined into one section.

It was suggested that the paired relationships between (a) government and FDI and (b) local tourism entities and government, are instrumental to the potential to secure positive impacts from TFDI in Barbados. However, it was mentioned that there have been reports of instances where impediments or negative actions (namely, political delays) which have resulted in negative impacts on businesses. It was even claimed that there have been instances of government involvement in discriminatory deals with foreign entities but in one aspect at least these were viewed positively in that it was believed that they had led to a shift in collaboration style between government and local entities.

A specific example was mentioned. Subsequent to a deal signed between the government and one resort hotel company, one trade membership organisation had declared that it was no longer willing to pursue curtailed concessions for its members but rather would now pursue the full gamut of concessions offered to the resort hotel company on the basis of seeking 'equality'. This example suggested that both foreign- and local-owned entities are able to influence the political system as 'stakeholders', attesting to the strength of their various 'voices' in the political system. It questions the power of the state in TNC and FDI (Liu and Dicken, 2006) and suggests the political consciousness and agency of stakeholders in TFDI contexts.

The structure of political involvement in TFDI was also deemed to be a substantial issue with a discussion emerging to suggest that the political system in this context is a complex system with stringent policy: policy impeding the business environment; political intention to execute change being hindered by bureaucracy; and precedents being set as a result of political motives which influence future FDI deals. For example, in recognising memorandum of understanding (MOU) between the government and the resort hotel company aforementioned, one of the interviewees suggested that future investors would not now come into the destination and commit to any contract which is less favourable than that MOU.

FDI benefits were argued to be visibly employed to drive political agendas whereby government use the reputation and status of the investors to showcase confidence in the national economy. Dunning's (1979) analysis of TNC motivations for engaging in FDI should thus be accompanied by consideration of government motivations and influencing the attraction of additional capital

into the sector (Te Velde and Nair, 2006; Craigwell and Moore, 2007; Selvanathan *et al.*, 2009; Parys and Sebastian, 2010; Samimi *et al.*, 2013)

Moreover, the interviewees perceived that foreign direct investors are better positioned to circumvent any restrictive policies than local investors. In making reference to this supposed advantage is a comment by one interviewee who in referencing the steps taken by a foreign investor to circumvent a restrictive policy claimed '*...they paid and they put a bond up for it because they had the ability to do that... some smaller hotels don't have that sort of money so they are held to ransom.*'

In extending further the advantages which foreign brands have over local brands another interviewee proposed the following scenario which attests to some sense of unique leverage which the foreign brand has:

'Governments- once they have made an agreement with a foreign company - does not want them to remove themselves because that says a different thing about investments, so they are not going to put stumbling blocks in the way of an international company. You don't want Hotel X out there saying you can't work in Barbados, [a local] saying you can't work in Barbados doesn't mean one damn thing... So they protect the trading image of Barbados.'

More importantly though is the argument raised by the same interviewee that as internal hotels capitalise on this advantage they have through relying on international trade policy, this capitulation by governments creates a precedent for other foreign brands. Naturally however, it would have been expected that once such a precedent was set with foreign brands it would transcend properties regardless of ownership style. However, to the contrary, the interviewee proclaimed,

"It is obvious that once you set a precedent any new people coming in are certainly not going to come in with anything less.... Because they will not be on an even playing field with the other new competitors on the block. So for example, when you have Hotel B coming here and Hotel C being constructed at XXX, and when XX does anything with Hotel D, you will have four massive properties that are on a different game than the local people. So now you have got people who have set up for the past 60 years being sidelined."

Regardless of the advantage which TFDI properties are perceived to have over local properties however is the further testimony by the interviewee that it appears actions taken to assist growth in the sector are hindered by political bureaucracy. This is driven by the perception that the local tourism industry players already receive substantial benefits.

The interviewee proclaimed:

'I will be honest, I think that the ministers understand the need- however when we get to the technocrat level, I think there is a reticence to assist the tourism industry because there is the perception that everything is being given to tourism and therefore why should that happen and its unfair. So whatever stumbling blocks or fee stopping tactics that can be used, will be used.'

When one considers the social cultural relationships between locals and foreign brands, and the local perception that foreign brands receive excessive concessions which locals have to finance, this comment by the interviewee appears legitimate. Based on this testimony and on the elucidation earlier that foreign brands have advantages in terms of trade policy recourse, it is further evident why local brands would perceive that they do not have the same capacity to drive political action as foreign brands. Naturally this could be expected because increased capital could potentially improve the bargaining power of these investors. However, in an attempt to secure this investment, governments are therefore often resigned to provide further incentives least they risk losing the potential investment. Therefore, it is necessary that a balance be struck between securing the investment and ensuring that it can be secured through reasonable incentives. Indeed, it may be a reasonable argument that substantial contributions of TFDI should be met with incentives given that increased bargaining power of the investor. In fact, one of the other interviewees proposed this much in saying:

'We could do it on capital, you see, to put it all the way across would be very very difficult and it needs to be fair. But if you are ready to invest an amount of X, then I believe you should be given some amount of assistance.'

Admittedly, the interviewee did not restrict this assistance to foreign investors but rather extended it to any investor who invests a pre-determined amount. Certainly this approach could only further enhance the bargaining power of these investors. However, it would most definitely create greater equality among TFDI and local investors with respect to being able to equally avoid the hindrances caused by political bureaucracy.

What this position does not consider though is the substantial negative impact which it could have on small businesses which do not meet the capital requirement. In essence, these smaller businesses would therefore do not have similar levels of bargaining power as the larger businesses which meet the requirement. Therefore, they would not be positioned in the same way to circumvent the political bureaucracy. In reality though, the limited potential for smaller businesses to improve their bargaining power is even further substantiated by the fact that local investors (far less small local investors) do not provide similar macro benefits as foreign investors. As testimony, no interviewee addressed the potential for human resource development in the same way that it was offered in foreign brands like Hotel A and Hotel B, for example.

5.6.1 The 'reality' of the investors, policy makers and tourism and business association representatives

For the investors, policy makers and tourism and business association representative interviewees, a number of shared salient sub-themes and themes were identifiable in their experiences or 'realities' of the local impacts of TFDI on tourism development (Table 5.4).

Table 5.4: Sub-themes and themes in the investors, policy makers and tourism and business association representatives' data

Sub-themes	Themes
Discriminatory deals between government and foreign entities have led to a shift in collaboration style between government and local entities	Bargaining power and relationships
Government use reputation and status of investors to showcase confidence in national economy Actions taken to assist growth in tourism sector are hindered by political bureaucracy	Government actions
No more curtailed concessions for trade organisation members on the basis of seeking 'equality'.	Lack of equity in business deals

<p>Impediments such as political delays have resulted in negative impacts on businesses</p> <p>Government policies impeding the business environment</p> <p>Foreign direct investors are better positioned to circumvent any restrictive policies than local investors</p>	
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It was notable that these interviewees presented a much more politicised picture of TFDI and one in which the locally-owned businesses were considered in direct comparison to foreign-owned entities. Power was a noticeable under-current in these interviews and the themes that emerged related notably to 'relationships', 'trust', and 'equity' with the Barbadian government identified as a pivotal actor.

5.7 Summary of Phase 1 results

This chapter has thus far presented and discussed the results of Phase 1 of the study. The intention was to consider first-hand experienced realities of TFDI in Barbados alongside the official facts and econometric statistics presented earlier in the thesis in Chapter 3. These views were intended to add depth to the case study context. In fact, they offered a nuanced perspective and added to the profile presented through the secondary sources that formed the basis of Chapter 3. The exercise proved very useful in offering a picture of the experienced realities of stakeholder groups who were not intended to be the primary focus of this PhD research study. However, at this stage in the research the importance of the views collated in Phase 1 is recognised to hold potential to add value to the critical evaluation of the realities of TFDI experienced by the Barbadian residents (TFDI employees and non-employees). Those realities will now be presented, in line with research objective 4 of the study.

5.8 Phase 2 Results and Discussion

This part of the chapter presents the results of the primary research on local resident perceptions of TFDI impacts in Barbados, focusing on TFDI (hotel resort) employees and local people (non-TFDI employees), in turn. These results correspond with data collection Phase 2 as discussed in Chapter 4 and are based on thematic analysis of the semi-structured interview data and focus group interview data. 'Realities' of local TFDI impacts are identified and these are critically evaluated to identify relationships between these dimensions and currently known impacts of TFDI (as outlined in Chapter 2).

Firstly, the results of the focus group interviews with residents who were TFDI employees are presented. The experienced realities of these residents and the sub-themes and themes of the data are presented before focusing on the results of the interviews with non-TFDI residents. Their experienced 'realities', the sub-themes and themes of the data are then considered before a summary of Phase 2 results is offered.

5.9 Focus group interviews with TFDI employees

In total, 59 TFDI employees of resort hotels in Barbados were interviewed from 6 different resort hotels. The findings are discussed for employees by each resort hotel in turn before considering an overall hotel resort employee 'reality'. The findings have been anonymised and the resort hotels have been coded. It should be noted that Resort Hotels #1 and #2 correspond with Resort Hotels #1 and #2 discussed in relation to the UNCTAD questionnaire and the employer interviews in Chapter 5 and Resort Hotel #3 corresponds with the snapshot presented in Figure 5.3 (Chapter 5) relating to Resort Hotel #3.

For each resort hotel the employees have been allocated a number (Employee 1, Employee 2, Employee 3, and so on).

Table 5-5 provides a reminder of the sample for this phase of the research.

Table 5-5: Resort hotel employee focus group interviews in Phase 2 of the research

Interviewees	Number of interviewees per focus group
Resort hotel #1 employees	8
Resort hotel #2 employees	12
Resort hotel #3 employees	12
Resort hotel #4 employees	12
Resort hotel #5 employees	3
Resort hotel #6 employees	12
Total	59

The interviewees in the hotel employee focus group interviews were self-selected. There was a balanced mix of gender and age. Interviewees had been employed at the hotels between 1 and 20 years.

5.9.1 Resort Hotel #1

The eight employee interviewees in the Resort Hotel #1 focus group were employed in various departments. They were asked a series of eleven questions. Many of the employees interviewed believed tourism to be ‘beneficial’ to the local communities in Barbados. They alluded to several key benefits which can be derived from tourism, broadly identifiable as ‘economic’, ‘social’ and ‘environmental’.

One employee argued that ‘tourism is the support system for many countries including Barbados’, due to the fact that the island is significantly dependent on tourism (Employee 4). It was noted that tourism enables cultures to mix within a country, as well as resulting in ‘[the] investing [of] money into a country’ (Employee 8).

One of the interviewees alluded to the fact that ‘communities should support tourism development only if they are going to benefit from it’. This suggests an instrumental and individualistic view of tourism development. However, other interviewees noted that there were wider societal benefits that should be recognised including the perceptions that ‘standard of living will increase’, creating ‘more revenues’, allowing individuals to better ‘provide for their families’.

It was interesting that one of the employees suggested that *'without tourism Barbados could still have developed because of the sugar industry, but not tremendously'*, making reference to the island's dependence on tourism as a method of economic activity. Generally, the presence of foreign investors in tourism was believed to be crucial and was considered to be a fact that should not be down-played or ignored. Foreign investors were believed to *'have helped Barbados' tourism industry to develop'* due to the fact that many local investors were believed to lack the necessary capital and this investment was perceived to be crucial to the sustainability and the implementation of tourism plans. However, despite this reliance or dependence on outside investors it was also argued that *'the Government controls tourism activities'*. Thus, the power of the government in TFDI was noted. This was in line with the views of employers, suppliers, investors, policy makers and tourism and business association representatives presented in Chapter 5 where the government of Barbados was perceived to hold a central position in paired relationships between foreign-owned and local-owned firms.

It was observed that tourism was seen to directly benefit many of the employees of Resort hotel #1. Unsurprisingly, employment was seen as the major benefit derived from the TFDI process (Employees 1, 2, 3, 4, 5, 6, 7 and 8). Additionally, it was acknowledged from personal experiences that tourism has also allowed many employees to *'meet new people'* (Employees 2, 3, 4, 7 and 8), while allowing others the *'opportunity to travel'* (Employees 4 and 5).

Tourism was argued to play a significant role in the economy of Barbados, as the 'main income earner' for the island (Employees 1, 2, 3, 4, 5, 6, 7, and 8). It was acknowledged that tourism has also *'fostered new developments like hotels and restaurants'* (Employee 2), in addition to creating the basis for the *'improvement of local facilities'* (Employee 3). Thus, there existed awareness of the breadth of tourism's positive economic contributions to the island.

Tourism was also acknowledged to contribute to the environmental development of Barbados in a variety of ways. It was believed that this contribution often occurs through the stimulation of *'environmental awareness'* (Employee 1). The interviewees cited a number of environmental management measures that had been implemented because of tourism development on the island

including those used to combat beach erosion and to deter unsustainable practices. In the latter case, the activities of foreign-owned businesses were identified as shaping or influencing local business practices.

It was believed that tourism plays a significant role in the improvement of the quality of life for members of many local communities in Barbados. Evidence of this was cited to be the creation of employment in areas such as *'airports, restaurants, attractions and hotels'* (Employee 1) and tourism incomes were also believed to be responsible for the *'improvement of roads and transport systems'* (Employee 3). These investments were perceived to improve living standards of local residents as were security measures that have been implemented alongside the development of tourism such as the installation of cameras, which it was argued invariably *'allow the locals to feel safer'* (Employee 5).

In terms of the number of foreign investments in Barbados, many of the focus group interviewees believed the number of investment projects in the island to be high. Economic leakages were, however, perceived to be an issue. Speaking of TFDI companies, Employee 1, for example, remarked that although they can be *'credited with the development of Barbados, they tend to carry the money back with them'*. However, it was acknowledged that the arrival of these new investment opportunities was often accompanied by *'well-known brands, such as the XX Hotels and XX takeaway food chain, which add diversity to the island'*, in addition to increasing employment levels (Employee 3). This supports the idea of FDI stimulating reputation as mentioned by the investors, policy makers and tourism and business association representatives in Chapter 5. Four of the Resort Hotel #1 employees noted that they considered the number of investments within the island to be low but they alluded to the fact that they are *'beneficial to Barbados'* (Employee 2) because they have the power to *'further develop the island'* (Employee 4). There appeared to be an appetite to increase TFDI in Barbados.

Reflecting on their employment at Resort Hotel #1, the interviewees felt that working there has impacted them in a multiplicity of ways. Employment, training, education and travelling to other countries were cited as positive impacts personally-received, in addition to being fed between- and after shifts. The latter was noted as a valued employment benefit. Overall, the employees

believed that working at Resort Hotel #1 has positively impacted on their quality of life. Employee 1 stated that since being employed by the resort hotel they are now *'able to travel more'*; while Employee 2 remarked that the resort hotel has *'provided me with employment and with income so that I can support my family'*.

Quality of employment was raised as an issue in the review of literature presented in Chapter 2. Indeed, the issue of power structures and dynamics was considered (Mowforth and Munt, 2003; UNCTAD, 2007). The employees attested to the notion that employee empowerment is an integral part of the Resort Hotel #1's business model, in line with the comments from the managers of Resort Hotel #1 presented in Chapter 5. In their experience, they felt that they all had a say in the daily operations of Resort Hotel #1. It can be noted that managers frequently *'ask the employees their opinions on particular situations'* and that the employees are *'allowed to handle guests' complaints depending on [their] severity'* (Employee 1), through the *'owning of guest complaints'* (Employee 3). Additionally, employees reported that they were often asked for *'opinions and recommendations regarding any operational changes'* (Employee 2).

The interviewees spent time considering whether Resort Hotel#1 could be seen as an economic development tool for Barbados. It was noted that the resort has provided significant employment for the island's population, in addition to contributing to significant levels of foreign exchange for the country. Additionally, the creation of linkages with other sectors, and the introduction of a popular brand to local accommodation sector were seen as tools of economic development as a result of the Resort Hotel #1's foray into the Barbadian market.

Additionally, the interviewees were asked whether Resort Hotel #1 can be seen as a social development tool for the island. All eight of the employees responded positively, suggesting that *"the XX Foundation helps the local community"* (Employee 2), in addition to the fact that *'the guests at X are from a wide range of cultures'* (Employee 1).

In terms of whether Resort Hotel #1 can be seen as an environmental development tool for Barbados, all eight of the interviewees provided affirmative responses. This is thought to be the case due to the existence of Resort Hotel #1's Foundation, which is *"geared towards the*

environment" (Employee 1), in addition to the fact that the resort *"assists with environmental conservation"* (Employee 2), and has *"adopted the green concept"* (Employee 3).

Overall, consensus was noted in the views of Resort Hotel #1 employees on the local impacts of TFDI in Barbados.

5.9.2 Resort Hotel #2

Twelve employees of Resort Hotel #2 from differing departments within the resort were interviewed. They were asked whether or not tourism is beneficial for Barbados and its' residents. All of the interviewees answered this question in the affirmative. In particular, tourism was believed to be beneficial due to the fact that it *'provides jobs for people'* (Employee 1), in addition to the fact that *'small business [entrepreneurs] can and also derive benefits from visitors'* (Employee 2), such as 'foreign exchange' (Employee 8). However, it must be noted that there was acknowledgement that many visitors to the island *'do not only use [the] hotel's facilities and amenities'* but quite often benefit, through custom, other businesses such as *'restaurants and nightclubs'* (Employee 3). Thus, the wider multiplier effects of tourism development were noted. It was considered that there was a symbiotic relationship and important network of relations between visitor economy components: *'local services and businesses help to support tourism development in many ways'* (Employee 5). This was thought to be the case as ancillary services were acknowledged to often *'make up what a destination has to offer to visitors'*. The role of visitor satisfaction in destination success, contributing to a healthy tourism economy, was noted, *'visitors help to promote the hotel by recommending it to others because of its exceptional service'* (Employee 7). Additionally, it was stated that these elements can *'aid in the promotion of the destination itself'* (Employee 8).

The role of foreign-owned businesses in wider economic development was noted. It was reported that there are a number of international businesses in Barbados who often utilise *'advanced technologies which can be beneficial to the country'* (Employee 9). However, there was a view that an opportunity to benefit from this was frustrated because *'these companies are invariably government-controlled and regulated'*. The government, in this context, was perceived to present a barrier to the potential spread of positive impacts due the controls imposed

on foreign-owned businesses. Despite this, it must also be noted that wider benefits received from the presence of TFDI were seen to exist. For example, there was recognition that *'international investors help to fund projects on the island'* (Employee 10) and they were viewed as catalysts as well as supporters of tourism development, fostering further growth for the economy of Barbados.

Thus, overall, there was recognition of the positive tourism development impacts offered by foreign-owned businesses but power was seen to rest with the government and this was potentially identified as a restrictor of benefits due to policies and controls. As with the employees of Resort Hotel #1, there was a visible appetite for the presence of foreign-owned investment on the island amongst Resort Hotel #2 employees.

5.9.3 Resort Hotel #3

Twelve employees of Resort Hotel #3 were interviewed. These employees, selected from each of the departments within the resort, were asked whether they believe tourism is beneficial for Barbados. Ten of the twelve interviewees expressed a belief that tourism is extremely beneficial for Barbados and its' economy, while the remaining two interviewees offered no response.

Tourism was noted to create jobs and to encourage foreign exchange spend and foreign investment within the island of Barbados. Spin-offs from TFDI development were also noted, including the recognition that there is creation of *'new business opportunities for local residents, especially entrepreneurs'* (Employee 2) who can *'showcase unique goods and services that can only be offered on the island'*.

There was a perception that tourism in Barbados has shown steady growth over the past few years, and continues to develop, into a *'good and unique service'* (Employee 3). Resort Hotel #3, in particular, was believed to continue to attract more visitors to the island, in addition to enjoying high repeat guest rates.

Employees of Resort Hotel #3 noted that foreign investment was seen as a positive force for the island, often resulting in high levels of foreign exchange and the *'attraction of more businesses*

to the island' (Employee 9). Improvements in service quality and knowledge were also seen as benefits to overall tourism development in Barbados, offered by the practices of Resort Hotel #3.

5.9.4 Resort Hotel #4

When the twelve employees from various departments of Hotel Resort #4 were each asked whether or not tourism is beneficial for Barbados, they noted that tourism has the propensity to impact the economy of the country. Tourism in Barbados was credited with the *'creation of business opportunities' within an economy which relies and 'depends heavily upon tourism'* (Employee 2). Additionally, it was argued that this *'sector employs a majority share of the island's population'*, both *'directly and indirectly'* (Employee 8).

However, there was thought to be significant scope for improvement of this *'tired product'*, by embracing *'diversity in the island's product offerings'* (Employee 3). It was also stated to be important for *'local communities to embrace and support this sector'* and note its perceived level of importance to the island, due to the fact that it was believed that tourism *'plays a vital role'* in the Barbadian economy (Employees 4 and 6). Despite these positive sentiments, there was also recognition of the risk that foreign investment cannot always ensure that the real benefits to local communities are realised, due to economic leakages.

In this focus group, the government was thought to be the major beneficiary of the monetary proceeds of tourism although some employees conceded that, as individuals, they benefit significantly from tourism due to the fact that they are directly employed within the industry. There was a belief that further positive local impacts from TFDI might be secured if economic leakages were reduced and benefits were shared more equally through paying attention to economic linkages. In this respect, the government was identified to play a role; a more proactive, community-based strategy was desired.

5.9.5 Resort Hotel #5

Only three employees of Resort Hotel #5 were interviewed. For them, the most significant perceived benefit of tourism was the fact that many jobs are created within hotels and revenues are generated, each providing a positive local economic impact. There was also recognition that

jobs external to hotels were sustained through the processes of TFDI development, such as street vendors, local farmers and taxi drivers. In addition, socio-cultural impacts were identified including, the informal education gained by tourism workers who are privy to differing cultures and languages while interacting with tourists.

Tourism was thought to be '*vital*' to the growth of Barbados and its economy, partly because of a dearth in other industry sectors. Linked to this heavy reliance, there was a strong concern expressed that if tourism arrivals figures were to fall, so too would the standards of living of Barbadian residents.

Some of the costs charged to tourists were argued to present a significant impediment to any possible benefits which could be derived from this potentially lucrative economic sector. TFDI was considered to have distorted the tourism economy. The sustainability of tourism demand was of particular concern in this focus group. TFDI was thought to be blamed for the high costs which are borne by local residents, especially '*the rental costs for those who tend to shops in areas in traditional tourism hotspots*'. Here, foreign-owned businesses were noted to have contributed to inflation, presenting a picture akin to Bayulgen's (2010) 'malign model', where the distortionary impact that foreign investors may have on domestic economies are highlighted.

5.9.6 Resort Hotel #6

Twelve employees from varying departments within Resort Hotel #6 were interviewed. Much like the employees of Resort Hotel #5, the interviewees argued that that tourism aids in job creation and provision in addition to the '*transfer of culture*' through social interaction. Additionally, tourism was credited with the high standard of living enjoyed by the residents of Barbados, even though it was stressed that it cannot be ignored that '*many prices have become inflated*' due to the influx of tourists within the destination.

Generally, tourism was thought to be good for the Barbadian economy, which relies significantly upon the business of tourism, but it was stressed that '*the needs of the local population must be met*', while still satisfying the expectations of the tourists, to ensure maximum satisfaction of both parties. A mutually beneficial process of development was perceived to be possible and this

was believed to require greater control to be placed in the hands of the local residents. Tourism development processes on the island were believed to be remotely controlled due to the prevalence of foreign investments in a small, open economy.

It was thought that the members of local communities should embrace tourism more readily and be made fully aware of both the benefits and drawbacks of tourism. As with the employees from Resort Hotel #5, concern was expressed about the sustainability of tourist markets. There was a clear view that the existing operators within the industry must '*seek to diversify the product offerings*', as tourists are '*quickly running out of things to do*'. Here, the onus for achieving desired change was placed on tourism businesses rather than the government. Overall, there was recognition of the existence of agency in terms of the power dynamics surrounding TFDI in Barbados. However, that agency was perceived to sit within business communities rather than with local residents *per se*. It was also believed that the agency was not being fully exercised or activated.

5.10 The 'experienced reality' of the hotel resort employees

Among the TFDI employees participating in the study, there was acknowledgement of the high contribution of tourism to the island of Barbados. As expected, positive employment impacts were noted, often relating to their own livelihoods, alongside macro-economic impacts.

For the resort hotel employees interviewed, a number of shared salient sub-themes and themes were identifiable in their experiences or 'realities' of the local impacts of TFDI on tourism development (Table 5.6).

Table 5.6: Sub-themes and themes of the Resort Hotel Employee data

Sub-themes	Themes
Exposure to global cultures Access to international training	Employment and skills development
Contribution to tourism on the island Employment creation	Role of foreign direct investors in national development
TFDI contributes to poverty alleviation through the individual corporate social responsibility (CSR)	The scale and value of TFDI
TFDI properties impact on resource growth which domestic firms do not necessarily have access to local employees' restricted growth to executive levels in TFDI properties TFDI properties are less receptive of rights and powers of labour unions and labour bargaining power	Power and control

5.10.1 Employment and skills development

It was notable that local resident interviewees discussed TFDI more primarily in the context of its direct impact on citizens more so than at the macro-level of the state. This extends the Hall (2008) and Bury (2001) observations that TFDI is viewed by citizens as more than representative of capital inflows. There was indeed a general acceptance that substantial benefits can indeed be achieved from being associated with tourism entities. Based on the benefits identified however, it is extremely noteworthy that a perception existed among local resident interviewees that some types of the individual benefits achieved are possibly restricted to those employed within foreign entities. For example, one interviewee from the Resort Hotel #1 suggested that by being employed at the resort hotel with its contingent of non-national staff, their exposure to global cultures is expounded (Employee 1, Resort Hotel #1). This is a particularly important point when one considers that individuals from poorer communities or those who are lesser-skilled often do not have opportunities to be exposed directly to global cultures. In this case, access to opportunities goes beyond economic opportunities and extends to life chances linked to socio-cultural development.

Moreover, as explained by Employee 2, Resort Hotel #1:

'X has provided me with employment and the chance to training overseas and even employment opportunities in the other X franchises. In the training process I am exposed to different techniques and being part of a well-known brand.'

It is particularly interesting that in the response provided above, the interviewee made specific mention of the impact that the diverse training techniques in foreign brands has had on their development. It is clear therefore that the international exposure to and perspectives of international brands provides a broader scope for improving human resource capacity of citizens in the destination working with the properties. This reinforces the position of the benign model recalled by Baylugen (2010) which suggests that FDI has a substantial impact on resource growth which domestic firms do not necessarily have access to. As deduced from the comment above by the respondent, this improvement is argued to be perpetuated by the fact that the international exposure and opportunity gives the human resources the potential to access standards with international credence influenced by the diversity in global cultures the organisation would have to develop their standards to respond to. From a local perspective, it was also indicated that the international standards adopted by international properties force the competition to also improve on their standards because maintaining lower standards reduces the local competition's competitive advantage.

Notwithstanding these benefits however, some interviewees alluded to a perception that local citizens are mostly only offered front line positions with few opportunities to advance to middle and upper level management positions. While this is an extremely valid concern it is also worth noting that from an employee and skills development perspective, these international entities have certain service standards influenced by international cultures which necessitate having management which appreciates, and has already been indoctrinated with said culture. Recognition of the importance of standards for these organisations highlights this perception. In essence, while this offers some explanation as to why newly established FDI entities do not fill middle and upper level management positions with locals, it does not offer support to FDI entities established in the destination for prolonged periods having had the opportunity to *'indoctrinate the culture into locals'*.

More importantly though, this restricted growth to executive levels by locals in TFDI properties does not necessarily hold true to the philosophy of Baylugen (2010)'s benign model. In spite of there being growth in the resource capacity of locals employed within TFDI properties, the reality that locals do not traditionally rise to executive positions within that destination more reflects the malign perspective (Baylugen, 2010) given this restriction on domestic human resource growth. This reality offers some explanation as to why the work of Brohman (1996) did not find a strong enough correlation between TFDI and poverty alleviation. To further reinforce the weak potential for such a correlation is the fact that macro poverty alleviation policies are not necessarily integrated into TFDI policies. This study finds that TFDI contributes to poverty alleviation more so through the individual corporate social responsibility (CSR) efforts of the foreign investors. Since the CSR is affected by variables such as management styles and power relationships (Mowforth and Munt, 2003), its contribution to poverty alleviation varies.

Moreover, at the outset, it may appear that when employees use their training and background with TFDI properties to seek international jobs this has entirely negative implications because of the local loss of that human resource. However, relocating and training local human resources can be viewed positively if after receiving the foreign employment and training the individual returns to the destination to use the experiences gained. Additionally, the destination is also likely to benefit from any remittances from those individuals. Moreover, this TFDI-fuelled exodus of human resources does not have the same impact on market imperfections as the price distortions explained by Baylugen (2010). The training and opportunities provided by TFDI properties has been argued by interviewees to force other local properties to improve their product and service offerings or risk losing market share to the TFDI properties. Therefore, in spite of the fact that leakages are a consequence of TFDI, the skills development and competition it facilitates may be seen to benefit the destination from a human resource perspective in two primary ways. Firstly, competitors are forced to improve their service standards and secondly, local companies can benefit from the skills set persons trained by the TFDI properties develop. These findings attest that while Baylugen's (2010) malign model considers the implications of an exodus of resources, a TFDI-fuelled exodus of human resources does not necessarily translate into permanent negative implications.

The following response adds testimony to the claim by Barrowclough (2007) that while in many SIDS openness to TFDI is high there is often limited structured policy approaches to capitalise on the TFDI. An employee from one of the local TFDI properties vexingly said, *'We have a shop steward here, we are members of the union but everybody here frighten, we can't go the meetings, we don't even know when the meetings are'*. In spite of Barbados' long-established recognition of the rights and powers of labour unions and labour bargaining power, management of this TFDI property is less receptive to this domestic practice of collective worker's representation. This fear has the potential to undermine the entire collective bargaining process across the country and is therefore an excellent example of a potential consequence of unfettered and unstructured controls on TFDI in labour management.

In essence, the quote referenced prior by Employee 2 of Resort Hotel #1 reflects an ideology espoused within the study that local staff perceive that foreign employment gives them access to certain benefits they would not ordinarily receive from employment within local entities. It was not surprising therefore that Employee 5 of Resort Hotel #1 declared *"I was able to travel and be a part of a well-known brand"*. It is particularly interesting however that this employee correlated their satisfaction with their organisation being a *'well-known brand'* which at its core implies that the employee would express the same level of satisfaction and recognition if it were a local well-known brand. However, the preceding evidence does not largely support this postulate. This rebuttal is based upon the premise that respondents made correlations between well-known brands and, (1) the international cultures within the brand and (2) the ability to travel to other branches of the brand. Certainly on that basis one could question if the local brands were able to offer this international exposure and travel potential, local employees may regard both local and international establishments equally in terms of personal benefits? As a result of this perceived international exposure from being associated with international brands, these locals develop a sense of commitment/ loyalty to foreign entities for providing these opportunities. For example, one respondent suggested *"I was offered a career opportunity overseas but I declined."* (Employee 4, Resort Hotel #1).

5.10.2 Role of foreign direct investors in national development

Tourism FDI was also perceived as having a role in the development of overall national economies. There were indications that there is a dependence on the international community to provide resources to develop areas of the local tourism sector which were either too substantial or requiring too many resources to be developed by the local investment community. In this context, foreign investors were perceived to fill a void that could not be sealed locally. One resident interviewee who was a member of the Tourism Association discussed the very topical issue of Resort Hotel #1 taking over a locally-managed property that was currently under public ownership made the following assertion:

'For the good of the island, and if we need more room especially a family brand and really and truly as an island we need the family brand because we lost a lot of family rooms. So as an opportunity for a local person, it is a shame he would have to lose it....'

There existed a perception that, if necessary, locals should to give way to international ownership in the national interests of destination product development. This suggests a dependency relationship; TFDI was seen to have a direct impact on the country's ability to develop its tourism sector, a scenario suggested by Alfaro *et al.* (2003) and other researchers such as Kokko (1994), Borensztein *et al.* (1998) and Xu (2000). It may be seen to add weight to the importance of the ownership advantage possessed by TFDI properties as purported in Dunning's (1979) OLI framework.

Additionally, there was a positive relationship expressed between FDI and rapid tourism growth; since tourism growth is indicative of a multiplier in other sectors in the economy, this perceived correlation between FDI and rapid tourism growth insinuates a rapid growth in the supporting sectors as a result of the FDI. In fact, this multiplier effect of tourism can be explicitly identified in the comments by respondents varying from “*tourism is beneficial to local communities because it open doors for different services [like] taxi services*” (Employee 3) to “*... also people with little businesses can benefit from visitors*” (Employee 4). This perceived increase in tourism correlated with TFDI also suggests that similar to those employed in these TFDI properties, TFDI has a substantial impact on generating employment in supporting services. The impact TFDI has on employment generation is pretty much an anticipated finding. However, what is perhaps more substantial and intriguing is the perception raised that TFDI creates an opportunity

for individual local secondary service providers in the value chain of the TFDI property who have unique skills to also gain access to opportunities in the wider value chain of TFDI financed hotel chains (Employee 4).

Notwithstanding these positive benefits however, there was recognition that the profit repatriation has potentially negative impacts on employees. As explained by one of the interviewees who works in a foreign-owned property:

'I think that too much foreign investment can hurt the community because not many of the benefits are contributed to the surrounding community since most the profits return to where the head company is based'.

This recognition of leakages is generally accepted as a concern when discussing foreign ownership. However, it is particularly interesting that this TFDI employee made a direct association to the impact that these leakages could have on surrounding resident communities. This importance of this micro outlook of the impact of leakages by the respondent is reinforced by the fact that when reference is being made to employment and skills development opportunities, the respondents are localising that impact firstly in the community surrounding the foreign property.

5.10.3 The scale and value of TFDI

Views of TFDI were mixed; employees from Resort Hotel #1, Resort Hotel #2, and Resort Hotel #3 favoured TFDI growth. However, the interviews with employees of Resort Hotel #5 and Resort Hotel #6, in particular, highlighted concerns linked to the island's high dependency on tourism and the sustainability of tourism demand. The onus on local businesses was noted and there was a belief that there was potential to be more proactive in attracting tourists. The idea that FDI can have important positive effects on a host country's development effort (Kokko, 1994; Borensztein *et al*, 1998; Xu, 2000; Alfaro *et al*, 2003) appears to be affected by the level of proactivity by local businesses. In this case context, there appeared to exist recognition of potential benefits brought by foreign investors to be capitalised upon but question marks around the seizing of those benefits. It was not simply a case of TFDI impact on tourism flows leading to net benefits to locals (Dwyer, Forsyth & Spurr 2003). These benefits needed to be secured

through actions that focused on the sustainability of tourism demand. Otherwise, it was thought that there would not exist enough absolute demand to sustain local competition alongside international tourism entrants and there were concerns that country-specific location decisions of foreign investors might be negatively affected in the long-run, namely with respect to any location advantages (Dunning, 1979) offered by Barbados. In line with the Economic Dependence Factor (Vargas-Sanchez *et al.*, 2009), the local residents of Barbados, an island unanimously agreed to be heavily dependent on tourism, appeared to be favourable to tourism development.

5.10.4 Power and control

Power and control emerged as a key theme. This was evident in the views of employees from Resort Hotel #2 when they acknowledged the role of the government in regulating FDI agreements. It also appeared in relation to a stated desire for mutually-beneficial tourism planning during Resort Hotel #6 interviews and the consideration of the spread of benefits being restricted to government-level and hampered by economic leakages in the Resort Hotel #5 interviews. Thus, attention was drawn to the relationships between foreign investors, the government and local communities. The wider community-level impacts of TFDI were noted. There was a belief that foreign-owned resort hotels had inspired local businesses to improve their operations. One of the focus group interviewees, for example, proclaimed '*for the longest while Hotel X [locally owned hotel] should have repaved their entrance but they would not, then Hotel Y [foreign-owned resort hotel] came in and all of a sudden things get improved*'. In terms of the relationship between TFDI entities and other local tourism providers, there was a sense amongst local residents that the former demonstrated a much more dynamic approach that was, largely welcomed.

Community-based initiatives such as Resort Hotel #1's Foundation were acknowledged as genuine attempts by the foreign investors to create positive local impacts. There was a perceived difference in the ways in which international firm responded to environmental issues compared to local firms. However, there was a sense of caution about the performance of foreign-owned investors amongst some of the residents interviewed due to failure of some of the resort hotels to deliver on 'promises'. The official measurement of the positive impacts offered by these investors

was questioned and it was suggested that economic leakages may in fact be under-estimated due, in part, to a government focus on high-level tourist volume and value figures rather than paying attention to the experiences presented at a micro or 'ground level'.

5.11 Interviews with other local residents

In total, the views of 231 other local residents (who were non-TFDI employees) were captured through focus group interviews (Table 5.7). These were spread across five geographical areas of Barbados: Port Ferdinand and Six Men's (a fishing area located to the south of Maycock's Bay in the northwest of Barbados, north of the town of Speightstown); Cranes (in the vicinity of The Cranes Hotel in the area of Saint Philip in the southeast of the island); Trents (near to Saint James on the west of the island); the site of the University of West Indies (in Bridgetown, the capital of Barbados located on the west of the island); and St. Matthias (close to Christchurch in the south of the island).

Table 5.7: Other local resident interviews in Phase 2 of the research

Interviews	Number of interviewees
<i>Semi-structured interviews</i>	
Port Ferdinand and Six Men's	134
Cranes	5
Trents	50
<i>Focus group interviews</i>	
Students from the University of the West Indies (UWI)	25
Cranes	5
Trents	8
St. Matthias	4
Total	231

The interviews with other local residents produced a dataset that focused largely on personal experiences and opinions of tourism development impacts in Barbados. Very often, micro-level impacts were discussed. In this section, examples are considered as a means of illustrating key emergent sub-themes and themes relating to the experienced 'realities' of TFDI, summarised in Table 5.8.

Table 5.8: Sub-themes and themes of the other local resident data

Sub-themes	Themes
<p>TFDI decreases interest of local stakeholders in maintaining competitiveness in their products</p> <p>Influx of capital by TFDI is a driver for local investment in the local tourism product</p> <p>Increased competition in the level of standards offered by TFDI forced local hoteliers to improve their product offerings and carry out product investments</p> <p>Employee skills development opportunities</p>	TFDI impacts local standards
<p>Maintenance and development of adjacent community infrastructure</p> <p>Dependence on TFDI resources to assist in local community developments due to lack of local funding</p> <p>Communities benefit from TFDI due to the need for TFDIs to maintain an image and to prevent negative perceptions of the community</p> <p>The CSR of TFDI properties is disingenuous</p> <p>TFDI properties have negative impact on local infrastructure and water resources</p>	Impact on community development
<p>TFDI properties employ more local employees than locally-owned properties</p> <p>Hinders local properties from developing internationally due to discriminatory practices</p> <p>Concentration of power in foreign investors who are taking over tourism development</p>	Impact of TFDI presence on opportunity for locals
<p>Increased competition from TFDIs leads to local hoteliers carrying out product investments</p> <p>Concession incentives</p>	Capital formation
<p>TFDI decreases the interest of local stakeholders in maintaining competitiveness in their products</p> <p>Increased competition from TFDIs leads to local</p>	Business practices

hoteliers improving product offerings	
Some TFDIs purchase local products from local suppliers	Linkages
TFDI CSR benefits community development	TFDIs have a strategic approach to community development
Cross-cultural management practices in TFDI-managed properties impacting local skills development capacity	Cultural differences in TFDI properties
Locally-funded properties are more socially responsible	Socio-cultural perceptions
TFDI properties diminish the local culture	
Influx of capital facilitated by TFDI as a driver for local investment in the local tourism product	Relationships with government
Concession from the government seen as unfair competitive practices	
A higher bar across TFDI focuses the chain's brand value on Barbados	Consumer demand
International brands in Barbados have led to an increase in other international brands opening hotels on the island	

5.11.1 TFDI impacts local standards

There was a perception that TFDI actually decreases the interest of local stakeholders in maintaining competitiveness in their products. One interviewee in St. Matthias declared, for example, that '*TFDI doesn't increase productivity [because] the local investors just sit back and let the foreign investors take over*'. This reduced level of action or participation by locally-owned businesses can perhaps be explained in the words of another St. Matthias interviewee who attested to the situation and sought to explain its occurrence:

'Yes, to an extent the foreign investors because of their practice in their home countries provide better training opportunities for the community than local investors as they take their home practices and bring them here.'

In essence, it was suggested that local business entities were unable to match the perceived advantages that foreign entities receive as a result of their international exposure. However, there

was some disagreement around the assertion that better training opportunities can be associated with foreign entities because of perceived higher international standards. Another interviewee stated:

"I think people underestimate the demands of the local hotels as well, I think we are a well-developed economy that really appreciates the food standards that are required, so it's not that an overseas company will say these are the standards we need to go by and a local would say we don't care about that, I think we are very good at holding service standards. We've got a lot at stake"

Another argument was presented that identified the influx of capital facilitated by TFDI as a driver for local investment in the local tourism product. There was awareness that Resort Hotel #1 in acquiring and renovating an existing property in Barbados had received numerous concessions from the Barbadian government to assist development of the project. These concessions were the subject of intense public scrutiny and outcry and had led the local hotel sector to argue that giving Resort Hotel #1 sole access to such concessions constituted '*unfair competitive practices*'.

After lobbying the government, it was noted that local hoteliers subsequently also received access to similar concessions. One of the interviewees who was a member of the local tourism association recalled:

'...we lobbied for the same thing because there has to be a level playing field. People will say well you have now jumped on the bandwagon as well but what I am saying is that history will show that we only asked for reduced bound rates to make the F& B aspect of the business more sustainable. If we had gone down to the reduced rate of 40 % at least the government would have gotten something, but [now] going from 150% to 0...'

In this instance, it was noted that local hoteliers, seeking assistance to maintain and improve their product offerings, were able to gain access to concessions that they proclaimed to have been soliciting even before the arrival of this particular foreign investor.

Moreover, what further substantiates the relevance of the access which Resort Hotel #1 received to the concessions is that Barbados as a destination is often argued to have a 'saturated product', (as acknowledged by employees of Hotel Resort #5 and Resort Hotel #6), with a hotel sector in particular need of rejuvenation. Therefore, the significant potential investment brought by Resort

Hotel #1 allowed it to be able to exert a certain influence on the government of Barbados to receive the concessionary benefits sought. As recounted by one of the interviewees who was a member of the local tourism association:

'At the time [Resort Hotel #1] entered into the market there was a definite feeling of desperation because we were losing rooms.... Once you start to decrease rooms you begin to lose airlift so there was a sense of urgency by the current administration and it could've been any administration. So when you are operating under a sense of urgency you are inclined to be more lenient than if you were under normal economic circumstances'.

It was believed that two particularly substantial direct advantages for local hoteliers resulted from these concessions. Firstly, the concessions received by Resort Hotel #1 allowed the entity to develop what has been argued to be its most impressive product offering across its entire international chain. In the words another local hotelier, '[name withheld] *has created a problem for himself with [Resort Hotel #1] here because if someone stays at [Resort Hotel #1] here and then goes to the [Resort Hotel #1 brand] in Jamaica or Antigua, they will be disappointed*'. Given the presence of Resort Hotel #1's brand across the region, the fact that Resort Hotel #1 in Barbados was perceived to have set a higher bar across the entire resort hotel chain was considered to focus a significant amount of the chain's brand value on Barbados. This was thought likely to occur as a result of the expected higher levels of satisfaction from the local property vis-à-vis other properties of the chain. There are observations that can be made here around Dunning's (1979) OLI framework and the identification of locational advantage as not only investment decision factor but also an outcome of investment decisions.

Secondly, increased competition in the level of standards offered by Resort Hotel #1 was also considered to have forced other local hoteliers to improve their product offerings and carry out product investments.

This heightened activity perpetuated by the presence of TFDI properties can also be buttressed in the argument raised by respondents that TFDI properties are traditionally large-scale, thereby commanding the attention of other local players. While this finding does not necessarily support the UNCTAD (2007) study which proclaimed that TFDI properties have higher staff-guest ratios and this affects employment opportunities, it does acknowledge that TFDI properties often

implicitly employ more local employees than locally-owned Barbadian properties which tend to be smaller. One interviewee from St. Matthias argued:

'[TFDI properties] are usually of a larger scale, the foreign investors have the money and the benefit of the foreign exchange rate to produce large scale projects and are able to benefit because they are normally easily recognised so they could get the business. Locals are not so fortunate'.

Another St. Matthias interviewee made a similar argument suggesting that, *'the foreign investors are able to undertake projects on a larger scale that are of high quality'*. It was not surprising therefore that TFDI properties were also perceived as bringing international standards and work practices to the destination which local hoteliers would arguably not be exposed to as a result of operating mostly within their local context. A further interviewee in St. Matthias proclaimed:

'... the foreign investors introduce new working systems that make things easier and benefit the workers more. Additionally, most of the standards they implement - the local investors haven't been able to apply them into the work force as such.'

Notably, the fact that interviewees made connections between the size and quality of properties funded through TFDI may also be indicative of the fact that small-scale TFDI properties (such as Resort Hotel#5 and Resort Hotel #6) were not perceived to be as important drivers of quality as the larger-scale TFDI properties (such as Resort Hotel #1 and Resort Hotel # 2). However, there was unilateral recognition by local interviewees that TFDI properties improve service standards and this is testimony to perceptions of their ability to improve productivity within the sector.

The fact that this was perceived as being a quality intrinsic within TFDI properties is worthy of significant exploration because it implies that such properties could potentially have a guaranteed positive impact on skills development through improvements in service standards. The international exposure and cross-cultural management practices in TFDI-managed properties which interviewees specifically attested to impacting on local skills was not alluded to as having the same impact when considering the employment impacts of local properties. Therefore, TFDI properties can be argued to possess a unique advantage in this regard because of the additional skills development capacity they present. However, the context of the employment impact argument proposed by the interviewees was merely that the international exposure acted a driver of skills development. Therefore, this suggests that a locally-owned entity with international

exposure through engagement in outward TFDI should also bring back similar positive impacts on employee skills development. This is however not seen to happen as there are no locally owned entities engaged in outward TFDI.

Another issue to consider here is the reporting of employee skills development opportunities by the TFDI employers interviewed in Phase 1 of the study. Here, it was explicitly stated that an existing level of qualifications and skills are required for local employees to progress to higher levels of employment opportunities. The extent to which opportunities are affected by capabilities must be questioned.

5.11.2 Impact on community development

While TFDI was perceived to expose employees to international customs, practices and standards, this individual exposure was then argued to have a positive socio-cultural impact on individual family units and TFDI was also believed to have a wider impact on the development of local communities. Tourism was perceived to have substantial social impact and, as such, it was recognised that there exists a dependence on international firms to use their resources to assist in local community developments because local funding is absent. Furthermore, an implicit correlation was drawn between international investment and the growth of the local economy. One of the Trents' interviewees remarked, *'I think the international investors at this point should participate in order to help the growth and development of the island'*. This suggested dependence on TFDI only further perpetuates the relevance of the Dutch disease theory (cited in Chapter 2) because local tourism investment is not perceived to contribute as significantly as foreign investment, thereby reinforcing the perceived superior value of the latter.

The evidence does suggest however that investment in local community developments is largely confined to immediate areas surrounding TFDI properties. For example, Resort Hotel #1's Foundation invested in the re-development of a nearby school and after the construction of its resort hotel, it repaved the public access road immediately outside of its property and installed speed tables, arguably to its own advantage as well as for the greater good of the community. It may be interpreted that where actions have a direct impact on TFDI properties, CSR is not the sole motive. This was acknowledged by the interviewees and there was a much greater

perception that community benefits derived from TFDI were often the result of a 'trickle-down effect'. As with the other interviewees in this study, local residents suggested that community benefits from TFDI tend to occur because the investors have to uphold a certain image and commit to these 'upgrades' in response to community protest or in attempts to prevent community outcry. The public relations value of TFDI property responses was noted.

With respect to the image management of TFDI properties, one interviewee discussing Resort Hotel #1 argued, *'IF you watch the modus of a lot of the 'more successful' they pump money in because they obviously had to buy back some credibility among the Bajan [Barbadian] people'*. Again, the premise set forth earlier by one of the residents who was a member of the tourism association that local properties do make similar community investments but prefer not to publicise this. This begs the question as to why CSR activities appeared to be more widely publicised by TFDI properties than by local properties.

The idea that international exposure helps to influence a structured approach to- and capitalisation of CSR in TFDI properties does however weaken the argument by local stakeholders that the CSR of TFDI properties is largely disingenuous. Perhaps this position is better explained by rooting the argument in the words of one of the interviewees who proclaimed, *'Listen to the jargon and you will see that that yapp yapp yapp is all designed it doesn't come from the heart.'*

The fact that these TFDI properties operate in an international environment and commit these acts of CSR in a standardised manner across the world will naturally lend to structured, rigid seemingly detached responses and approaches by the TFDI properties because they do not carry the same level of intimate connections with a destination as do local properties. Moreover, the continuous level of community involvement by the foreign-owned property Resort Hotel #3 which, however, is a locally developed brand adds even further credence to this argument.

Moreover, locally, there is a perception that communities have to be protected from FDI properties because negative impacts could ensue given the non-local connection of the FDI property. While FDIs were recognised by the interviewees as being a catalyst for uplifting

standards, there was also a negative perception that FDIs have been consuming smaller local properties and opportunity for local development. The opposition to this consumption pattern is that it places too much power in the hands of the foreign investment community, placing the local community in a precarious position with respect to property development.

However, given that TFDI is argued to be positively linked with tourism growth, it could perhaps be naturally expected that increase in tourism activity could also have significant negative consequences for surrounding communities. In the Port Ferdinand development, one of the interviewees reported, *'the development has had a negative impact on the water resources with community members reporting that water pressure is low on the weekend and water shortages common'*. In another instance in the same community, an interviewee remarked, *'due to current [resort hotel] construction the road is very bumpy and congested.'* Naturally, the increased pressure placed on the infrastructure in the community as a result of development activity would have an impact on surrounding residents and Table 5.9 reflects some of the impacts that local residents proposed afflicted them.

Table 5.9: Negative Port Ferdinand community impacts from resort hotel development projects

Impact	% interviewees affected
Affects daily activities (children playing in the street, bathing, cooking, washing)	36%
Infrastructural damage	72%
Water outages	36%

It is indeed a very legitimate argument that these impacts would occur as a result of any type of development occurring in the community. However, the recognition that TFDI is likely to be linked with large investment projects implicitly recognises that the impact from the TFDI development could perhaps be more substantial in scope. Perhaps the more significant impact of TFDI properties as a result of their scale could be better correlated with their post-construction impacts. This is aptly explained in the context of the water outages. As Table 5.9 indicates, 36 % of respondents reported experiencing this negative impact as a result of the development of a TFDI property in the Port Ferdinand community. Again it could be argued that these water outages could be fuelled by any development in the community, not solely tourism nor as a

specific result of TFDI. However, the larger scale of TFDI property development arguably predisposes this type of development to this level of impact.

5.11.3 Impact of TFDI presence on opportunity for locals

This concentration of power in TFDIs was argued to have constrained the potential for local entities to grow. Resident interviewees however suggested that it also created an opportunity to encourage local entities to develop properties externally, which in essence contributes to locals engaging in infrastructural developments abroad but also contributes to the growth of foreign exchange reserves in their home countries by profit repatriation. However, one interviewee proposed that local properties are hindered from developing on an international scale because of discriminatory local practices:

'I understand why in a capitalist world you would need to offer those incentives because you need the clout of those that have the brand name in order to attract investment to the country. So I understand why governments are more or less forced to give some sort of incentive. However, I do not understand why the locally owned entities are not given such incentives which would encourage them to set up their own brand and go abroad. Because you are not playing on a level playing field, so there is no way you could ever rise above and create your own brand so that they can generate the necessary foreign exchange. X for example was a brand with a good name, albeit that things went awry, but the X brand still speaks worldwide'.

There was a perceived absence of investment in locally-owned and operated properties with investors preferring to develop foreign brands. Moreover though, there was a perceived dependence on FDI for national development with respect to the development of secondary sectors, the development of an overall FDI sector, and the dependence on FDI for tourism development. FDI therefore was believed to play a substantial role in the development of the overall national economy not only from a tourism perspective but also holistically. Substantial FDI presence does however create a perception that tourism development is being overtaken by or too heavily influenced by foreign investors and concentrates power in their hands. This is made even more tenuous by the fact that FDI is being perceived as playing a crucial part in the national economic development. These factors were argued by the interviewees as being influenced by the resources available exclusively to foreign properties, such as lower interest rates for investment.

Not only was there a perception that FDI plays a role in the national economy, but that role was perceived to be important. This can be derived from the fact that TFDI is perceived as being a pre-cursor to other developments including, other types of FDI and secondary sector developments as well as local tourism development. This concentration of power in foreign investors was observed to have created a sense of fear of the consequences of that importance and heavy reliance on the sector. Concerns included the perceived impact that TFDI properties have on the socio-cultural image of Barbados, watered down by an international socio-cultural focus. Moreover, the investor input was perceived as being so substantial that it often supersedes the influence of local entities that are deprived of access to a similar scale of resources and it was argued that local investors should be afforded equivalent privileges such as concessions offered by the government. Locally, there was also a perception that residents lack full awareness of the employment opportunities offered by tourism and the presence of TFDI often results in substantial recruitment to primarily low-level positions, reinforcing the notion of the existence of only limited prospects in tourism livelihoods.

Dieke (2000) suggested that developing countries will seek to attract TFDI to overcome their resource disadvantages and Copeland & Taylor (2009) recapped that this can often result in destinations becoming over reliant on TFDI. Barbados' current reliance on internationally branded hotels to reinvigorate the tourism industry gives testimony to both of these perspectives. According to one of the University of the West Indies interviewees, *"TFDI makes Barbados very dependent and when the investors decide they want to go we cannot do anything about it"*. Thus, a sense of helplessness and a lack of agency were suggested.

5.11.4 Capital formation

As elucidated prior, there was a perception offered by numerous interviewees which suggested that there is a certain level of dependence on TFDIs to engage in developments which local investors do not have the capacity to pursue. It is noteworthy also that interviewees who made this claim linked it to the capital constraints of the local investors and not necessarily to a lack of interest. This perception further reinforces the argument that developing nations maintain a certain dependence upon the developed world, even when a destination has a very mature tourism product as showcased in Barbados' instance. This alludes most significantly through to a

point raised by one of the interviewees from the Crane community who in referring to a local TFDI hotel development commented, *“Nothing wrong with Hotel X adding to the product and shaping the product and encouraging loyalty and getting people to come and live in Barbados”*. What is perhaps most intriguing about this response is that it is a premise which, generally across this study, was embedded in comments relating to tourism projects funded by TFDI and not locally financed projects. That is not to suggest that locally-financed projects do not also have a substantial influence on the local tourism landscape, to the contrary it highlights that there appears to be more public interest by local stakeholders in projects financed by TFDI.

This high dependence places small economies at high risk (Copeland & Taylor 2009) because reliance on foreign exchange is required for the national balance of payments and to service foreign debts. In addition to Graham’s (1995) testimony of the impact that TFDI has on financing social safety nets, a reliance on TFDI by tourism-dependent economies to service foreign debts is also worthy of consideration. This also further extends the findings of Chen and Devereux (1999) with respect to the national welfare contributions of tourism investment. These results however allude to a potential strategy which SIDS can use to more effectively balance risks associated with the Dutch disease. As discussed prior, interviewees suggested that local tourism hotels should be encouraged to develop their brands in foreign markets. In so doing, locally-based international brands would be contributing to increasing national foreign exchange inflows. To counteract likely resulting leakages, they would also need to generate significant domestic linkages by heavily integrating local goods and services within their value chains to improve exports from those suppliers. Thus, while tourism is perceived to involve 'moving people to the product' (Pera and McLaren, 1999), which means that any negative impacts are confined to the destination area, this approach offers a means of restricting such negative implications to the foreign host country. This perspective is useful in considering the viewpoint of the TFDI properties, a lens offered through Dunning's (1979) OLI framework.

It is also noteworthy that Barbados does have progressive policies in place to facilitate tourism development. While these policies which vary from tax incentives and concessions to public-private sector partnerships are not restricted solely to foreign investors in theory, in practice some of the constraints placed on accessing policies are not aligned with the risk appetite of

many local tourism investors. For example, one such policy allows developers an additional year to write off each additional \$20 million for expenditures in excess of \$200 million. Given that the majority of small local investors do not traditionally invest on this scale, they would not be able to access this benefit. Table 5.10 presents a selection of concessions which are available to tourism investors in Barbados.

Table 5.10: Select concessions available to tourism investors in Barbados

Concession
Expenditures in excess of \$ 200 million are allowed an additional year to write off each additional 20 million for up to 20 years.
Loans up to \$ 7.5 million are allowed to deduct up to 150 % of the loan interest from the taxable income.
Areas recognised as special tourism development areas receive income tax reduction of 30 %.
Building materials and construction equipment may be imported duty free.
Materials and supplies for refurbishing tourism related establishments may be imported duty free.
Hotels and restaurants valued less than \$ 1.75 million which borrow funds to conduct refurbishments may deduct up to 150% of the loan interest from the taxable income.
Investors may deduct up to 150 % (but not more than \$40 million) of the loan interest on funds borrowed to construct new hotels with 250 or more rooms and with conference facilities capable of accommodating at least 500 persons.
Other extended tax holidays.
Tax deductions equal to 150 % of the expenditure for conducting tourism research, providing apprenticeship schemes, product developments, hosting tourism exhibitions and trade fairs, developing nature trails, and community tourism projects.
Tax deductions equal to 150 % of the expenditure used for marketing.
Tax deductions equal to 150 % (or 200 % in the case of an approved shared ownership scheme) of the expenditure used for training of staff.
Tax credits for improving wastewater disposal systems.

Source: Barbados Tourism Investment Inc. (2015)

As such, while these incentives are present, many of these incentives are usually utilised more by foreign investors in comparison to local investors. This could be attributed to the fact that smaller local investors do not have similar organisational structures to the larger investors which focus on maximising their tax benefits and incentives within the destination. Whereas FDI projects

would have the capital to access this type of expertise and the benefit of soliciting these types of tax and other incentives across their multinational network, small local investors would not have this access. Additionally, as Parys and Sebastian (2010) observed in their study (see Chapter 2), tax incentives and concessions also contributed to a growth in TFDI in Barbados.

5.11.5 Business practices

Certainly from the discussion prior, it is evident that the business practices vary between local and international firms. This could potentially be fuelled by the more substantial bargaining power which international firms are perceived to have. What is more significant though is the proposal from interviewees that the presence of TFDI constrains the growth opportunities for local investors. For example, an interviewee from the St. Matthias focus group said, *'I don't think it's fair that they can come in and take the jobs of the local investors'*. It is not surprising therefore that some local investors have adopted management practices which reflect their perspective of international investors. For example, as another interviewee alluded:

'[the local entities] are now looking at hotels where they are taking them on as management contracts just like international chains do... because none of the major international chains really want to get expose to capital'.

There are however potential developmental benefits from this approach being adopted by the international firms in that it ensures that resources in terms of land and capital could potentially remain locally-owned while also benefiting from the brand and human resource development potential of the foreign brands.

The arguments put forth by interviewees in this study do support the notion that foreign brands have an unequivocal advantage not only with respect to their external access to capital but most importantly in the advantages that capital creates within the destination. One interviewee, for example, bemoaned:

'Although the TDA has been amended and although food and beverage concessions have been offered to the hotels, they are not currently accessible even though it is 6 months after the actual act was passed. Three weeks after they signed the MOU sandals was given it all. There are also major tax breaks that they have for example like the land tax, corporation tax and so on, and some of these are as far reaching as 50 years. X was given similar tax concessions when they first developed but other hoteliers which have actually got hotels running have not had that sort of tax holiday.'

While in the above statement the interviewee testifies to unfair business practices, it is noteworthy that throughout the research there was no mention of any practices of 'corruption'. This is particularly important because it suggests that the perception of unequal benefits afforded to TFDI properties is not as a consequence of individual greed by any individual but rather perceived to be an economic structural occurrence. Even to correlate these benefits with political motives meets resistance when one considers that through successive governments Barbados has not been known to be fraught with corruption in the processes of facilitating business. Hence, it is more likely that there is a structural reason why these TFDI properties are perceived as being favoured and their business practices are facilitated in a more efficient manner than local investors. Certainly from an economic perspective, a higher degree of receptiveness to FDI is not unexpected given that Barbados is an import-driven economy.

That is to say, Barbados is a net importer. For example, in 2016, the total value of Barbadian exports and imports were US\$517M and US\$1.6B respectively (World Bank, 2018). Hence, foreign exchange is necessary to maintain Barbados' structural economic integrity. Moreover, the fact that the Barbadian dollar is pegged to the US dollar at 2 BBD for 1 USD even further reinforces the need to maintain strong foreign exchange reserves since in economic terms, inadequate reserves could place pressure on the currency peg. With this understanding therefore, it is not unreasonable to expect that every effort would be made to attempt to secure any substantial amount of FDI into Barbados especially from the tourism sector given that tourism is a major economic earner for the nation. As elucidated by one of the interviewees, *'I understand why in a capitalist world you would need to offer those incentives because you need the clout of those that have the brand name in order to attract investment to the country.'*

Moreover, interestingly, some interviewees sought to point out that when concessions are provided to TFDI investors, the concessions are put to more effective use than tax breaks and concessions provided to local investors. For example, interviewees in Cranes highlighted that numerous local hotel plants are aged and show little signs of any re-investment:

'These local hotels, government has been giving them money non-stop.'

'Yes, the government has been giving them pouring amounts of money.'

'But, you know why, but the whole point is that we continue to give them what the [Resort Hotel #3] and all those other people want to give. And they haven't re-invested it in their hotels. Look at the state of their hotels, what have they done with the money?'

There is sufficient evidence to support this claim especially when one considers that all tourism accommodation registered with the national tourism agency has access to incentives such as land tax rebates between 25 and 50 % but still have failed to properly maintain their plants.

5.11.6 Linkages

Foreign direct investors were not perceived to have any substantial impact on other sectors by way of linkages. This could be expected given the perception that foreign brands do not have a substantial enough interest in offering local food and beverage on their menus, and the concerns expressed around negative socio-cultural impacts. There was also an explicit declaration by Resort Hotel #1 that they import furniture from a supplier integrated into their corporate value chain which ensures that the furniture utilised reflects their unique and centralised image as opposed to being varied.

Conversely however, one resort hotel property in particular was argued to invest more substantially in the local community. For example, one interviewee from the Crane focus group pointed out that *'most of the products that Hotel X uses are bought from the local community where possible or through local suppliers and then they use local artisans.'*

What is particularly interesting is that during the interviews it emerged that some local suppliers have suggested that they had experienced 'bullying tactics' by foreign-owned properties:

"We had issues recently with foreign owned hotels who were not prepared to settle on the terms of our credit agreements, just being particularly difficult because they feel they can use their size and brand against this little company in Barbados. My experience is that this is how they've treated almost every supplier in Barbados, like this little company, you need us and you need to suck up to us"

The above statement in its entirety suggests a lack of respect by foreign brands for local suppliers. However, more specifically, it also acknowledges the presence of a more complex business relationship between local suppliers and international brands when compared to local brands. The fact that the interviewee specifically attributed the power tactics described to foreign brands attests to a sense of supremacy and a desire to enforce power in order to strengthen their

competitive position. Admittedly, it must be mentioned that this perceived excessive use of power may not necessarily be a show of force but may rather be part and parcel of the organisational structure entrenched in the foreign firm. This reality is highlighted particularly by another local resident interviewee who was a small business owner. He was asked, 'Did your company have to do any restructuring to meet the needs or standards of foreign investors?' and responded:

“It depends. Some of the foreign hotels are different, stricter on rules and policies. Today local businesses can be seen adopting foreign policies and rules to give their company more structure to get more foreign business”.

5.11.7 TFDIs have a strategic approach to community development

There was a perception that TFDI properties have a structured way of making local investments such that their efforts are targeted and co-ordinated and in line with their marketing and corporate messages, whereas local properties are considered as being less structured. For example, Resort Hotel #1 established its own Foundation, a charity intended to contribute a non-profit organisation to community development in destination in which the resort hotel chain is based. One of the focus group interviewees, a former executive of Barbados' destination marketing organisation, argued *“they have specific departments to manage their community public relations messages and to manage their community impacts and how the community perceives them”*. Another interviewee who was a tourism association member proposed that local properties too have had long-standing relationships with their communities but chose not to publicise their contributions. Rather, it was claimed, local properties see these contributions as a part of their CSR, as philanthropic actions which should not be used as a means of generating public recognition. The interviewee passionately professed:

'Unfortunately... local hoteliers don't yell and scream and make a big PR fuss out of it. X has been feeding people in the community every Sunday for the last 20 years. Y has donated God knows what. Z always working in the community, XX, encourages their guest to bring a luggage or suitcase full of supplies and they distribute to schools. I could go on and on and on. XY just has good PR.'

These perspectives confirm that it is not necessarily a valid argument that hotels financed through TFDI have a greater sense of CSR. Indeed, it appears that CSR occurs in a more structured and image enhancing-centred manner in TFDI properties. Even the local brands financed through TFDI were reported to have noticeable PR campaigns in exhibitions of their

CSR. For example, the locally-developed Resort Hotel #3 was cited as having its own Trust to support local children, purposefully constructed for the purpose of corporate social responsibility whose ventures are widely publicised locally. At one event in early 2015 it was recalled that the trust had raised in excess of 2 million US \$ (1 US \$ = 2 BDS \$) to support its cause (Gooding, 2015). This however raises an interesting issue because it forces one to consider the reason for these varying approaches to CSR between locally-owned hotels and TFDI-financed properties, in the context of considering local socio-cultural TFDI impacts. As discussed thus far, a degree of cynicism was expressed in relation to the positive community-level CSR impacts.

One interviewee alluding to the sense of CSR expressed by Resort Hotel #1 argued '[Resort Hotel #1] *is doing it because they want to be accepted as a good corporate citizen, and locals tend sometimes to take their own things for granted.*' There was some recognition that this approach by TFDI properties is used as a means of attempting to 'buy back' some form of goodwill from local communities. Certainly this is easily substantiated by the numerous references made by interviewees to connotations between TFDI and negative factors such as economic leakages, negative socio-cultural and environmental impacts as discussed subsequently. In essence, however, CSR may be recognised to exist in Barbados as a prolific means of investment in wider communities often non-directly involved in the tourism sector. In this sense, it often gets claimed as a highly visible measure of direct tourism investment in the skills development capacity of non-direct tourism beneficiaries. As a notably recognised practice among TFDI-financed properties in local communities, it might be claimed that CSR is of substantial benefit to the developmental capacity of wider communities, regardless of the motivations behind the activity.

However, the direction of focus of CSR activities was not without contention amongst resident interviewees. That said, there was recognition that foreign investors were often seen positively for making things happen where otherwise there might exist inaction. One focus group interviewee from the Crane declared:

'Unfortunately us locals in this community and whatever I doan really have say to say we should get this or we should get de next we, apply for it and nothing happens. At the end of the day when you see things happen, they are usually outside people with money now who would come in so by all means go right ahead.'

In this context, there was a perception that 'foreign persons' have power of influence; they were reported as having some means of getting things done to ensure their projects continue without hindrance.

5.11.8 Cultural differences in TFDI properties

Foreign managers of resort hotels were perceived as attempting to influence local employees into conforming to the cultural styles of the international managers. For example, one of the University of West Indies interviewees suggested that female employees were often restricted from sporting local culturally-specific hairstyles in the workplace, such as corn row plaits. There was also a perception by interviewees that foreign investors in Barbados do not have as substantial an interest in or an appreciation for Barbadian culture as they do for the cultures of other destinations in which they invest. This accusation was based on the premise that in other Caribbean destinations, international brands were witnessed to style their food and beverage menus using national produce and foods whereas in Barbados, it was felt that foreign brands give greater representation to foreign foods than Barbadian foods.

The presence of TFDI locally appeared to have enforced the view that reducing apathy to tourism development overall could lead to greater support for FDI in tourism and thereby accrue greater economic benefits. Locally, there appeared to be receptiveness to the presence of international brands on the island at some level, yet, they were also witnessed to provoke irritation, most notably in the context of economic impacts and with regards to the level of government concessions which are often required to facilitate the FDI growth. There was also a notable perception that FDIs believe that they know the developmental needs of locals and, in direct contrast, local people refuted. In fact, there were explicit views expressed that local residents should be guiding the investor in the development process and not the other way around. This was important because there was a commonly shared opinion that international investors do not hold the same sense of pride or appreciation for issues of sentimental value. For example, community residents in St. Philip highlighted a proposal to construct a restaurant in a community used by local residents to fish. One Cranes focus group interviewee remarked:

'The only thing with that is though, the negative part of that is that I probably won't have access to my jetty to fish anymore. Because more than likely these people coming here

are going to have an upscale restaurant and don't want see me walking through the place in my shorts and tell myself I going fishing on my jetty. That would be one of the ill effects.'

A sentimental connection was clearly evident in the interviewee's use of possessive pronouns in referencing the jetty.

Positive benefits had been outlined by one of Resort Hotel #1's managers in Phase 1 of the data collection. He had argued that by having the resort hotel's Foundation integrally involved in local communities in destinations across its regional network, Resort Hotel #1 is able to generate a greater appreciation for cultural diversity among its employees. In so doing, it was claimed that the foundation had developed structured and strategically-focused programmes to get staff involved in local communities through charity events across its regional network of properties. This perspective was challenged by one of the resident interviewees who suggested that:

'These foreign investors may have a management style which may impact negatively on employees because some of the employees will then have to adapt to the style and culture of the foreign owned hotel'

This perceived practice of forced acculturation reflected the statement made by one of the University of West Indies interviewees earlier who spoke of female workers in foreign properties being prevented from having local hairstyles whilst on duty.

Given that the aforementioned perception attests to certain cultural dynamics still prevalent in the Barbadian society regarding the perceived reception of locally-produced items compared to foreign imported items, it is not surprising therefore that one of the interviewees noted a lack of support for local, indigenous communities. It was claimed that, *'As soon as we have a foreigner going to the bank they would help them but Bajans [Barbadians] would not get help'*. This perceived favouritism towards foreign investors appeared to have assisted in creating a degree of apathy to foreign investors by local residents. Interviewees often returned to the issue of disparity in government concessions offered to TFDI properties vis-à-vis locally-owned properties. Benefits (like concessions) afforded to foreign investors had led to a perception among local investors (and local residents *per se*) that there was an unequal playing field. This was argued to be anti-competitive, prohibiting similar growth by local enterprises. The negative

impacts of this perceived favouritism are perhaps be most concerning if the comments by one particular interviewee hold true:

“Foreign investors don’t conserve Barbados’ culture and we should look to develop the destinations’ tourism brand rather than bringing in these investors that showcase their culture.”

Due to these negative cultural impacts and the fact that FDI projects are also often larger than local projects, the annoyance developed by local residents towards foreign-owned properties extended to a perceived loss of local identity being correlated with TFDI developments. For example, an interviewee from the Crane community focus group passionately claimed, *“you see, they have already come and taken the West Coast, so are we going to let them come and take the East Coast too? We can’t.”* This statement was not related to local development but rather restricted to foreign developers. Even further exacerbating these negative local perceptions of apathy is the perception that the government is developing the tourism sector through greater relationships with foreign investors than local investors. In relation to this an interviewee from the south of the island proclaimed, *“Government building sapphire hotel and leasing it out to a foreign company for 99 years!”*

5.11.9 Socio-cultural perceptions

Interestingly, any cursory overview of the data presents two polarised views of the society’s level of receptiveness of foreign brands. For example, a female interviewee from the Trent’s community focus group made a very legitimate and factual statement that *‘We depend on tourism so if people are willing to come and invest in our country to make more tourists come then I do not have any issues’*.

This statement corroborates the view of Barbados’ Prime Minister who avowed:

‘Generally there is renewed interest in Barbados from a tourism perspective, and the Wyndham brand, sitting on the site of the former Sam Lord’s Castle, will add to the growing list of branded properties setting up business in Barbados.... Barbados currently has five internationally branded hotels representing 805 rooms or 14 per cent of the total inventory. The addition of [the Wyndham] brand will assist the island since international brands are known for their significant marketing pull....’

As evinced through the words of the Prime Minister, there is a correlation drawn between Barbados' potential to improve its competitive position as a tourism destination and the number of foreign brands available. Conversely, however, but in keeping with the tenants of social exchange theory, where stakeholders, primarily secondary stakeholders, have perceived that they will not benefit substantially from FDI, expressions of apathy of irritation and antagonism appear. Moreover, it is of explicit interest that unlike the tenant of the Doxey's (1975) irridex (irritation index model), these expressions of antagonism, apathy and irritation are not necessarily correlated to an increase in tourists in the community but more so with benefits afforded to foreign properties and how locals perceive they are being treated by the foreign-owned properties. For instance, one of the St. Matthias focus group interviewees argued '*Yes, we do take the burden when the government decides to allow the investors to come in tax free. We the locals then have to spend more to [pay more taxes].*'

With respect to resident relationships with foreign tourism brands, the re-development of one hotel along the south coast of Barbados by local developers provided an example of a development that was not met with such negative perceptions by those in the surrounding community. However, the development of another foreign hotel brand along the same coast in similar proximity to that local hotel was met with antagonism by some of the surrounding local residents.

In fact, one interviewee who had family in that area reported that residents who were aware of flooding which had occurred close to the site prior to development chose not to inform the foreign brand because of how they perceived the developer to have treated them. In large part the interviewee claimed, '*[name withheld] built a wall which prevented access to local residents and it was just generally how they treated the people*'. These polarised relationships epitomised in these examples are testimony to some of the relationships which were found to occur between local developers and residents compared to foreign developers. That however is not to suggest that local residents always reported negative relationships with foreign developers and did not feel oppressed by local developers. The intention in highlighting these juxtaposed relationships is an attempt to uncover underlying causes for the negative relationships which local secondary stakeholders who perceived that they did not benefit from tourism development have. In many

instances, antagonism and apathy was found to be driven by the local perception of the ease by which foreign developers have access to concessions and the overall economic benefits that they make to Barbadian society. One interviewee in addressing the relationship between foreign investors and taxes proclaimed that it would be unrealistic to expect foreign investors to express altruism in the payment of taxes, more specifically in response to prior hotel development projects, he noted:

'We invited people to come in gave them a 10-year tax break and then they left. So... in my estimation, [that] was misguided in thinking that somebody would be altruistic and say okay you have given me 10 years now let me pay you taxes for 5'

This statement attests to a perception among local residents that whether willingly or not, local developers have a greater commitment to the economic development of the destination largely because they do not receive the same degree of concessions as foreign developers. The tourism association's lobbying for concessions noted in Chapter 5 reflects this perception that locally-funded tourism properties view themselves as being more socially responsible and restrained in their request of government. The association's premise was *'If we had gone down to the reduced rate of 40 % at least the government would have gotten something... we had never asked the government for complete duty free because we realised the government had to get some money to run the country'*. Moreover, there was also a perception that TFDI properties diminish the Barbadian culture, interviewees in the University of West Indies focus group argued:

'Barbadians are so pliable that the investments are causing our culture to be diminishing; the foreign influence here is overwhelming; Youth don't know much about our culture, but they know a whole crapload about European and American culture'.

5.11.10 Relationships with government

It was acknowledged that the relationships between government and FDIs, and local tourism entities and government are very important relationships. However, interviewees were aware of reports of instances of impediments or negative actions such as political delay which had negative impacts on businesses, both locally-owned and foreign-owned. Where there had been instances of government having 'discriminatory' deals with foreign entities, it was believed that this had led to a shift in collaboration style between government and local entities. For example, subsequent to a deal signed between the government and Resort Hotel #1, the Barbados Hotel and Tourism Association (BHTA) declared that it was no longer willing to pursue curtailed concessions for its members but rather would now pursue the full gamut of concessions offered to

Resort Hotel #1 on the basis of equality. This was an interesting shift in position and one might argue a potential 'game changer'; the BHTA had initially claimed that it recognised that the Barbados government still had to get some money and it was not willing to request such widespread concession. These occurrences illustrate the extent to which foreign and local entities are able to influence the political system as stakeholders, thereby attesting to the strength of their 'voices' in the political system.

The structure of political involvement was also deemed to be a substantial issue with a discussion emerging to suggest that the political system in Barbados is complex with stringent policy impeding the business environment and political intention to execute change being hindered by bureaucracy, as well as precedents being set as a result of political motives which influence future deals. For example, in recognising the MOU between Resort Hotel #1 and government, it was noted in Chapter 5 that one of the supplier interviewees suggested that future investors would not now come into the destination and commit to any contract which is less favourable than the Resort Hotel #1's MOU. FDI benefits were also argued as being used to drive political agendas whereby government will use the investors as evidence to showcase confidence in the economy.

There was a perception that foreign direct investors are better positioned to circumvent any restrictive policies than local investors. In making reference to this supposed advantage is a comment by one interviewee who in referencing the steps taken by a foreign investor to avoid a restrictive policy claimed '*...they paid and they put a bond up for it because they had the ability to do that... some smaller hotels don't have that sort of money so they are held ransom.*' In extending further the advantages which foreign brands have over local brands another respondent proposed the following scenario which attests to some sense of unique leverage that a foreign brand is perceived to have:

'Governments - once they have made an agreement with a foreign company - do not want them to remove themselves because that says a different thing about investments, so they are not going to put stumbling blocks in the way of an international company. You don't want Hilton out there saying you can't work in Barbados, [a local] saying you can't work in Barbados doesn't mean one damn thing... So they protect the trading image of Barbados.'

More importantly though is the argument raised by the same interviewee that as locally-owned hotels capitalise on this advantage they have through relying on international trade policy, this capitulation by governments creates a precedent for other foreign brands. Naturally, however, it would have been expected that once such a precedent was set with foreign brands it would transcend all properties regardless of ownership style. Yet, to the contrary, the interviewee proclaimed:

'it is obvious that once you set a precedent any new people coming in are certainly not going to come in with anything less...Because they will not be on an even playing field with the other new competitors on the block. So for example, when you have X coming here and Y being constructed at YY's castle, and when XX does anything with XY village, you will have four massive properties that are on a different game than the local people. So now you have got people who have set up for the past 60 years being side-lined.'

Regardless of the perceived advantage that TFDI properties are perceived to have over local properties is the further testimony by the interviewee that actions taken to assist growth in the sector are hindered by political bureaucracy. This is driven by the perception that the local tourism industry players already receive substantial benefits. The interviewee proclaimed:

'I will be honest, I think that the ministers understand the need- however when we get to the technocrat level, I think there is a reticence to assist the tourism industry because there is the perception that everything is being given to tourism and therefore why should that happen and its unfair. So whatever stumbling blocks or fee stopping tactics that can be used, will be used.'

This comment by the interviewee appears to be legitimate when one considers the socio-cultural relationships discussed initially between locals and foreign brands and the local perception that foreign brands receive excessive concessions which locals have to finance. Based on this testimony and on the elucidation earlier that foreign brands have advantages in terms of trade policy recourse, it is further evident why local brands might perceive that they do not have the same capacity to drive political action as foreign brands. Naturally this could be expected because increased capital could potentially improve the bargaining power of these investors. However, in an attempt to secure this investment, governments are therefore often resigned to provide further incentives least they risk losing the potential investment. Therefore, it is necessary that a balance be struck between securing the investment and ensuring that it can be secured through reasonable incentives. Indeed, it may be a reasonable argument that substantial

contributions of TFDI should be met with incentives given that increased bargaining power of the investor. In fact, even a member of the tourism association proposed this much in saying:

“We could do it on capital, you see, to put it all the way across would be very very difficult and it needs to be fair. But if you are ready to invest an amount of x, then I believe you should be given some amount of assistance.”

Admittedly, the interviewee did not restrict this assistance to foreign investors but rather extended it to any investor who invests a pre-determined amount. Certainly this approach could only further enhance the bargaining power of these investors. However, it would most definitely create greater equality among TFDI and local investors with respect to being able to equally avoid the hindrances caused by political bureaucracy. However, what this position does not consider though is the substantial negative impact which it could have on small businesses which do not meet the capital requirement. In essence, these smaller businesses would therefore do not have similar levels of bargaining power as the larger businesses which meet the requirement. Therefore, they would not be positioned in the same way to circumvent the political bureaucracy. In reality though, the limited potential for smaller businesses to improve their bargaining power is even further substantiated by the fact that local investors (far less small local investors) do not provide similar macro benefits as foreign investors. As testimony, no interviewee considered the potential for human resource development in the same way that it was done in foreign brands like Sandals and Hilton for example.

5.11.11 Consumer demand

Local entities were perceived as having business practices which vary from the practices of the international brands, this could be expected given the larger corporate culture of the international brands and the influence that has. This relative success by the international brands gave way to local entities adopting some international management practices such as successful local brands now pursuing management contracts. Moreover, it is also worthwhile to note that effort by local firms to improve demand for their products has increased as a result of the FDI because of the competitive advantage the international brands have. Conversely however, these international practices- arguably of higher quality- resulted in opportunity for local entities being constrained largely because the international tourists appear more inclined to and more comfortable with the international brand supply.

International brands also appear to have specific practices which ensure that demand for their products is maintained in the destination and their products are more competitive than local products. For example, international brands take advantage of the local socio- economic conditions which often times places the local government in a precarious position. The international brands capitalise on this by placing pressure to expand for example the extent of their concessions. Moreover, international brands with strong reputations use that reputation as additional pressure to ensure they are in strong negotiating positions. This negotiating strength enables these international brands to improve their competitiveness again to be the most competitive player vis-a-vis the local competition. The fact that these brands are also viewed as superior to local brands also adds to the effectiveness of this particular approach by international brands in particular through further concentration of their power.

Perhaps one of the more anticipated outcomes is also that the international brands bring certain benefits to the destination such as access to new markets and even potential airlift increases because of the strong correlation between airlift and brands. This improved access and potential for product differentiation and new markets improves demand for the tourism product destination wide. Likewise, the brand also creates a potential for reciprocal benefits by way of image improvement for the destination and even image augmentation for the brand by developing their brands in destinations which align with the brand's aims objectives and image. So the correlation between airlift and international brands will also significantly impact the role TFDI plays in a tourism driven economy because of the perception that international brands will aid in driving consumer demand. One interviewee in attesting to this relationship between brands and airlift proclaimed,

'...Airline X likes Resort Hotel #1, we had not been able to re-engage Airline X until they knew that Resort Hotel #1 was coming in. Airline Y likes Resort Hotel #1, and for the first time ever we have had the most airlift we have had out of Canada in the winter season... so you can see that they kind of follow one another. I mean if you talk to any of the airline people one of the first things they do is look at the room stock, because if you don't have anything to put people in they aren't getting on the seats.'

The perception is that international brands are able to drive consumer demand because, *'Bringing brands makes it familiar and when tourists see a brand they know they will come and it will*

appeal to them' (UWI, focus group interviewee). Moreover though, like the Williams and Deslandes (2008) study, it is also extremely notable that the advent of international brands within Barbados has led to an increasing induction of other international brands. Within the last five years, the destination has seen an increasing number of international brands establish operations or announce plans to establish hotels locally (Table 5.11).

Table 5.11: International brands with operations in Barbados

Brand	Year or operation /(Expected start date)	Room Capacity	# of Employees
<i>Radisson Aquatica</i>	<i>2013</i>	<i>124</i>	<i>N/A</i>
<i>Sandals Barbados</i>	<i>2014</i>	<i>280 (additional 200 rooms expected to be added in 2016)</i>	<i>570 (expected to rise to 1200)</i>
<i>Beaches Barbados (A Subsidiary of Sandals Resorts International)</i>	<i>N/A</i>	<i>426</i>	<i>N/A</i>
<i>Wyndham</i>	<i>(2016)</i>	<i>450</i>	<i>1000</i>
<i>Hyatt</i>	<i>(2016)</i>	<i>200</i>	<i>N/A</i>

Source: Personal communication with TFDIs (2015, 2016)

The primary focus of this study was always intended to be placed on local residents. However, the execution of the research offered an opportunity to collect local resident views alongside those of other TFDI stakeholders in Barbados. At this point it is useful to reflect on the outstanding sub-themes and themes identifiable from the data collected in Phase 1 and Phase 2 of the study. These are presented in Table 5.12.

Table 5.12: Outstanding sub-themes and themes from the data in Phases 1 and 2

Sub-themes	Themes
<ul style="list-style-type: none"> • Reputation to uphold • Firms focused on profits • Local vs. International reasons for commitment • Insular stakeholder objectives • Constrained local growth philosophy • Questionable commitment level • No altruistic motives; International brand Corporate social responsibility comes from pressure • Different perceptions of local and international tourism stakeholders • Use of PR by International brands to spin local opinion in genuine contributions • Negative ripple effect impact of failure from an entity with excessive control of market share • Negative management practices from concessions <p>Economic benefits</p> <ul style="list-style-type: none"> • Capitalising on the international brand's customer base diverting them to the destination • Correlation between recognition and international investment • Sense of reciprocal benefits for both nation and the international firm 	<p>Capital formation</p> <ul style="list-style-type: none"> • Quality of commitment • Concession consequences • Economic benefits • Barbados being a TFDI destination of choice <p>Local stakeholder opportunities</p> <ul style="list-style-type: none"> • Areas for improvement by local stakeholder identified by international brand presence • International brand presence positively impacts local standards <p>Political voice</p> <ul style="list-style-type: none"> • Local structural issues • Business practice standards
<p>Areas for improvement by local stakeholders identified by international brand presence</p> <ul style="list-style-type: none"> • Local foresight beyond PR stunt • Full sectoral integration required (not just thinking about hotels) • Lagging direct local involvement in tourism • Local involvement required to salvage failed internationally backed projects 	<p>Capital formation</p> <ul style="list-style-type: none"> • Staff empowerment • Increased consumer demand • Linkages <p>Local stakeholder opportunities</p> <ul style="list-style-type: none"> • Bargaining power and relationships • Equity in business deals

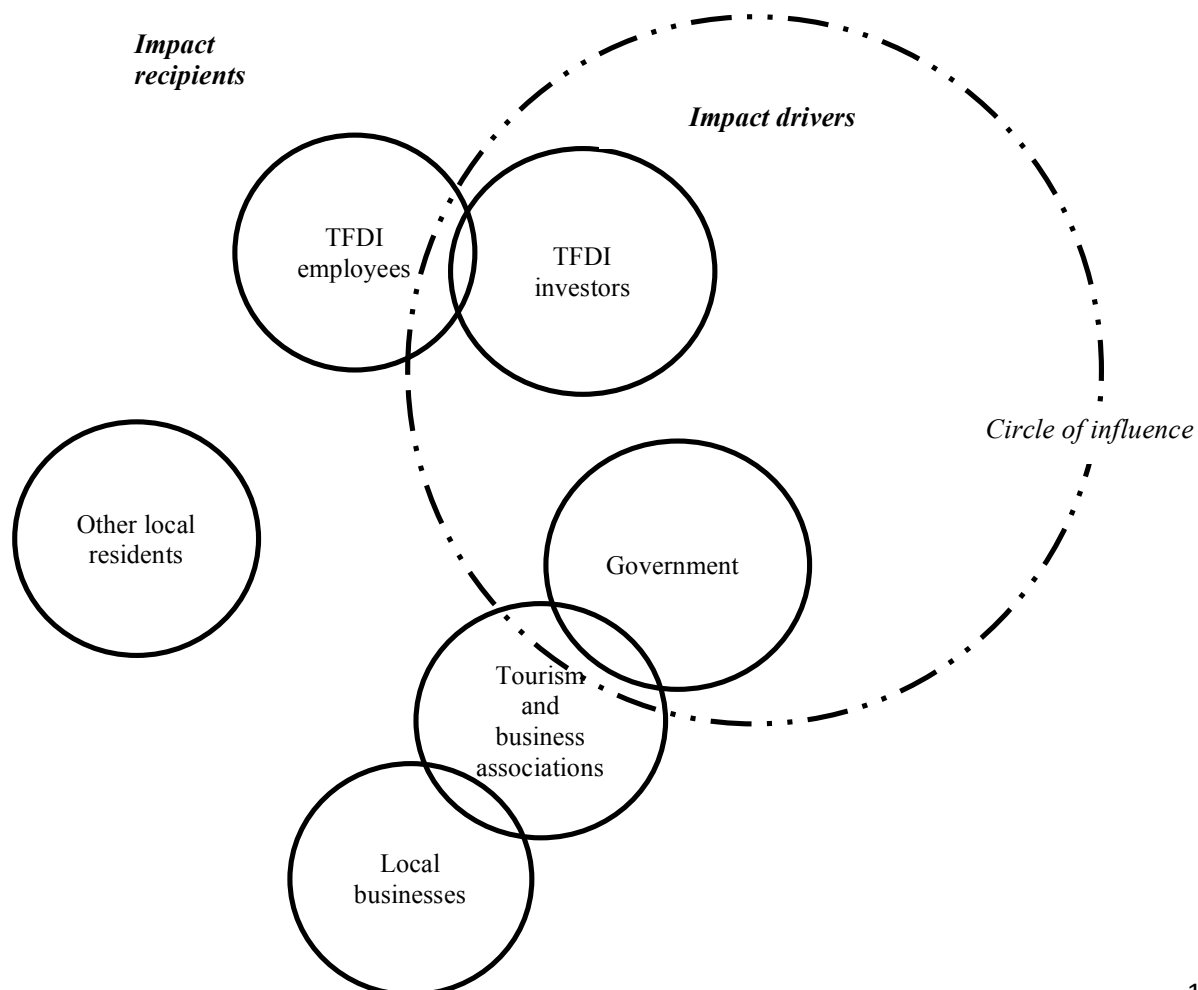
<ul style="list-style-type: none"> • Local underutilisation of PR • Need to reduce local apathy to tourism • Need for further contributions into economy by the sector • Relationship between tourism entities and other local tourism providers • Room for cooperation in product offering between local and international brands. ... sharing of the market share 	<ul style="list-style-type: none"> • Elevate local business standards <p>Political voice</p> <ul style="list-style-type: none"> • Local structural issues • Business practice standards
<p>Local structural issues</p> <ul style="list-style-type: none"> • Local cost structure influences international brand presence • Local animosity from failed international brand promises • Importance of foreign exchange given Barbados' economic structure • Brand washing 	<p>Capital formation</p> <ul style="list-style-type: none"> • Consumer demand • Increased local infrastructure • Economic benefits <p>Local stakeholder opportunities</p> <ul style="list-style-type: none"> • Expanded tourism product visibility <p>Political voice</p> <ul style="list-style-type: none"> • Local business development issues

5.12 Summary of research findings

This chapter has presented the results and discussion of both phases of the research. In line with the fourth research objective of the study, the chapter has critically evaluated the 'realities' of TFDI as experienced by local residents and identified relationships between these perceptions and currently known impacts of TFDI (as provided in Chapter 2). The various sources of information (e.g. secondary materials, interviews, questionnaires) may be critically analysed and compared through a triangulation approach. The application and combination of several research methods in this study of experienced TFDI impacts allow for avoidance of *"the intrinsic bias that comes from single-method, single-observer, and single-theory studies"* (Denzin, 1989, p. 313). It is also acknowledged that seeking multiple referents of truth or 'reality' through a combination of data sources fits well with the researcher's epistemological stance that acknowledges reality as cognitively accessible, presenting in effect the notion of 'experienced realities' grounded on stakeholder perceptions.

It may be argued that the perceptions gathered during this research study are not merely a reflection on the self-interests of each stakeholder group. For instance, observations of the power dynamics between groups, namely, foreign-owned investors and the government was a theme that was highlighted by a number of stakeholders, including local residents (both those who were TFDI employees and non-employees). In this case, a visual representation of the perceived situation may be offered. Reflecting on the partly inductive nature of the research, the emergent findings of the study suggest the presence of role delineations between 'impact drivers' and 'impact recipients' in Barbados' status as a TFDI destination that are more complex than first presented in Figure 3.4. In this regard, relationships between stakeholders in terms of power of influence may be spatially mapped (Figure 5.1).

Figure 5.1: Experienced realities of local impacts of TFDI in Barbados: impact drivers and impact recipients



It is suggested that the stakeholders of TFDI impacts in Barbados are distinct or delineated by the presence of a 'circle of influence', the inner part of which currently contains TFDI investors and the government who play roles as 'impact drivers'. Local residents who are not TFDI employees are very much considered to be passive 'impact recipients' with a lack of spatial connection or influence. Tourism and business associations are envisaged as partially breaking through into the circle of influence into the realm of 'impact drivers' as evidenced by the lobbying that has occurred to improve the bargaining power of local businesses (only linked into influence by their connection with tourism and business associations). Similarly, TFDI employees by virtue of their recognition of employee feedback mechanisms may be seen to possess at least a partial path of influence. It must be emphasised that Figure 5.1 is intended to offer a tentative representation of the overall situation. As will be discussed in relation to scope for further research, further investigation and analysis are required.

In order to develop a comprehensive plan for the tourism industry to 2021, the Government of Barbados developed a White Paper for Tourism Development in 2012. This is a national guide for the sustained growth of the Barbados tourism sector over the next ten to twenty years, to ensure that the sector leads economic growth, social progress and environmental sustainability. To make this possible, the Government is continually making the tourism industry a priority in national policy decisions, fostering the development of competitive and responsible business models and practices and increasing cooperation between the public and private sectors. An example of this cooperation is the Home Accommodation Programme developed for the 2007 Cricket Worldcup (Jönsson & Devnoish, 2007; Jönsson 2008). Barbados Government believes that an open and frank dialogue on the tourism related issues being confronted is critical, and has therefore invited all stakeholders to engage and join it in assuring that tourism realises its substantial and full potential to improve the lives, and the future, of all Barbadians. This goes hand-in-hand with the OECD's (2010) view on the development of a tourism strategy, which can play a key role in engaging government, industry, destination communities and other stakeholders to identify a vision and direction for tourism development.

Chapter 6 goes on to consider the implications of the overall research findings and offers a holistic understanding of the local impacts of TFDI in Barbados in line with the overall aim of the research.

Chapter 6: Conclusions

6.1 Introduction

Chapter 6 concludes the study. Here, the focus is on determining any links between local impacts of TFDI revealed in this research study and evidence from previous, traditionally quantitative TFDI impact studies (in line with research objective 5). The findings reported in Chapter 5 are revisited in view of the overall aim of the research. Subsequently, this chapter considers the limitations of the research, its contributions to knowledge, recommendations for policy-makers, and scope for further research.

6.2 Reflections on the study outcomes, its aim and research intentions

To recap from Chapter 1, the specific aim of this study was to analyse the local impacts of tourism-related FDI (TFDI) in a small island tourism-dependent economy, and to critically consider these impacts in the light of 'real' impacts as perceived by local people. Three research questions were outlined in Chapter 1: (1) to identify the primary motivations as to why TFDI is being encouraged within a small island tourism dependent economy; (2) to examine the impacts that TFDI has on local people; and (3) to explore local peoples' subjective evaluations (i.e. perceptions and realities) of TFDI impacts.

In line with those intentions Tables 6.1 and 6.2 summarise, respectively, the primary motivations for the encouragement of TFDI in Barbados and the key impact themes, according to all stakeholder experienced realities, vis-à-vis themes noted by previous TFDI researchers. This is directly in line with research objective 5 of this thesis: 'To determine any links between local impacts of TFDI revealed in this research study and evidence from previous, traditionally quantitative TFDI impact studies'.

Table 6.1: Primary motivations as to why TFDI is being encouraged within Barbados

Source	Primary motivations
Secondary data ('official' views)	Macro-economic benefits Enhanced economic development options

TFDI employers (Resort Hotels)	Value for money
TFDI suppliers	Increased capital investment and tourism sector growth
Policy-makers, and tourism and business association representatives	Reputation and status of investors is used to showcase confidence in national economy
Local TFDI employees	Employment and skills development
Other local residents	Due to lack of local funds, use TFDI resources to assist in local community developments

Table 6.2: Key impact themes according to all stakeholder experienced realities versus previous TFDI research themes

Stakeholder	Key impact themes	Evidence from previous, traditionally quantitative TFDI impact studies?
Secondary data ('official' views)	Improved economic development options	TFDI Resort Hotels produce informal and intangible effects with an impact on the domestic economy (e.g. technology transfer, management skills, training effects, competition and demonstration effects) (UNCTAD, 2007).
TFDI employers (Resort Hotels)	Challenges with local inter-sectoral linkages	TFDI Resort Hotels have few linkages with local firms (UNCTAD, 2007)
TFDI suppliers	Higher standard products and required to supply FDI resort hotels	TFDI Resort Hotels are more likely to import goods and services than local firms Tsui (2010)
Policy-makers, and tourism and business association representatives	Reputation and status of investors is used to showcase confidence in national economy	TFDI Resort Hotels attract more tourists, and increase foreign exchange earnings (Craigwell and Moore 2007;

		Selvanathan <i>et al</i> , 2009; Te Velde and Nair, 2006; Samimi <i>et al</i> , 2013)
Local TFDI employees	Employment opportunities and skills development	TFDI Resort Hotels produce informal and intangible effects with an impact on employee training and demonstration effects (Fortanier and Van Wijk 2010)
Other local residents	TFDI capital used for local investment in tourism and community development	TFDI Resort Hotels encourage greater imports of goods and services and repatriate significant profits, and employ expatriate workers (Mowforth and Munt 2003, UNCTAD 2007)

It can be seen that the primary motivations as to why TFDI is being encouraged within Barbados is due to economic benefits. The perceived enhanced economic development options for the tourism sector and local communities, as well as employment opportunities for locals, and Barbados global investment reputation are reasons that Barbados focuses its attention of TFDI. Value for money, in terms of investment concessions, is the primary motivation for TFDIs to invest in Barbados. The key TFDI impacts from previous research were confirmed in the realities experienced by all stakeholders in this research. Previous studies have not focused on SIDS, however greater imports of goods and services in the case of Barbados principally reflect lack of access to these on a small island. The employment of expatriate workers is also due to the small island situation.

Although the primary focus of the research was on local resident experienced 'realities' of TFDI impacts, the study revealed insights into the experienced 'realities' of multiple stakeholder groups. As evidenced in Chapter 5, multiple perceived 'realities' were shown to exist. There were some notable areas of congruence and dissonance between the perceptions of stakeholder groups. In particular, issues pertaining to the structural context of TFDI and agency of

stakeholders were revealed, supporting Meyer's (2013) assertions about the duality of structure and agency. These were particularly visible when the power and control of the Barbadian government in terms of investment facilitators and inhibitors was called into question, as were the business practice responses of locally-owned tourism businesses (namely, the lobbying actions through tourism and business associations). Chapter 1 acknowledged previous reported concerns about 'the power that trans-national corporations (TNCs) wield over destinations (Hall, 2008)'. In the context of Barbados, it was found that the bargaining power of locally-owned businesses was unleashed directly as a result of TFDI on the island. Thus, in this vein TFDI was observed to act as a catalyst that increased the balance in business : government power relations. A similar redressing of the balance of power between the government and local residents was not found, however. A lack of local resident involvement in tourism planning processes was noted and there existed an element of fear over the consequences of FDI power, as exemplified through a perceived destination dependence on foreign brand recognition. In terms of human resource development opportunities, the extent to which TFDI offered empowerment to those local residents through employment was also called into question due to a recognised dependency relationship between opportunities and capabilities (Sen, 1984; 1992; 1999).

The integration of international brands into overall national development was questioned and there was a view that those brands should be a 'sub-set' of the Barbados brand rather than a separate locus of competition for local business communities. These ideas sat alongside concerns over the threat to local cultures posed by a perceived 'superiority' of foreign brands by TFDI operators. The extent to which the government of Barbados supported the '*obligated embeddedness on the part of TNCs*' (Liu and Dicken, 2006) for its citizens may be questioned. Indeed, the state was not found to play a role in the securing of positive local impacts from TNCs and FDI in this PhD study; community benefits for local residents were often noted to emanate from the direct actions of TFDI operators, often as part of corporate attempts to achieve CSR and brand reputation targets rather than being purely altruistic. This fits with the idea that the impact of FDI '*is determined by the terms upon which FDI is accepted*' (Sumner, 2005, p.269). Integration of foreign-owned businesses with national economic and social systems appears to be important - to achieve linkages that are not solely economic but are also socio-cultural.

There was an explicit tendency for the interviewees in this study to position foreign investors as 'them' versus 'us' (locals). This indicated some bigger social factors to be at play when investigating the phenomenon of 'local impacts of TFDI'. In particular, as aforementioned, issues of power, structure, and control are notable in the data. In this situation, the role of agency perhaps requires further exploration. It was alluded to at times by interviewees, namely, when a suggested need for action by specific stakeholders was raised, but it was not a direct focus of the research and, thus, it was not an issue that was explored in depth. That said, it is possible to offer a tentative conceptual framework that relates to the perceived positioning of - and relations between the tourism stakeholders in the study. This is shaped, to some extent, by the influence of Social Exchange Theory (SET) and Dunning's (1979) OLI framework, notably internalisation factors rather than locational advantages. In particular, internalisation factors that encourage FDI as opposed to other investment modes are highlighted. As a reminder from Table 2.1 (Chapter 2), these are: 'investment in hotels is capital-intensive' and 'growing brand recognition for new TNCs from the South' (UNCTAD, 2007). The revised conceptual framework revisits the concept mapping presented at the end of Chapter 3. This assists with the identification of research contribution.

6.3 Conceptual reflections

At the end of Chapter 3 and early in Chapter 4, the conceptual thinking of the researcher was outlined based on a review of existing research and consideration of the philosophical approach underpinning the research. It was purported that the reality of local TFDI impacts was cognitively accessible via perceptions, shaped by the experiences of individuals. Those experiences are important because they 'paint of picture' of subjective, local interpretations, one that is often overlooked in the prevalence of quantitative, econometric analyses of TFDI impacts. It is useful to reflect on the findings overall from the study in the light of taking such an approach. The position of the researcher as an 'outside observer' in line with a critical realist stance proved helpful not only in the collation and analysis of qualitative accounts but it also enabled some wider reflection to take place on the 'bigger picture'; this included being able to make observations on the interplay between stakeholders within the context of TFDI impacts on Barbados.

Figure 3.4 presented a conceptual framework based on existing knowledge prior to data collection in this study. It depicted TFDI impacts as involving stakeholder driver(s) and recipients positioned in a linear fashion involving power over (Follett, 1941). A revised conceptual framework, post-data collection, Figure 5.5) acknowledges more fluid positions between TFDI stakeholders in the context of experienced TFDI impacts and fits with Emerson's (1962), Weaver's (2001) and Berger's (2005) advocacy of power to relations as a central concept to achieving stakeholder engagement, shifting the focus from dependence to collaboration. As will be discussed in relation to scope for further research, further investigation and analysis are required in respect to local experienced impacts of TFDI, stakeholder engagement and reciprocal influence.

6.4 Key contributions

This thesis makes a contribution to the literature on tourism-related foreign direct investment. There are three key contributions of this PhD research study that may be highlighted, in particular.

Firstly, the study makes valuable contribution to TFDI methodology by offering a qualitative analysis of the local impacts of TFDI in direct contrast to the dominant econometric approaches that characterise FDI and TFDI research. The approach adopted explores a range of issues and provides 'rich' description by allowing the stakeholders' voices to be heard. This richer, in-depth analysis is important to help strategic players in their ability to further enhance human and tourism development (specific goals of Barbadian tourism strategy).

Secondly, the study makes an academic research contribution to revealing locally experienced impacts of TFDI in a SIDS context. This was highlighted as a discernible research gap in Chapters 1 and 2.

Thirdly, the study offers a more holistic picture of tourism impacts yet still affords a spotlight to be shone on the views of local residents in line with good practice in tourism development research, reflecting a recognised need for attention to be paid to bottom up, grass roots

perspectives.

This research provides knowledge creation in terms of TFDI impact in an under-researched context, Barbados and SIDS. Additionally, by looking at multiple stakeholder groups and including qualitative data collection, a rare and lacking in TFDI analysis. It is of importance to investigate linkages further, in the context of power/stakeholder engagement.

This PhD research provides a better understanding of the expectation and perceptions that different stakeholder groups hold with regards to TFDI impacts in Barbados. The approach adopted is a departure from other research strategies undertaken in Barbados, which have a tendency to exclude local stakeholders' perceptions in tourism related research. The qualitative nature of this research provides insights into how these groups perceive TFDI. This knowledge can be applied to tourism development generally in SIDS. Its significance lies in the fact that it takes a critical realism stance and includes empirical, the actual and the real domains of the stakeholders' realities, which is rarely researched in TFDI. Previous research in TFDI in Barbados has focused on econometrics and economic impacts rather than focusing on local stakeholders' perceptions. This case study presents a holistic view of local perceptions of TFDI impacts in Barbados and is the first study of its kind to consider perceptions of a cross-section of stakeholders presenting a holistic picture of a single phenomenon.

The findings from this PhD research reveal the need for attention to be paid to local residents' perceptions of tourism development by foreign investors. It clearly demonstrates that successful tourism development calls for the inclusion and participation of local stakeholders. There has been a lack of holistic research approaches in previous TFDI impact studies, however this PhD research illustrates the interdisciplinary nature of these impacts. From a theoretical perspective, this thesis highlights the conceptual issues associated with TFDI in Barbados. This research shows that local perceptions of TFDI impacts can be more positive when they can feel and see the benefits in their 'reality'. This is an integral part of sustainable development and it provokes emotions amongst the stakeholders regarding perceptions of impacts.

Methodologically this research shows the usefulness and the importance of deriving information

from a diverse range of stakeholders when examining impacts of TFDI. While there is a need for the use of multiple methods of data collection when studying TFDI impacts, econometrics continue to be the main method applied to when examining TFDI. This study is the first to demonstrate how focus groups, semi-structured interviews and questionnaires can be successfully used to collect significant data.

The findings of this research can be used to provide useful information that would assist tourism planners and developers, foreign investors, tourism destination managers and government officials in developing strategies and setting policies for TFDI in Barbados, the Caribbean and other SIDS. It demonstrates that collaborative alliances need to be established between tourism developers and local tourism stakeholders. With regards to research, more multi-disciplinary research is needed to build on the existing knowledge of TFDI in SIDS. The following sections provide recommendations for policy-makers and scope for further research.

6.5 Recommendations for policy-makers

At the outset of this study it was noted that:

The Barbados government is officially committed to ensuring that tourism will improve the life and economic development of the people of Barbados (Barbados Tourism Master Plan, 2014) and has a comprehensive social development policy emphasising human capital development.

With this in mind, the findings of this PhD research study signal the need to highlight a number of recommendations for policy-makers in Barbados. 1) There is a need to include local residents as agents or actors in the driving of impacts rather than being passive recipients. This can be done by paying attention to community-based tourism planning and development. 2) To avoid local antagonism towards foreign investors and tourists staying in TFDI Resort Hotels, local and foreign investors and need to be treated equally. 3) Essentially, concessions and other benefits should be similar for all investors. To create more solid inter-sectoral linkages, focus should be placed on the capacity of the local suppliers to provide goods and services to TFDI Resort Hotels. This can be done by facilitating dialogue between suppliers and TFDI Resort Hotels so as to develop policies and strategies to maximise linkages and minimise the importation of goods

and services. 4) Local infrastructure and resources in communities adjacent to TFDI Resort Hotels needs to be unaffected by the presence of the TFDIs. To avoid pressure on local infrastructural resources, the Government can implement policies that prevent TFDI Resort Hotels from putting pressure on existing infrastructure such as water and electricity. This in turn leads to TFDIs assisting in local infrastructural development.

6.6 Scope for further research

Figure 7.1 has illustrated that the research has revealed scope to further explore the relationships between stakeholders in line with SET and/or other actor oriented perspectives (Long, 2001) or the application of Akrich, Callon and Latour's (1987), Callon's (1986) and Law's (1987) Actor Network Theory (ANT). This would allow for further in-depth exploration of stakeholder interactions (Bramwell and Meyer, 2007), offering insights into power and tourism policy relations, whereby '*compromise and mutual adjustments negotiated through a series of iterations*' (Akrich, Callon and Latour, 1987) may be seen to affect local tourism impacts *per se* and those created by TFDI in particular. Indeed, the qualitative interviewee data in this PhD study hinted at inter-stakeholder dynamics; perhaps most notable in the discussions of a shift in the terms agreed between locally-owned businesses and the Barbadian government in direct response to MOUs established between foreign investors and the state. Thus, a more in-depth sociological approach to investigating local TFDI impacts might be advocated.

Another area for further exploration is the SIDS context that formed a background characteristic of the case study setting in this PhD research. Further qualitative research is needed on the local impacts of TFDI in SIDS. To date, tourism researchers have tended to focus their analyses here on restricted themes (see for example Pratt, 2015) and/or limited stakeholder views (see for example, Prayag *et al*, 2010). It is recommended that a more holistic examination of economic, socio-cultural and environmental impacts is undertaken that accommodates the voices and experiences of multiple stakeholders. Once again, it is notable that where research exists it lacks a qualitative focus.

Finally, it is recognised that there is scope to pursue a more focused livelihoods analysis of local TFDI impacts in Barbados, in line with the state aspirations of delivering a comprehensive social

development policy emphasising human capital development. The latter concept - human capital development - perhaps denotes an aspect that is worthy of study in its own right. Thus, further research might involve a much more focused in-depth scrutiny of a particular area of impact. Given the primarily economic focus of TFDI, the ideas of welfare economist Sen (1984, 1992, 1999) (alluded to in parts of this study) might be reviewed, offering critical consideration of the extent to which, for local people in Barbados, TFDI development offers freedom or the reinforces any notions of dependency.

The most obvious limitations of the research reflect difficulties surrounding access to data. Chapter 4 discussed how the collection of data did not progress as originally intended. IN particular, it was difficult to engage the TFDI resort hotels in completion of the UNCTAD (2007) questionnaire and also in follow-up interviews. This restricted the picture of TFDI in Barbados that was able to be gleaned. However, extension of the research focus to local suppliers, policy-makers and tourism and business association representatives at this stage may be recognised to be beneficial to the study, offering a more holistic perspective of the supplier context of TFDI in Barbados.

The nature of the destination as a developing nation and SIDS challenged the availability of statistical information on tourism as an economic sector activity. Chapter 4 acknowledged this limitation in terms of the absence of tourism-specific measurement tools and a lack of disaggregation of data. Together with a guarding of business data within Barbados, this impacted on the ability to provide a case study context grounded on quantitative financial data, in particular.

It should be noted that supervision of the PhD research has also been interrupted. The untimely death of my original Director of Studies in 2016, followed by the retirement of my second supervisor in the following month, impacted on the direction of the research and the momentum of the research journey.

Appendices

Appendix 1: UNCTAD survey questions

HOTEL/RESORT PROFILE

1. Hotel's/Resort's name and location
2. Year of construction and type of financing
3. Number of hotel rooms and beds
4. Number of private residences
5. Category
 - a) Up-market business and/or leisure
 - b) Mid-market leisure
 - c) Other
6. Ownership (who owns the hotel/resort)
7. Home country of hotel/resort owners
8. Is this part of a chain or an independent unit?
9. If part of an independent unit, what type of association?
 - a) Management contract
 - b) Franchising agreement
 - c) Leasing
10. What is the annual private residences sale in US\$?
11. What is the foreign exchange revenue?
12. What is the profitability?
13. What is the tax on gross revenue?

OWNERSHIP

14. What is the number of private residence owners?
 - a) How many are international
 - b) Country of origin of international owners

- c) Owners from developing countries

OPERATIONAL AND OTHER DATA

Sales

15. How are the private residences sales made? (% of total sales)

- a) Is it via foreign real estate agents?
- b) Is it via local real estate agents?
- c) Other

Purchases

16. Items purchased (\$value if possible if not %)

- a) Construction materials Local % _____ Imports% _____
- b) Labour Local % _____ Imports% _____
- c) Furniture Local % _____ Imports% _____
- d) Fittings Local % _____ Imports% _____
- e) Other equipment Local % _____ Imports% _____

17. Is there a central procurement policy for the group?

18. How much discretion do you have?

19. What is difficult to obtain locally and why?

Environment

20. What do you do to protect the environment?

21. Do you think that you do more than comparable foreign properties/hotels/resorts?

Local community initiatives and relationships

22. Does the hotel/resort undertake any initiatives vis-à-vis the local community? Please describe

23. What do you perceive to be the social and economic impact of this development for Barbados?

24. Has the organisation met with the residents and businesses in the surrounding communities prior to the development? If so, what was the nature of the meeting?

25. How can the quality of life for the residents be improved from this development?

26. Does the company's business plan include any social programs for the surrounding communities?
27. In what way will this development impact the infrastructure in the surrounding community?
28. What information would you like to share about the level of benefits that can be derived for residents and fisher folk in the Pile Bay community?
29. What is the likelihood of entrepreneurial businesses operating within the Four Seasons Resort?
30. What is the percentage of local employment to be realized within this Resort?

Profits

31. Does the Hotel/ Resort
 - a) Re-invest profits in Barbados? If so, in what?
 - b) Distribute profits to owners?

Open questions

32. How important is foreign direct investment to this development? Explain
33. What type of investment is this Development? (Is it Greenfield, Joint venture, Management Contract etc)?
34. What will be the greatest benefits and greatest problems of operating in your location? Are both related to the fact that you are locally or foreign-owned/ operated?
35. How do you assess the current investment climate in the country? What are its best and worst aspects?
36. Is there anything else you would like to add that we haven't asked you about?

Appendix 2: Semi-structured interview schedules

Interview Schedule- Managers

1. In your opinion, how has tourism helped with the development of Barbados?
2. What role does tourism play in the economy of Barbados?
3. Do you think there are too many foreign investments in Barbados?
4. How can the TFDI Resort/Hotel be seen as an economic, social and environmental development tool for Barbados?
5. How can the quality of life for the residents be improved from this development?
6. Are there any managerial opportunities for the local community?
7. What items are difficult to obtain locally and why?
8. Does the company's business plan include any social program initiatives for the surrounding communities?
9. In what way will this development impact the infrastructure in the surrounding community?
10. What do you do to protect the environment?
11. Does the Resort re-invest profits in Barbados? If so, in what?
12. What will be the greatest benefits and greatest problems of operating in your location?
13. What opportunities are offered to the host community?
14. Do employees have access to utilize the resort's amenities?
15. How are employees empowered in your organization?

Interview Schedule- Employees

1. How has tourism benefited you personally?
2. How does tourism contribute to the environmental development of Barbados?
3. How has tourism benefited you personally?
4. What role does tourism play in the economy of Barbados?
5. How does tourism contribute to the environmental development of Barbados?
6. How does tourism contribute to the environmental development of Barbados?
7. Do you think there are too many foreign investments in Barbados?
8. How has the the TFDI Resort/Hotel resort impacted you?
9. How does the TFDI Resort/Hotel impact your livelihood?
10. In your opinion can the TFDI Resort/Hotel be seen as an economic development tool for Barbados?
11. How can the TFDI Resort/Hotel be seen as a social development tool for the island?
12. In your opinion can the TFDI Resort/Hotel be seen as an environmental development tool for the country?
13. Do you have a say in the daily operations of the TFDI Resort/Hotel?

Interview Schedule- Suppliers

1. How do you view tourism generally?
2. What do you perceive are the benefits of tourism?

3. In your opinion, how has tourism helped with the development of Barbados?
4. How has tourism benefited you personally?
5. What role does tourism play in the economy of Barbados?
6. How does tourism contribute to the environmental development of Barbados?
7. What role does tourism play in the quality of life for the local community?
8. In your opinion, where do you envision funding for tourism projects come from?

Appendix 3: Focus group interview topics

- Perceptions of tourism-related foreign direct investment (TFDI)
- Impacts of this type of investment in Barbados specifically
- Satisfaction/dissatisfaction with TFDI in Barbados
- Who is advantaged/disadvantaged this type of investment in tourism (who wins/who loses)
- Satisfaction/dissatisfaction with TFDI resorts/hotels in Barbados
- Contribution by TFDI resorts/hotels to surrounding communities
- Surrounding community's satisfaction/dissatisfaction with the TFDI resort/hotel
- Is there room for more TFDI in Barbados, if so why
- How TFDI resorts/hotels contribute to tourism development in Barbados
- Which contributions are especially valued, by whom and why
- Dependence (resources supplied by the TFDI resorts/hotels, local community dependence on TFDIs due to the supply of these resources)
- Need for government to monitor and evaluate TFDI impacts in Barbados

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