

SPANISH FRANCHISING: EXPLAINING OWNERSHIP

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ABSTRACT

In this paper, we analyze the evolution pattern of ownership in Spanish franchised chains and we study some of the key factors or characteristics that can determine the proportion of franchised units. With this double aim, data is drawn for the period 1999-2012 from published annual guidebooks.

First, we have represented how the percentage of franchised units varies with time for the 307 chains included in the sample. In order to detect existing differences, we have also divided chains into two basic groups –service and product chains-. Second, taking into account data for 2012, we try to identify the key variables that significantly determine the propensity to franchise.

The paper is structured as follows. After a brief introduction, the procedure employed for data collection is explained. The third part of the paper is related to the description and meaning of the different variables employed and, lastly, we make reference to the basic conclusions and possible future extensions.

INTRODUCTION

The existing literature has employed different theoretical perspectives to justify the existence of franchising. Specifically, agency and resource-based theories have been applied to explain why, in some cases, the franchisor chooses to invest directly in a new outlet of the chain and, in others, he decides to franchise it.

In this sense, many empirical studies have established that franchised units are efficiently superior to franchisor-owned establishments¹. This may be due to the fact that franchising enables increased chain growth, while it reduces monitoring costs, especially when units are located in a disperse manner. Geographic dispersion increases, in this sense, difficulties and costs associated with control of managers of franchisor-owned stores (Brickley, Dark & Weisback, 1991; Jensen & Meckling, 1976; Norton, 1988; Shane, 1996, 1998). More specifically, franchising increases unit performance through the allocation of ownership and control rights to the same individual, the franchisee, and this reduces adverse selection and moral hazard problems (Shane, 1996, 1998; Carney & Gedajlovic, 1991).

Because franchisees are the owners of the units they manage and, therefore, receive the residual rent generated by their establishments –once they have made royalty and other periodical payments to franchisor-, they have strong incentives to be efficient. Compared to this, managers of outlets owned by the chain have weaker incentives because they basically receive a fixed pay (Krueger, 1991) that does not depend on their store efficiency or profit (Rubin, 1978; Brickley & Dark, 1987). Even if compensation includes some type of variable pay, its relative importance is low because chains find that the opposite situation would compromise uniformity through reduction of quality standards (Bradach, 1998; Yin & Zajac, 2004). Therefore, for employees of franchisor-owned units, the reward for being efficient is, basically, the possibility of future hierarchical promotion.

Related to this, monitoring and incentives are seen as substitutes. In this sense, franchised units are subject to less control from central offices and their managers have powerful incentives. This makes them more sensitive to local market needs and conditions and it enhances profitability and efficiency as major objectives. Lower control over franchisees is evident if we observe that they enjoy wide-ranging powers to make certain decisions, which entails high autonomy. For example, many new actions or promotions are only optional for franchisees. Compared to this, managers of franchisor-owned outlets usually put into practice decisions adopted centrally by the owner of the chain. Therefore, persuasions, recommendations and suggestions made to franchisees substitute hierarchy and obligations for employees of franchisor-owned units.

¹ However, it seems more adequate to consider that neither structure is, in all circumstances, better than the other. Each one has its own advantages and disadvantages and if they are combined in a single chain, certain synergetic effects can arise.

Greater autonomy of franchised outlets is also observed through the greater number of these that are attributed to each area supervisor for monitoring compared to the number of franchisor-owned outlets² or the lower information requirements they are subject to³.

Another stream of the franchising literature, far from establishing the superiority of one of these alternative forms of government, has highlighted that the presence of both type of units in the same chain gives rise to relevant synergetic effects (Bradach & Eccles, 1989; Lewin, 1997; Bradach, 1998; Dant et. al., 1996; Lafontaine & Kaufmann, 1994; Pénard et. al., 2002; Yin & Zajac, 2004; Sorenson & Sorensen, 2001). Specifically, franchisor-owned stores are useful for maintaining and developing brand name quality and homogeneity, exploiting certain economies of scale –for example, those associated with acquisitions from suppliers-, providing less opaque information compared to franchisees, etc. on the other hand, franchisees are best in supplying the chain with new ideas and adaptations to local markets. Therefore, the so called “plural form” or “dual form” is an efficient solution to mitigate asymmetrical information, limited rationality and incomplete contractual hazards.

Based on the above, the franchising decision will not represent a transitional strategy that will disappear with time. In this sense, franchisors do not choose to grow through franchised units as a minor temporarily evil to overcome certain resource restraints (Oxenfeldt & Kelly, 1969; Caves & Murphy, 1976; Norton, 1988; Lafontaine & Kaufmann, 1994). Ultimately, total integration is not the aim because, as we have mentioned, synergetic benefits arise from the presence of both type of outlets.

However, many studies have found that as chains reach maturity, they open less franchised units and, therefore, choose to grow, in greater extent, through franchisor-owned establishments (Oxenfeldt & Kelly, 1968-1969; Rubin, 1978; Caves & Murphy, 1976; Ozanne & Hunt, 1971). Time and chain age enable franchisors to acquire the necessary resources –financial, local market knowledge and management talent- to undergo new unit opening directly.

With the objective of understanding the growth pattern of franchised chains, we have chosen to graphically represent it. For this purpose, we analyze the evolution in Spain of the proportion of chain franchised units as the age of the chain increases. We find that this percentage increases more in the first years and then becomes more or less stable after five years since the first franchised outlet was opened⁴.

After observing the evolution of chain composition, we try to answer the question as to why some chains grow through more franchised units and others employ, almost exclusively, franchisor-owned outlets. To shed some light over this, our intention is to discover which variables have a significant influence over the proportion of franchised establishments. For this purpose, a multiple regression model is developed.

DATA

Due to the non existence of a ready to use data base related to franchising in Spain, data employed has been collected, in collaboration with a working group of the University of Oviedo (Spain)⁵, from the annual franchise guidebooks published⁶ for the period 1999-2012.

First, to represent the evolution pattern of ownership for Spanish indigenous chains, the proportion of franchised units was calculated as the quotient between number of chain franchised outlets in Spain and total number of chain outlets in Spain. This was done for each chain and for each year from 1999 to 2012⁷. However, from more than 1300 existing Spanish franchised chains found, only around 500 fulfilled the necessary condition of having started to franchise in 1999 or before and continue to do so in 2012. Moreover, it was only possible to collect sufficient data for 307 of these that integrated the final sample employed.

Likewise, the time, in years, the chain had been franchising was calculated as the difference between the year the data was observed (1999, 2000...) and the year the chain was established. To the value obtained, we added one because, in some cases, we had an incongruent situation in which the chain had been franchising for zero years and despite of this did have franchised units. This did not seem correct.

Given the impossibility of graphically representing data directly, we divided chains into groups according to the number of years franchising. For each group, we calculated the average value of the proportion of franchised outlets and this was what was finally represented. Additionally, we also divided the

² Related to this, Bradach (1998) found that each area supervisor is in charge of an average of 90 franchised units. On the other hand, when they have to monitor franchisor-owned units, this number is reduced to 6.

³ Franchised units are subject to low formal information requests because communication with central offices is, basically, of the informal type.

⁴ Lafontaine & Shaw (2001) find that the proportion of franchised establishments stabilizes after 10-15 years in the U.S. and Pénard et. Al. (2002) establish that this period is reduced to 10-11 years for the case of France. The percentage reached varies from chain to chain, even though most empirical studies make reference to an average proportion of 25-35%.

⁵ We specially thank Prof. Manuel González and Prof. Begoña López for their help.

⁶ We have drawn data from Tormo & Asociados, Barbadillo & Asociados, Franchisa and Asociación Española de Franquiciadores.

⁷ Therefore, the presence and number of outlets in foreign markets was not taken into account in this paper.

sample into two groups according to chain activity –service or product- and repeated the above process again for each one.

Related to data collection, we must make reference to important incongruent information between guidebooks. In this sense, in some cases, for the same year and variable, guidebooks contained very different values. To give solution to this problem we contacted with the franchisor, on the telephone or web page with the aim of reflecting the true value of the variable. Nevertheless, when this was not possible we took the value proportioned by Tormo & Asociados because this guidebook had resulted, in other occasions, that it was the most accurate.

Once we concluded data collection form annual guidebooks for period 1999-2012, we are now merged in completing this information with financial and economic data taken from Annual Accounts (profits, advertising costs, sales, etc.)

Second, for ordinary least squares (OLS) regression, we introduced other key variables. In some cases, data for some variables was available in interval terms. In these cases, franchisors reported a maximum and minimum because exact numerical value depended on other circumstances like unit location or dimension, so we introduced the average of the variable. This analysis was conducted for data corresponding to year 2012.

VARIABLES

After plotting pattern for outlet ownership evolution, we conducted an OLS regression in SPSS. The dependent variable –proportion of franchised outlets- is modeled as the natural log of the ratio of the percent franchised by the percent company-owned. This transformation has been used in many other empirical studies (see, for example, Shane, 1998 or Michael, 1996) and Berry (1994) demonstrated, through a series of montecarlo experiments, that it constituted a more robust and precise measure of the distribution compared to the simple percentage variable both for OLS and Tobit regressions.

The independent variables employed are displayed below:

- **SECTOR.** It is equal to one when the chain is basically dedicated to the distribution of products and equal to zero when its object consists in the commercialization of services.

We expect to find that service activities have higher percentages of franchised outlets (Sen, 1998; Lal, 1990). This is because in this type of chains, local production has greater relevance and, therefore, tasks to be done in each establishment are, on the whole, more labour-intensive. This type of activities are subject to greater relax and opportunism, so given that franchisees have high-powered incentives, it will be more efficient to grow through a higher proportion of franchised units. On the other hand, when activities to be done locally have a significantly lower importance –in the case of product distribution chains-, local agent effort loses importance and we should find chains with higher integration percentages.

Related to the above, service chains face greater supervision difficulties or monitoring costs. This causes that franchisors will choose to substitute behaviour control with output control through more franchised units.

Given the above, service chains should present higher proportions of franchised outlets.

- **AGE.** This variable represents the number of years since the franchisor opened the first unit. Therefore, it is the difference, in years, between 2012 and the year the firm was established.

It is quite evident that, in general, the longer this period is, the greater the proportion of franchised units will be. This is not only due to the simple fact that time just goes by. AGE has been used as a proxy for franchisor experience (Weaven & Frazer, 2003), brand name value or reputation (González-Díaz & López, 2003; Affuso, 2002; Lafontaine, 1992) and for franchisor accumulated resources (Alon & McKee, 1999; Carney & Gedajlovic, 1991; Combs & Ketchen, 1999). This way, given that the number of potential franchisees willing to join the chain increases as chain perceived value does, we expect to find a positive relation over the proportion of franchised units.

- **YNOTF.** It represents the number of years the chain initially remained without franchising any outlets at all. Therefore, it is the difference, in years, between the year the chain was established –this is, the first franchised outlet was opened- and the year the firm was created.

We expect YNOTF to have a negative influence over the proportion of franchised units because this period of time can reflect, in a certain manner, franchisor difficulties to adequately design and develop the complete franchise package (González-Díaz & López, 2003). Moreover, during that period the franchisor has installed a totally centralized organizational form, and it can result difficult for him to let in quasi-independent businessmen that will make their own decisions.

- **INTERN.** This independent variable will be equal to one when the chain has some sort of international presence and equal to zero when it has outlets only in the domestic Spanish market.

If the franchisor has chosen to expand activities overseas, we should find a higher proportion of franchised units because, in most cases, he will not have the sufficient local market knowledge to undertake unit opening by himself. Local franchisees will have much better and complete information about demand

conditions, governmental procedures, etc. and, moreover, they have powerful incentives to keep it up to date.

Therefore, we expect to find that chains with international presence present higher values for the proportion of franchised outlets.

- **SIZE.** In order to measure the size of the chain, we have chosen to use the total number of outlets of the chain –franchised and franchisor-owned-. Chain size has been used, in many occasions, as a proxy for geographical dispersion and, in this sense, for monitoring difficulties (Agrawal & Lal, 1995; Minkler, 1992; Brickley, Dark & Weisbach 1991; Lafontaine, 1995; Kehoe, 1996; Hoffman & Preble, 2001). So, geographical distance of the new outlet would make monitoring difficult. This problem would become even more outstanding if expansion is done through franchisor-owned units. However, if the decision is to franchise the new outlet, monitoring needs are reduced, so franchising reduces control costs when moral hazards exist (Brickley, Dark & Weisbach, 1991; Lafontaine, 1992).

From another point of view, chain size has also been used as a proxy for brand name value. In this sense, greater chain size will increase the number of potential consumers attracted and served (Lafontaine, 1992). This will convince franchisees, in greater extent, to join the chain.

Given the above, chain size is likely to favor franchising and, therefore, it should have a positive influence over the percentage of franchised units.

- **ININVEST.** The initial investment is the amount, in euros, the franchisee must invest in his outlet to join the chain. However, we have not taken into account here the initial entry fee paid to the franchisor; this amount is included in variable FIXED PAYM.

Therefore, ININVEST reflects the amount the franchisee must pay to adequately lay out and decorate his premises. If the resource scarcity hypothesis for franchising is true, this variable would have a positive influence over the dependent variable. However, it must be taken into account that higher investments increase franchisee´ risk and, this may reduce available franchisees. This would mean that ININVEST would have a negative influence over the proportion of franchised units.

Related to this, it is observed that units located in large urban cities –bigger outlets and that, therefore, entail higher associated investments- are usually franchisor-owned (Hunt, 1973; Thompson, 1992). Maybe this is because the existence of various outlets in the same city reduces monitoring costs and performs as benchmarks. On the other hand, in isolated areas, where only one unit usually exists, ownership is assigned to franchisee because free-riding –one of the basic franchising hazards- is reduced due to the existence of repeating-type customers. In this sense, negative consequences of reducing quality would mainly correspond to the opportunistic agent (Brickley, Dark & Weisback, 1991). This has a certain relation with another dependent variable included in the analysis; POPUL.

Results reported by Brickley (1999) are also inconsistent with the general statement that franchising is used to overcome franchisor resource restraints. He finds that the probability of direct investment of the franchisor increases with amount needed. It seems that greater initial investments increase risk and demanded profitability for franchisees, and this reduces advantages of franchising and limits franchisee´ availability.

- **TOTAL VAR.** To calculate the value of this variable, we have added the percentages of royalties and advertising fees for each chain. When these stipulated payments were not established as a percentage of sales, but through a fixed sum, they were not included here –they were taken into account in FIXED PAYM-.

Royalty rates contribute to the alignment of both parties interest because both franchisee and franchisor will be interested in increasing sales. Because royalty payments are associated to sales, the franchisor signals his intention of undergoing the necessary investments to maintain and increase brand name value and to detect opportunistic behaviors that reduce chain sales. The franchisee is always interested in increasing his sales because his profit is linked to the former.

High royalty payments would serve as a powerful incentive to franchisors to control or monitor activities in order to increase brand name value but would reduce franchisee motivation to be efficient. Moreover, the number of potential franchisees willing to join the chain will be reduced and, from another point of view, part of the advantages associated to franchising will disappear –economic conditions would be closer to that of franchisor-owned units-. Therefore, a negative relation is likely to exist between this variable and the proportion of franchised units.

- **DUR.** Longer contract duration contributes, from a transaction costs view, to reduce advantages of hierarchy compared to that of the market. Transaction costs associated to this last option will be reduced and, as an intermediate case, the same will occur for franchising.

Besides, longer contractual duration also reduces agency costs for various reasons (Shane, 1998). First, the franchisor has more powerful incentives to collect information on suitable potential franchisees and, in this manner, lower adverse selection hazards (Eisenhardt, 1989). Second, the possibility of moral hazard is reduced because informational problems disappear with time. Lastly, the agent has mayor incentives to be

diligent and to reduce opportunism because the relative importance of short term profits arisen as a consequence of opportunistic behavior is diminished.

Franchise contracts usually fix a determined initial duration for the relation between parties or establish that it will be unlimited. In the first case, possible renovations are contemplated, so the franchisee can consider his investment as long-termed. This acts as a stimulus for him to try to discover his customer tastes and characteristics in order to recover investment (Bradach, 1998).

Based on the above, we expect contract duration to have a positive relation over the dependent variable.

- **SURFACE.** This variable expresses the minimum surface, measured in meters, fixed by the franchisor in order to permit the opening of a new unit of the chain. Therefore, to some extent it can reflect effort required from the franchisee and, in this manner, reduce the number of potential franchisees willing to join the chain.

The negative relation between SURFACE and the dependent variable can also be due to the fact mentioned above that the franchisor is usually the owner of the larger outlets located in big cities, while the franchisee is left with the smaller more disperse units.

- **POPUL.** We already made reference to the high probability of large units to be owned by the franchisor. Smaller units located in little villages or towns –where only one outlet of the chain usually exists- are more commonly franchised. Therefore, the minimum population fixed by the franchisor to open a new store in a given location should have a negative influence over the dependent variable.

- **FIXED PAYM.** The value of the last independent variable is the sum of the necessary entry fee and the actual or present value of fixed periodical payments –basically royalties and advertising fees when they are not determined as a percentage of sales-.

This variable is also positively related to franchisee effort. Therefore, we expect to find a negative influence over the proportion of franchised units.

However, entry fee compensates the franchisor for selection and initial training costs while the remaining periodical payments are justified as being remuneration for brand value and on-going support (Lafontaine, 1992; Lafontaine & Shaw, 1999). It is for this reason that we may find a positive relation between FIXED PAYM and the proportion of franchised units, given that the latter may be willing to make larger payments in exchange for greater support and intangible resource transfer from the franchisor.

RESULTS

First, we represented the evolution of the proportion of franchised outlets for Spanish indigenous chains in our sample for period 1999-2012. For this aim, data was calculated and regrouped as explained above.

Figure 1 shows that the dependent variable increases with respect to the number of years the chain has

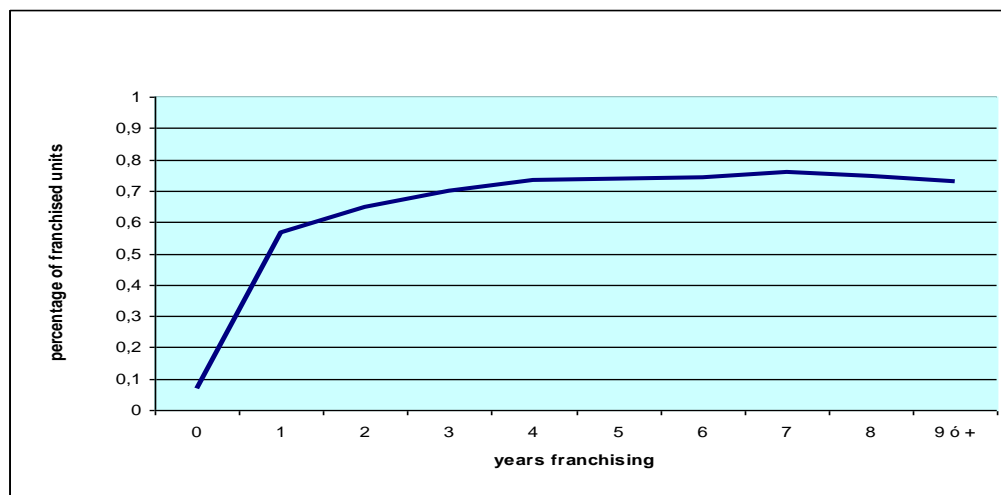


Figure 1: The evolution of the proportion of franchised units for Spanish chains (1999-2012).

been franchising. After five years, this value is stabilized round a value of 74% -alternatively, the proportion of franchisor-owned outlets reaches 26%-. In the first years, franchising is used in a much more intensive manner –it must be taken into account that we are representing the evolution of the dependent variable with respect to the number of years franchising. However, chains usually stay initially some years without franchising; during this time period, all units are franchisor-owned-. These results are consisted with that of López et.al. (2000); the only differences are that here stabilization takes place a little earlier and the percentage of franchised units is slightly lower.

Because we expected to detect different ownership evolution patterns with respect to the type of activity, chains were divided into two groups, namely, service and product chains.

Figure 2 shows that service chains, at average, present a higher proportion of franchised outlets compared to product distribution chains. This is in line with results obtained by Pénard et. al. (2002) and Lafontaine & Shaw (2001), even though the percentage of units franchised is slightly higher in our case –nearly 80% for service chains and 70% for product chains-.

In order to detect additional differences between chains according to their activity, we considered, based on the classification provided by annual franchise guidebooks, various sector of activities. In this sense, we divided the sample of chains into eight sectors, four of the service type and another four for product distribution. However, results are not displayed because we did not find relevant differences given that all four groups of chains of each type presented comparable evolution patterns.

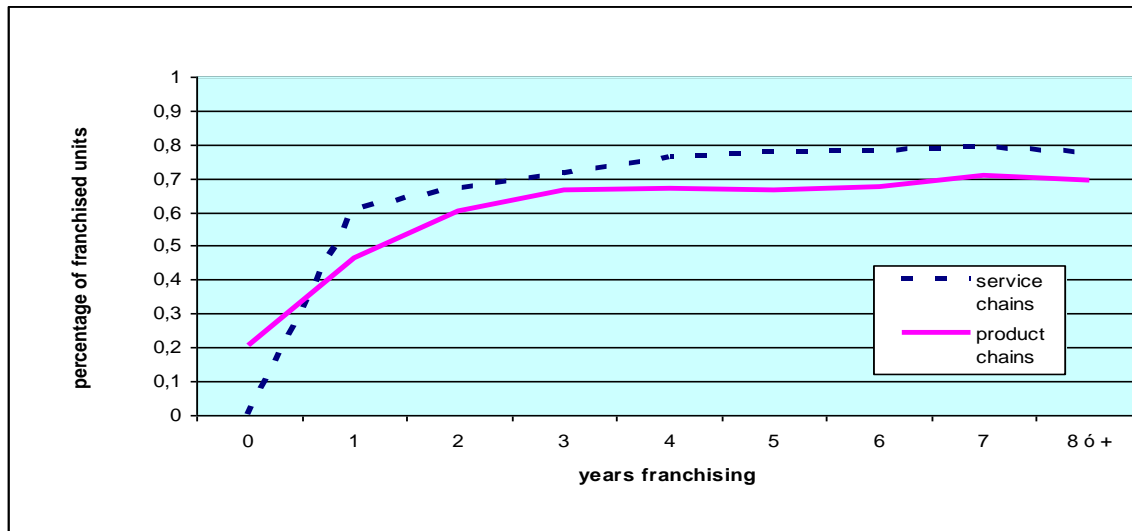


Figure 2: The evolution of the proportion of franchised units for Spanish service and product distribution chains (1999-2012).

Next, Table 1 displays OLS regression results. The dependent variable measures the proportion of franchised units of chains.

Within the independent variables, SECTOR, AGE, YNOTF, INTERN, SIZE, ININVEST and POPUL are found to have a significant influence over the proportion of franchised outlets. All of the former present the expected signs.

Therefore, we can say that service chains choose to franchise a higher proportion of outlets. This seems to confirm that when necessary local activities are of more relevance and more labor-intensive, the given incentive system makes franchising the best organizational option.

Second, chains that have been in business for a longer time –AGE- tend to present larger proportions of franchised establishments. It's obvious that as time since the franchisor opened the first outlet of the firm goes by, the greater the value of the dependent variable. Moreover, this effect can also be due to increased franchisor experience and brand name value as chain age is longer; this would surely have a positive influence over the number of franchisees willing to join the chain.

Variable YNOTF has a significant negative influence over the proportion of franchised units. Therefore, as the number of initial years during which all outlets are franchisor-owned and no franchised units are opened increases, franchisor seem to be reluctant to le franchisees in. They get used to a centralized organizational form where all decisions are made by central offices and this situation reduces future franchising activity.

Another significant independent variable is the presence of chain outlets in foreign markets. INTERN has a positive influence over the dependent variable. This means that when the chain has outlets abroad, it chooses to grow, more intensively, through franchised units. Geographical dispersion and reduced franchisor local market knowledge reduces the proportion of franchisor-owned units.

SIZE, measured as the total number of chain units, has a significant positive relation over the percentage of franchised outlets. Therefore, larger chains exhibit a higher proportion of the latter, probably because these chains are subject to increased geographical dispersion.

The quantity of initial investment –ININVEST-, basically needed to adapt store premises to franchisor requirements, reduces the proportion of franchised outlets of chains. Franchisee risk aversion and the impossibility for these to diversify investment adequately seem to reduce the number of potential franchisees

willing to join the chain. We do not, therefore, find any empirical evidence to prove that franchising exists due to resource restraints of franchisors. It is the franchisor that directly invests in the opening of new outlets when the necessary investment is higher.

The last significant independent variable to explain the proportion of franchised units is the population fixed by the franchisor as the necessary minimum in order to open a new outlet in a given city or town –POPUL-. It has a negative relation over the dependent variable so we can say that the franchisor tends to be the direct owner of units located in the larger cities, while outlets situated in smaller towns are chosen to be franchised. The remaining variables included in the analysis –TOTAL VAR., DUR, SURFACE and FIXED PAYM- do not help to explain, in a statistically significant manner, variations in the proportion of franchised units. However, the signs displayed by the first three of these are as expected. On the contrary, FIXED PAYM presents a positive relation; this seems to indicate that larger periodical fixed payments do not reduce franchisee interest to join the chain. Maybe, this is because they are willing to pay more in exchange for greater intangible resource transfer and support form franchisor.

Independent variables		Standardized Coefficients
(R-squared = 0,39)		Beta
(Constant)	2,338	
SECTOR		-,214 (***)
AGE		,059 (*)
YNOTF		-,109 (**)
INTERN		,106 (**)
SIZE		,336 (***)
ININVEST		-,062 (*)
TOTAL VAR.		-,042
DUR		,071
SURFACE		-,038
POPUL		-,092 (*)
FIXED PAYM		,020

Table 1: Regression results (n=316).

(*) significant at 0.1.

(**) significant at 0.05.

(***) significant at 0.01.

CONCLUDING REMARKS

In this paper, we have intended to determine some of the basic characteristics and contractual conditions that have a significant influence over the proportion of franchised units in Spanish chains. For this aim, we have conducted an OLS multiple regression using data for Spanish indigenous chains published in annual franchise guidebooks for year 2012.

Results suggest that SECTOR, AGE, YNOTF, INTERN, SIZE, ININVEST and POPUL help to explain, in a significant manner, variations in the dependent variable. Therefore, chains that exhibit a higher proportion of franchised outlets are those that are dedicated to the commercialization of services, have been in business for a longer period, have stayed initially a smaller number of years without franchising at all, have decided to internationalize activities in some extent, entail lower initial investments and fix lower minimum populations to allow for a new unit to open.

Limitations of the analysis include, for example, the low value obtained for Square-R. Even though it is in line with that found in most franchising research, we are convinced that other relevant variables have not been taken into account. Therefore, our intention is to continue working on this in the future.

Another limitation comes from the use of aggregate data at the chain level. A more fine-grained analysis should use outlet level data within firms to explain why a given outlet is franchised or company-owned.

Lastly, we must point out that given that this is a preliminary analysis, we have chosen to employ OLS regression. However, given that relations between variables are quite surely not linear, it would be convenient to study the use of other types of analysis and control variables. Specifically, our intention is to develop a Systems Dynamics model to explain chain growth and variable interdependencies with the incorporation of financial data.

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TEXT DATA MINING OF ENGLISH ARTICLES ON THE NOTO HANTO EARTHQUAKE IN 2007

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ABSTRACT

A strong earthquake occurred at the coast of Noto Peninsula in Japan on Mar. 25, 2007. This quake was named “The Noto Hanto Earthquake in 2007” by Japan Meteorological Agency. It caused serious damage to the Noto area. These serious states have been reported not only in Japanese newspapers but also in English newspapers. In this study, we investigated what linguistic characteristics can be found in English articles. Besides, we also analyzed the articles on “The Mid Niigata Prefecture Earthquake in 2004” which occurred on Oct. 23, 2004 to compare with the Noto Hanto Earthquake. In short, frequency characteristics of character- and word-appearance were investigated using a program written in C++. These characteristics were approximated by an exponential function. Furthermore, we calculated the percentage of Japanese junior high school required vocabulary and American basic vocabulary to obtain the difficulty-level as well as the K -characteristic of each material. As a result, it was clearly shown that English articles on the Noto Hanto Earthquake came to have a similar tendency to journalisms in the characteristics of character-appearance as a day passed. Besides, the values of the K -characteristic for the articles tended to increase, and the difficulty-level tended to decrease. In addition, as for the frequency of some words, while the frequency of the word “earthquake” gradually decreased, that of “cancel” increased. This seems to be because the harmful rumor had spread and cancellation of lodgings had increased.

Keywords: Analysis of English literary style, Metrical linguistics, Statistical analysis, Text mining, The Noto Hanto Earthquake in 2007

TOURISM STRATEGY IN THE SUN TRIANGLE

Analysis with the theory based on resources and institutional theory

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ABSTRACT

The aim of this paper is to analyze the tourism strategy used in the Triángulo Del Sol (Sun Triangle), Guerrero, by the theories of resources and institutions to generate proposals for their improvement. The methodology used was descriptive and analytical statistical contrasting theories and empirical evidence. In this strategy has been earmarked him large amounts of public resources by the three levels of government, however the results have not been significant. Response is obtained to the research question: Is a failure the strategy used in the Triángulo Del Sol?

Keywords: Strategy, resources theory, theory of the institution, tourist decline, Sun Triangle.

JEL: H10, H53, D78

Resumen

El objetivo de este trabajo es analizar la estrategia turística utilizada en el Triángulo del Sol, Guerrero, mediante las teorías de los recursos y la institucionalidad para generar propuestas a su mejoramiento. La metodología utilizada fue descriptiva y analítica, contrastando las teorías con evidencia estadística y empírica. A la esta estrategia se le ha destinado grandes cantidades de recursos públicos por parte de los tres niveles de gobierno, sin embargo los resultados no han sido significativos. Se obtiene respuesta a la pregunta de investigación ¿es un fracaso la estrategia utilizada en el Triángulo del Sol?

Palabras clave: Estrategia, teoría de los recursos, teoría de la institución, declive turístico, Triángulo del Sol

1. Introduction

In recent years tourism has shown a marked growth trend internationally, becoming for many countries in one of the main economic activities due to the positive impact it has on the development and growth of any nation. The economic sector of tourism has become in recent years in the economic sector of major importance in terms of employment generation, export and stimulates investment and economic growth (Schulte, 200, p. 8).

This has allowed tourism to be studied by researchers, who emphasize the importance and the benefits it can generate. According to Santana (1967) the impacts generated by tourism can be considered three categories: Economic impact will be based on factors such as wealth creation and distribution, and in hand, costs and produced benefits, and employee work of local or foreign population. Physical or environmental impact and consequences can be generated in the environment due to tourism activities. Finally, it is the cultural and social impact on the lifestyles of the population.

The World Tourism Organization has urged all countries in the world to support and promote the sector. Mexico has been one of the countries following these tips, becoming the ninth country that receives more tourists in the world and 17 in the income from this activity (DATATUR, 2016). The tourism sector is considered as a priority factor for national development because of its high productivity and the ability to create jobs (Meixueiro, 2008, p.1). The tourism share in GDP in México for 2014 was 8.6%, employing 39'541,248 and foreign exchange 16 000 257.9 million (INEGI, 2014).

The current federal government has also proposed the momentum of this sector as one of main objectives of the National Development Plan 2012-2018, having as a purpose the realization of 10 goals in this area, and the respective strategies to be used. The strategies used are ranging from the promotion of tourist destinations to make diagnoses by universities to identify the main problems of 44 destinations considered the most important in the country.

The Sun Triangle (Triángulo Del Sol) has been one of the tourist destinations where it has been carried out the implementation of these strategies, participating in the three levels of government. In the expenditure budget of the State of Guerrero of 2016 it was assigned 272 billion 240 million 400 pesos (272 mil 240 400 millions) for Secretary of Tourism for the promotion and development of tourism.

2. Background of the problem

Sun Triangle (Triángulo Del Sol), is the most important in the state of Guerrero tourist area. This region consists of the municipalities of Acapulco, Taxco and the duo of Ixtapa-Zihuatanejo. The geographical location of each form what looked like a triangle. They are characterized most days there is sun, hence the nomenclature.

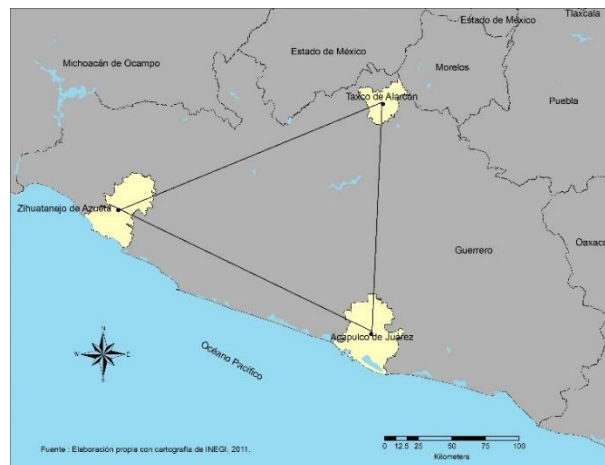


Figure 1: Geographical location of Sun Triangle.
Source: Prepared from mapping INEGI, 2011.

Taxco has been known since the years of viceroyalty, was known for his lofty silver production, and its main economic activity. In 2002 when it was decreed as magical town and tourism it became its second major activity. Ixtapa-Zihuatanejo has just over 40 years after its emergence as a tourist destination. It was created during the years 1970 to 1979 along with Cancun through loan made by the Inter-American Development Bank. Acapulco is the best known of the three tourist destination since the 50s and 70s when it saw a boom in this sector and during the following years was a favorite for tourists at national and international locations.

Triangle Sun reflects a decline in tourism in turn causing economic stagnation in the region. The decline has different explanations by experts on the subject, with some insecurity for the most important factor, since the state of Guerrero has been submerged for the last 10 years in violence following the war on drugs. However this decline came long before violence deepened since Acapulco showed signs of this problem since the late 80s. In addition to the influx of other municipalities was always a lesser extent with respect Acapulco. So the simply sharpens insecurity and made more noticeable the situation was living Triangle del Sol. The

tourism decline has generated impacts on the economic impact, employment in the influx of tourists who visit the place, i.e. economic and social impacts.

Some possible factors that could explain this problem of the decline of this region are arising from other tourist destinations, environmental problems with these places, state economic instability and late attention of the authorities (Bringas, 1999). The documents speak together of these municipalities are very few, most focuses on Acapulco being the best known and long-time number one both nationally and internationally. Recently there have been theories that consider that tourism has a life cycle and to some extent explain how some tourist destinations come to decline. One of these theories exposed by Butler (1980) argues that a destination goes through different phases: Exploitation, involvement, development, consolidation, stagnation and decline.

A sharp differentiation between stagnation and tourism decline is that the latter is characterized by a significant reduction in attracting tourists, while stagnating average tourists is perceived, i.e. as if the flow of tourists were constant. In the phase of decline it is necessary some measures to become attractive destination to be taken. It is here that also it has to take up the idea of seeking other new attractions, renovation or any other means allowing rejuvenate this sector. This theory is widely criticized for its simplicity, but is most often used due to being the most explanatory in terms of destinations.

3. Delimitation of the problem

Despite strong cash injections by the government that has been made to the strategy for promoting these destinations and improvement of infrastructure in each of the municipalities, socio-economic indices have not been favorable.

This situation generates the research question,

Is it a failure tourism strategy used by the Sun Triangle?

Mainly because of the infinite amount of resources that have the three municipalities and that according to Peng (2012) the exploitation of these is the development of an effective strategy, while institutions are the "rules of the game" North (1990), where in this case who have carried out the implementation and execution of the strategy.

4. Justification

The importance of this sector in these municipalities is crucial and is the sector where the three levels of power are focusing. Not getting the expected results could hurt the population, then analyze this issue will avoid this kind of thing or at least propose something to improve the situation.

The relevance of this work allows a view from another perspective, applying theories that are essential when carrying out a strategy, and more of this kind of magnitude, which is not only involved the welfare of the population of the region but also of the national economy. The existing researches on these areas to know the situation in which diagnoses are mainly found in addition not individually address as a whole.

5. Conceptual framework

A. Tourism strategy

The strategy is defined as the alignment or direction given to internal resources of an organization to change, lead, adapt and in the worst cases survive the conditions of the environment (Vargas, Guerra, Bojorquez & B. 2014, p. 61). A tourism strategy to be efficient therefore must have the resilience to survive the constant changes, primarily to such a dynamic and competitive market is, and where tourism also tends to be part of them.

Some of the strategies that the government has tried to implement to revive tourism in the country and the state government of Guerrero leads likewise are:

- 1) To strengthen the institutional capacities of the tourism sector.
- 2) To promote intergovernmental coordination in tourism.
- 3) Strengthen mechanisms for cooperation with academia, the private sector and the social sector, for the benefit of tourism.
- 4) Generate information, research and knowledge about the destinations and product lines.
- 5) To promote innovation, diversification and consolidation of tourism by region and destination.
- 6) To promote high quality standards in tourist services.
- 7) To promote the professionalization of service providers.
- 8) Promote a comprehensive security policy
- 9) To facilitate financing and public investment - private

One analysis of the strategies of the National Program of Current Development with the other was performed and it was found that has not changed much strategies. They are still the same nothing different words, the changes are minimal, the only difference are agreements of professionalization that they have been made to see the current situation in which they find each of the destinations. As in the last 12 years of reports from Guerrero State Government, happened the same situation.

It is noteworthy that in recent years public investment to improve the infrastructure of these municipalities, as well as the promotion and dissemination media of the three destinations has been excessive. During 2013 the Ministry of Tourism destination 25 million pesos to promote tourism destination and during the years of 2012- 2014, 735 million pesos were invested in the state of infrastructure for the three municipalities and in 2016 was allocated 11 million (Universal, 2016).

B. Theory of resources

This theory emphasizes the use of internal resources and their management, as well as dynamic capabilities that may have (Penrose, 1959). Resources are defined as real or tangible and intangible assets that use a form to choose and implement their strategies. Tangible are those who can see and quantify easily while intangibles are those that are difficult to see quantify (Peng, 2012).

Tangible resources that account Acapulco and Ixtapa-Zihuatanejo municipalities are characterized by beautiful tourist beaches while Taxco by the architectural beauty and its silver production. And the three places have museums, theaters, plazas, bars, nightclubs and other places of social recreation. In the case of financial tangible resources, it can be mentioned the resources allocated by the federal and state government for the whole implication that requires the promotion of these places.

As for intangible assets is the warmth of people who live and serve. In terms of innovation would be the improved infrastructure, unfortunately its reputation for safety is not very good. This has seriously affected the human capital of the population each municipality.

Cancun was positioned as the favorite for vacationers. Resources with which account unlike Ixtapa - Zihuatanejo are more diversified, in addition to beaches and fun places, it has something that have little the triangle sun, areas so ancient archaeological besides as important as it was the Mayan culture.

Generic strategies in these municipalities have been applicable since although it has not been the price leader has tried used or reduced costs of room and have even signed agreements with airlines to offer cheaper flights. In fact, the prices are below similar destinations; however it has not worked at all this strategy. The differentiation that has tried to do is offer the destinations of Taxco, and Ixtapa Zihuatanejo as one of the ideal destinations for rest and with a natural beauty, but with the events of violence this has had little impact.

As for the approach, due to the re-education of foreign tourists has been promoted or focused on the domestic market, especially offering it mainly with neighboring states of Guerrero state, becoming a place most visited by nationals.

In this study SWOT analysis is no longer applied because the studies found already addressed and what is intended here is to develop something new. It is also analysis that applies in all government reports the state of Guerrero.

C. Institutional theory

To Schutter (1981) an institution is in charge of social behavior that is socially accepted, which in turn creates both internally and external policies. In this theory, also the state of the States plays an important role as they try to reduce uncertainty, in different ways, politically, economically, contracts, transactions, etc.

Doing the analysis with the triangle of the sun it can be seen that the State failed to reduce uncertainty, because politically in the past has been full of tension, first by drug violence and second events in Ayotzinapan, which apart from demonstrate the inefficiency of institutions at all three levels they finished damaging the reputation of the state, considering the most violent in the country. Financially, transaction costs for companies that wanted to invest have not been reduced, which negotiations with that State comes very costly, leading to better not want to invest. It should be mentioned that is estimated to have closed approximately 1,500 companies by the low profitability in the region, affecting the economy.

The institutions have participated together from all three levels of governments, but apparently there has not been enough to be able to coordinate the linkage, which also affects the implementation of the strategy and therefore dependence that can be successful.

On the other hand a strategic role as mentioned Vargas et al. (2014) is ethics, which unfortunately institutions have failed to deliver, because there have been many irregularities regarding the declaration of the expenditure incurred in the event they do to promote ports as well as the busy nepotism. So little is the ethic that the current manager of the Ministry of Tourism of the state of Guerrero is a layperson, leaving him out of having the experience, but especially the human capital required to have someone in such an important position as he presides. Far from contributing ethics, corruption here is that there is much of the second and the first does not exist.

6. Results of the tourism strategy

The economic impact on the Sun Triangle (Triángulo del Sol) in the last years presented an irregular behavior, but above all the notorious descent has had in the last two years, very few recoveries had, in fact if it is looked closely at the graph it can be noted that in the years 2005, 2006 and 2007 it seemed that the spill was increasing but from mid-2007 began its decline and acting more deep in 2015.

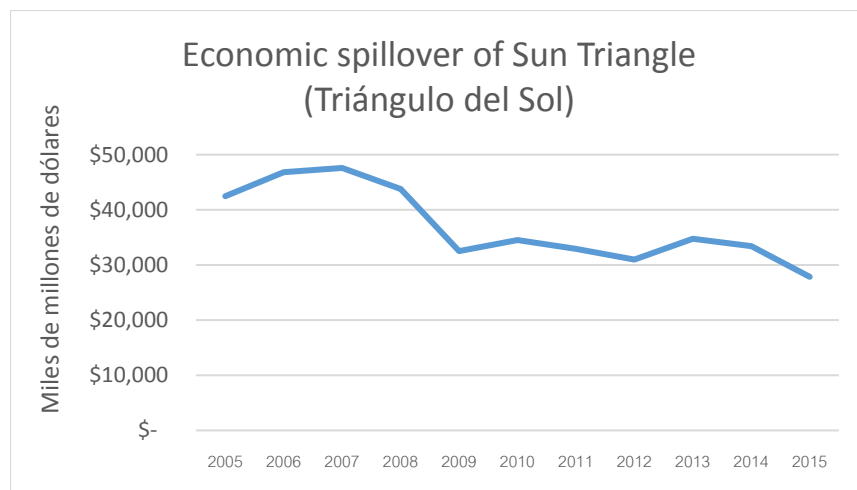


Figure 2: Economic Spillover of Triangle Sun 2000-2015

Source: Own elaboration with reports Guerrero State Government, 2005-2015

On the other hand, the visits have presented different variations. On the one hand recover the other falls again and for 2013 presented its strongest fall recovering already in 2014. It shows that in the period 2007 as the economic benefit it begins to decay, and perhaps the reason why the demand in the last years does not fall as much as tourism is because spending generated by the few tourists generate much spending and this impacts on economic spills.

It is noteworthy that the spill has been offset by events made by the government, as during the holiday season hotel occupancy has not been 100%, just until this year it has recovered; this is said from experience as having the opportunity to visit these places. With economic principles know that by not much tourism, no work will be generated and therefore consumption will also decrease.

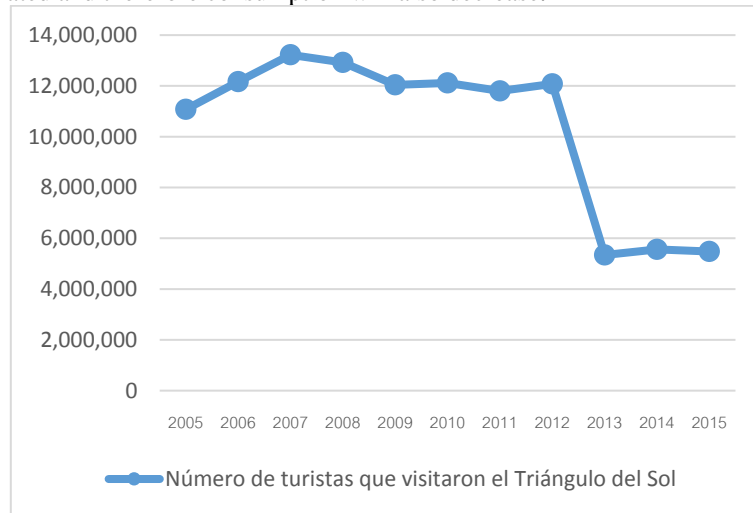


Figure 3: Tourists who visited the Triangle del Sol
Source: Own elaboration with reports from Guerrero State Government, 2005-2015

While the graph type of visitors can show the big gap between domestic and foreign tourists visiting the Sun Triangle, also presenting a very sharp drop in tourists received in the last two years.



Figure 4: Type of visitors who received the Sun Triangle 2005-2015
Source: Own elaboration with reports from Guerrero State Government, 2005-2015

Concerning the work is worth mentioning that many people were left unemployed by the little tourist demand, and in some hotels conditioned workers who were not fired, more nevertheless determined lower their salary that would have to go down because there was not direct income from which to pay them. Achieve employees not to be fired they could do because most hotels located in Acapulco and Ixtapa are hotel chains distributed throughout the republic and have income from other destinations that could allow them to take this measure.

As for socio-economic indices some data that reflect the situation is presented. It must be precise to say that these data are based on 2010 because it is the latest official statistical information:

Table 1: Socio-economic indicators Sun Triangle, 2010

	Acapulco	Ixtapa- Zihuatanejo	Taxco
Poverty	51.6 %	53.6 %	59.2 %
Educational backwardness	19.2 %	23.2 %	25 %
Health services	39.3 %	31.3 %	36.4 %
Employed population with income up to 2 minimum wages	42.68 %	34.85 %	54.30 %

Source: Own elaboration with data from CONAPO, 2010.

As it can be seen, the results in these areas are not encouraging, indicating the economic situation it is found these three municipalities, product of the tourism decline and its impact on the state economy. For Matthews (1986) institutions affect people in their economic lives, because they are who have both rights and obligations, which ultimately involve them. In this case it can be seen that has economic and social consequences. And state strategy has been little successful. However the conditions are worse, probably here are not looking at other sectors that could be more functional than this. As Barney (2008) says, it is sometimes necessary to seek value chains, something like different activities to those already made in Guerrero.

7. Conclusions

Analyzing the situation and the results, it can be concluded that the tourism strategy used by the Guerrero State Government has really been a failure because it has not produced the desired results. Besides, the population is seriously affected by not being successful. The investment it is making is not balanced neither on economic performance nor much more social.

Although diagnoses have been made to address this problem, the truth is that a diagnosis looks over the issue as it is not hard to dig deeper and find what the real reason that causes this situation is. It is true that insecurity has a very important role for the failure, but more must be acknowledged that the decline appeared much earlier and that the authorities wanted to make decisions when the situation was very serious. Sometimes social problems are health and disease, and when you have a terminal illness very little can be done.

The proposals suggested made are:

- A. Make a thorough analysis of possible factors for this situation.
- B. Find new sectors or economic activities where each of these municipalities could be better.
- C. To participate with several experts not only in economy, tourism, but in other social sciences, sociology, geographers, etc. to allow a broader stage.
- D. Able to carry out tourism as an economic activity is necessary to note that it should allow development (OMT, 2016).

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PAYATAS DUMPSITE: THE EFFECTS TO THE HEALTH OF THE YOUTH

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ABSTRACT

Mounds of garbages is a sign of poverty within a country especially the lack of proper waste disposal. In the Philippines, there is a dumpsite located in Quezon City which is the source of livelihood of the people living there. The wastepickers or scavengers that were finding “Gold” despite of waste materials were not fully aware about the consequences of their work that leads to their exposure to hazardous substances especially the pollutants. Pollutants are threat to the health of the human body, it can be found in soil, water and air. There are diseases caused by the contamination of drinking water sources near the dumpsite. Leachates are substances that seeps underneath the ground and free flows in direct contact through the waters. Exposure to harmful substances can lead to different types of exposure such as Chronic and Acute Exposure. By helping these wastepickers or scavengers through training they can have a livelihood that will not need their health to be put into risk.

Keywords: Pollutants, Wastepickers, Scavengers, Leachates, Chronic Exposure, Acute Exposure

HAPPINESS AT WORK AMONG DIFFERENT TYPE OF WORKS: TURKEY SAMPLE

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ABSTRACT

Happiness is one of the important subjects in positive psychology. Happiness at work has become a popular subject for both academicians and practitioners. Our study aim is to test two hypothesis: Is there significant differences in level of happiness at work between different type of works (Blue Collar-White Collar and Academicians).

The survey was performed in different companies with 3978 workers in Turkey. The questionnaire includes demographic seven questions and two more question about happiness at work. The first question is "Are you happy at work" and If they say "yes" they don't answer second happiness question. If the answer is "no" they answer the second question. What is the main reason that makes you unhappy at work?

The data analysed with SPSS statistical programme. The results show that %67,3 of sample "happy at work", %32,7 "not happy at work". To test H1, if there is a significant differences between "happiness" and "different type of work", Chi Square Test is computed. The results of analysis revealed that there is a significant relationship (correlation coefficient is ,000) between "happiness at work" and "different type of works", so H1 is accepted. To test H2, if there is a differences between "reason for unhappiness" and "different type of work", Chi Square Test is computed. The results of analysis revealed that there is a significant relationship (correlation coefficient is ,000) between "reason for unhappiness" and "different type of works", so H2 is accepted.

Keywords: Happiness, Work, Happiness at Work, Turkey, Occupations

NEGATIVE ONLINE CONSUMER REVIEWS AND ORGANIZATIONAL RESPONSE: THE CASE OF FRENCH HOTEL SECTOR

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ABSTRACT

The main objective of this research is to analyze the practices of the organizational online review management, in particularly in the hospitality sector in France. According to the existing literature, responses to consumer reviews, and especially to negative ones, are of crucial importance in the hotel reputation management (Sparks & Bradley 2014; Torres, Singh & Robertson-Ring, 2015). So far few researchers have been interested in investigating the responses to negative online reviews by the hotels and on their impact on actual and potential clients. Expert face-to-face interviews have been realized with hospitality and social media professionals in France in 2015-2016, completed by observation on two popular online review web sites (TripAdvisor and Booking.com). The results show differences in practices of hotel responses to negative online reviews: from a simple monitoring with no response or only some response, to a regular policy of response to all reviews. Several factors could explain these differences, such as belonging to a hotel chain, hotel category, financial and human resources dedicated to customer service, or the responsibilities of the staff. The main issues of this study could help the managers of organizations dealing with negative online customer reviews to be more efficient in their responses to these reviews.

Keywords: hotel, online review, organizational response, service marketing, TripAdvisor,

INTRODUCTION

The electronic word-of-mouth (eWOM) has exploded in recent years and has transformed the way of searching for products and services by individuals (Belvaux & Marteaux 2007; King, Racherla & Bush 2014; Serra Cantallops & Salvi 2014). Among the eWOM forms, the online consumer reviews have a particularly important impact on the search of information, the evaluation and the decision-making of the consumers for many products and services, and in particularly in the field of tourism and hospitality (Browning, So & Sparks, 2013; Litvin, Goldsmith & Pan, 2008; Xiang & Gretzel, 2010). Among the reasons that could explain the popularity and the impact of the web sites with user-generated content (UGC) among consumers, one could mention the ubiquity of the web, the ease and the anonymity to access online consumer reviews web sites, and also the availability of positive and negative evaluations of products and services posted by a large number of consumers (Buhalis & Law, 2008). The information on these sites is generally provided by the customers that have had a recent and direct experience with a product or a service. This information can take different forms, such as aggregated ratings or detailed stories on individual experiences (Flanagin & Metzger, 2013). Trust in these online reviews is quite high, with about 70% of consumers indicating that they do trust this type of communication (AC Nielsen, 2012).

It has been suggested that importance of such reviews is not the same across industries (Torres et al., 2015). In fact, research has revealed that consumer-generated feedback is more important to prospective purchasers of experiential products (Senecal & Nantel, 2004), such as tourist and hotel products and services. With no previous experience of their own, potential customers tend to consider other customers' evaluations a reliable basis for preparing their future buying decisions (Flanagin & Metzger, 2013; Vermeulen & Seegers, 2009). Thus, online consumer reviews are considered by consumers to be rapid and practical means for evaluating and comparing tourist and hotel products and services, means that reduces risks which are potentially associated with the buying act (Sparks, So & Bradley 2016). However, according to some studies, online reviews could have a more important role for information and knowledge sharing, rather than for influence directly buying decisions (Duan, Gu & Whinston, 2008; Luca, 2011; Vermeulen & Seegers, 2009).

French hotel market has been chosen as the object of this study for several reasons. France is the first tourist destination in the world (OMT, 2015), and Paris is still one of the favorite tourist destinations, despite

a decrease of tourist attendance after recent terroristic acts. Practices of online review management in different types of Parisian hotels (chain, franchised or independent hotels, from 3 to 5-stars) have a great interest for our research. Besides, to our knowledge, few research articles have concerned the French hotel market so far (Beauvisage et al., 2013). So it seemed to us that it would be interesting and useful to explore the practices of online review management in the French hotel market, to see whether they are similar to or different from those that have been analyzed in the existing literature on hotel market in other countries (such as the USA or China).

The results of our study show a number of factors that influence the online review management by hoteliers. Among these results, there are the financial and human resources dedicated to customer service, and in particular to the online review management, general management policy in this field, belonging to a hotel chain with a deliberate and specified online review management strategy, and also the responsibilities of the staff in charge of customer service.

LITERATURE REVIEW

Through reading online reviews, consumers can obtain purchase-related information (e.g. price equity), learn about the actual consumption of a product and observe the buying behavior of their reference groups (Hennig-Thurau & Walsh, 2003). Online reviews are valuable in purchase decision making because they help shoppers glean unique information over and above that provided by sellers (Pee, 2016). While sellers typically supply information such as product attributes, technical specifications and performance, online reviews are often framed around users' perspectives and provide information about actual product usage (Lee et al., 2008). Online reviews may also reveal information that firms would hesitate to mention or omit due to space constraints in traditional marketing media. Online reviews can have a positive or negative valence. In any customer opinion platform, one can find positive and negative online reviews, and they have been shown to be separate constructs demonstrating discriminant validity (Goyette et al., 2010). Evaluations can be viewed during a certain period of time, often for a very long time. Research has shown that they could have a considerable impact on organizational reputation, including tourist and hotel properties (Hennig-Thurau et al., 2004 ; Hennig-Thurau, Hofacker & Bloching, 2013), and also on operational performance (Ye, Law & Gu, 2009). While positive reviews tend to increase prospective customers' anticipation of benefits, negative ones induce expectation of risks (Lee et al., 2008). Researchers found that negative online reviews occur three times less than positive reviews (Ha 2002; East, Hammond & Wright, 2007) but that customers tend to be more affected by the negative ones (Lee, Rodgers & Kim, 2009). One of possible explanations is that potential customers may consider negative online reviews to be more diagnostic and informative than positive ones because information about product benefits is typically already available as part of a product's marketing efforts (e.g. in advertisements and product description) (Lee et al., 2008).

In order to avoid eventual negative effects that unsatisfied customer experiences could have on large web audience, many organizations appoint one or several representatives to monitor and to intervene, when necessary, in the online discussions (Van Noort et al., 2014). These practices are known as "webcare", or "the act of engaging in online interactions with (complaining) consumers, by actively searching the web to address consumer feedback (e.g., questions, concerns and complaints)" (Van Noort & Willemsen, 2012). Webcare addresses consumers that post comments (especially negative ones) in a digital environment. But it also addresses large audience that could read these comments. So webcare concerns multiple organizational goals: customer care, marketing and also public relations (Van Noort et al., 2014).

Thus, it becomes more and more important for firms in different sectors, including tourism and hospitality business, to monitor and to manage the eWOM. One of the main questions one could ask is to know how the response from businesses to the customers' comments could improve the consumer attitudes towards these businesses, in particularly hotels. Should a firm, or should it not, answer consumer comments? If yes, how should it be done?

On the one hand, some studies on hotel responses strategies to negative online reviews have already been realized (Levy, Duan & Boo, 2013; Mauri & Minazzi, 2013; Park & Allen, 2013). According to some researchers, an organization could minimize critics by leaving without answer negative events (McLaughan, Cody & O'Hair, 1983). Response could, under certain conditions, have a negative effect on buying customer intentions (Mauri & Minazzi, 2013) and on hotel performance (Xie, Zhang & Zhang, 2014).

On the other hand, some researchers insist on the necessity for hotels to search and to answer comments that have been posted by consumers (Wei, Miao & Huang, 2013). They also call for more research in this area, especially concerning ambivalent consumer reviews, non-student samples and various dimensions of management responses such as the tones of the responses or the sources' characteristics. According to the research of Chan and Guillet (2011), « by leaving negative comments of its customers without an answer, a firm could find itself in an unfavorable situation and loose its existing or potential clients ».

Some authors proposed dedicated typologies of responses (Levy et al., 2013, Sparks & Bradley, 2014), and other suggested strategies for those responses (Park & Allen, 2013), while some others researchers analyzed different typical components of the hoteliers' responses (Zhang & Vasquez, 2014). So our research aims to follow these studies. In particular, we analyze whether the typology of strategies of Park and Allen (2013) and the "triple "A" typology of response elements of Sparks and Bradley (2014) apply to the studied sector.

Park and Allen (2013) proposed a typology of frequent/infrequent responders in upscale and luxury hotels in the USA, based on the frequency of responses of the hotels but also on the perception of online reviews by the management and the internal communication and the global strategy of the hotel management. The "triple "A" typology of Sparks and Bradley (2014) includes acknowledge, account and act.

RESEARCH QUESTION

Thus, it seems interesting to us to study online consumer reviews management practices and the response strategies of the hotels, to analyze and to compare these findings with those analyzed in the existing research and to find similarities or differences.

The research question is then: what strategies of response to negative online consumer reviews are used in the French hotel market, and what are the factors that influence these strategies?

METHODOLOGY

To explore our subject and to find elements useful to answer the research question, in-depth semi-structured face to face interviews with hotel (3- to 5-stars hotels in Paris) experts and social media experts, and non-participant observation on online consumer review web sites (TripAdvisor and Booking.com, 3-, 4- and 5-stars hotels in Paris) have been used, inspired by the research of Levy et al. (2013). We mostly registered and analyzed the negative online reviews and responses to these reviews from the hotels whose management accepted a face-to-face interview, to compare the interviews' content to real practices of these hotels on online consumer review web sites.

RESULTS

According to our findings, we confirm several elements of the existing typologies of response elements (Sparks & Bradley, 2014) and of response strategies (Park & Allen, 2013). An important number of the analyzed responses to negative online reviews contain the three main elements proposed by Sparks and Bradley (2014): acknowledgment, account and act. Response strategies by Park and Allen (2013) are also similar to some hotels of our sample, according to the results of our interviews.

Most interviewed experts (92%) agreed that negative online reviews should be answered, even if an answer is not specifically required by the authors.

Some hotels (especially 3-stars ones in our sample) lack resources, financial, human or both, for developing a social media policy and for providing a regular monitoring and an efficient management of online consumer reviews. In some cases, front office or customer service managers read online feedback on their hotels only irregularly, from time to time, and answer randomly to negative and very negative reviews (as in some 3-stars hotels in our sample).

Some hotels explain this behavior by inertia of the general management, a lack of financial and human resources and an insufficiently dynamic hierarchical structure. The latter does not authorize, for example, to quickly adapt to the market needs and to hire staff with competencies in social media management, or to plan an appropriate training to the hotel staff: "we are supposed to answer online reviews but I do it as I can, as I feel from the "real" practice (...). They [the management] never offered me an appropriate training... they do not have money for this" (interview 12).

On the other hand, online review management practices can differ even within the same hotel chain (for example hotels belonging to a hotel chain or franchised hotels in France). Thus, in 3-stars franchised hotels, staff seems to be more independent than in hotels from the hotel chains and more upscale hotels. For example, in one of the franchised hotels in our interview sample, the manager in charge to answering online reviews is also conference & events sales executive, so he has many responsibilities and often lacks of time to regularly answer online reviews. At the same time, he has not to report about his activity on online reviews to the general manager, "unless some very negative, even dangerous" reviews (interview 16). Normally, the general management "trusts" this manager, so he "organizes his work as [he]can » (interview 16).

As for hotels belonging to international hotel chains or to private groups (some 3-stars but especially 4- and 5-stars hotels), these properties have a more developed customer relation service that is much more active in responding online reviews. Most of the customer service managers in these hotels find that it is very important to respond all online reviews, both negative and positive, to show their caring to their guests. They have to regularly report to their general management about their activities of online reviews and comments management. They consider the efforts of personalization of the responses to be their priority, especially in responding negative comments, and they fix for goal to “transform every unsatisfied guest into a loyal guest” (interview 14).

Theoretical and Managerial Implications

This study identifies some theoretical gaps in the understanding of practices in terms of online consumer reviews management, for example, by distinguishing several types of hotels (belonging to a hotel chain, franchised, independent) and their influence on the response to online reviews strategy. We found similarities with the typology of frequent/ infrequent responders of Park and Allen (2013). Our research aims to better understand and to conceptualize different components of hotel responses to online reviews, following and confirming the ‘triple “A” typology of Sparks and Bradley (2014). The main goal of our research is to identify those components that are able to influence attitudes and repeat purchase intentions of consumers that posted an online review and got a response.

Thanks to this research, we also formulated practical recommendations on the structure and different elements of response, and on their influence on consumers. These recommendations include, among others, the responses personalization, the presence of empathy and paraphrase elements, apologize and the confirmation or the promise of actions to avoid the same type of problems in the future. These recommendations are useful for hotel managers and also for managers in any organization that has to deal with the online consumer comments.

Limitations of the Study and Recommendations for Future Research

Several constraints related to interviews, especially access to experts, time and budget, did not let us to realize a more exhaustive research yet. We also chose a limited sample of hotels, in one country (France) and in the capital (Paris).

For future research, it could be interesting to study these phenomena in other countries and/or other sectors, with an eventually larger sample of organizations.

Further in our Ph.D. research, we will analyze different variables of the hotel responses and their influence on the individuals who are the authors of these reviews. Our future aim is to understand how responses to negative online consumer reviews influence the attitudes and repeat purchase intentions of the consumers who are the authors of these reviews. We propose to analyze the influence of different variables of hotel responses (such as timeliness, source of response, empathy, paraphrase of the review components, personalization of the answer message, etc.) on the attitudes and repeat purchase intentions of the consumers who posted the reviews.

Besides, an important number of research articles on responses to online consumer reviews have been realized on student samples. To have more robust results, we will submit an online questionnaire to individuals that posted an online review on a hotel, after a stay in this hotel, and got a response from it. The customer database from some hotels in Paris will be used, and we will also contact the review authors on TripAdvisor, as this website has the option that enables any registered individual to contact the visitors who posted reviews.

CONCLUSION

The existing body of research emphasized the importance of online consumer reviews, especially negative ones, in different sectors and for different products and services, for the reputation management of organizations and their operational performance. These reviews are crucial for experiential products, such as tourism and hospitality products. Responses to the negative reviews in an appropriate environment (online review sites, social media...) constitute an important feature of the online review management. At present, little research have been dedicated to the influence of the responses to online reviews on the authors of these reviews and on the observing public

Our research aims to enrich the existing literature on this topic and to bring complementary elements of comprehension of different ways to manage the negative online consumer reviews in French hotels. Several factors are found that could influence the policy of review management, among them financial and human resources, global strategy of the general management or the responsibilities of the staff in charge of online review management.

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DIVINE MADNESS IN ISALMIC PATH AND MYSTIC LITERATURE

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ABSTRACT

Divine madness is an especial kind of mystic path which representation of deep theosophy and high knowledge of some God's saints outside framework of etiquette & conventional customs which real understanding of their ethereal esteem is required to having interior vision. The madness over sanity represents their ethereal evaluated purpose & making an especial esteem by the SUFIS. This group is called frenzy, the wise fool, divine mad & prostrates in mystic literature & texts. Ibn-E-Arabi had called this race "Bahalil" & stressed that their madness is because of occult divine contingencies. In his viewpoint ascendancy of this vision entrance them as if result in unending ascent of their sanity to divine world of reality though they talk as a sage who is out of their policy & wisdom & we can mention that it is on behalf of God. The examples of this are this vision on Muses thunderstruck in Toor & the Islam prophet in first instance of descent of Quran. The difference between prophet & the insane is that God protect the prophet's sanity & wisdom whereas the sanity of insane is confined with God. 'Attar' in his mystic couplets especially in "Mosibatnameh" had demonstrated to the most attractive narrations about divine insane. The disposition of these insane is delicately uttered by 'MOLANA' in demotic narrations. 'Ibn-E-Jozi' in "Sefvat al safveh" & 'Abdolghasem Neishabouri' in the "Oghala-e- Majanin" have predicated many narrations about the insane of this people which are demonstration of piety of this people which have the feature of lecture.

Keywords: Divine madness, the wise fool, Bahaolayl, mystic literature, Islamic mystic path

IMPACT OF GAMIFICATION STRATEGY ON ACADEMIC ACHIEVEMENT AND ACHIEVEMENT MOTIVATION TOWARD LEARNING AMONG STUDENTS OF SECOND STAGE OF BASIC EDUCATION IN MUSCAT, SULTANATE OF OMAN

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ABSTRACT

The current study aims to determine the effect of Gamification strategy on academic achievement and achievement motivation among students of the second stage of basic education in Muscat Governorate. The current research sample has reached (68) students divided into an experimental group (34) and a control group (34). The quasi-experimental approach has been used for the application of the study, as well as the descriptive analytical methodology for the analysis & interpretation of previous Arabic and foreign studies addressing the subject of Gamification strategy, motivation and academic achievement. To assess such effect, researchers have used an educational electronic game for the application of Gamification strategy, motivation scale and achievement test (pre & post). The study found the existence of statistically significant differences at a level of significance ($\alpha = 0.05$) between the experimental group and the control group in the increase of motivation for the experimental group, in addition to the existence of statistically significant differences at a level of significance ($\alpha = 0.05$) between the experimental group and the control group in the increase of academic achievement for the experimental group.

Keywords: e-Content, Gamification, Motivation.

INTRODUCTION

Education is the foundation for nations' renaissance and the secret of their development, so we must cope with current developments and work on the development of education to meet the needs of the stage we are going through. The basic educational stage is an important stage in the life of an individual due to its impact on the formation of his character, as it is the period in which his mental & skill abilities grow and he determines his attitudes; therefore the individual needs to interact and participate with the educational process elements both inside and outside the classroom.

The field of teaching methods & strategies has saw a diversity in the latest strategies aiming to raise motivation among students towards education by attracting their attention to the educational subjects and putting it in a mold which is accepted and positively interacted with by the student, creating an interactive participatory educational environment, and this enhances the pupils' self-confidence and their satisfaction with education.

What many students known about traditional education is that it is ineffective and boring, however, teachers are always looking for new ways of teaching, but it is agreed that schools today face a great difficulty in attracting and motivating students to learn. The importance of games usage in education lies in its ability to strengthen the knowledge and develop skills of the learner, and the development of cooperation &

communication between learners, in addition to having a wonderful motivational force where a number of games is used to encourage people to interact at no charge but just for the fun of playing and winning probability. Nevertheless, to innovate an educational game is a long, time-consuming and costly matter, where the game designer targets a group of learners having special characteristics taking into account the achievement of learning objectives as well as the need for a technological infrastructure in classrooms for its application. The use of comprehensive games requires a great deal of design and development efforts, where Gamification methodology suggests the usage & designing of gaming elements to improve the participation and motivation of the learner (Dicheva, Dichev, Agre, Angelova, 2015).

Therefore, we must apply modern strategies which are suitable for the digital generation, increasing its motivation and encouraging the behaviors to be achieved through the educational objectives including Gamification strategy which concept has appeared in marketing fields, but it is adopted in many fields, particularly education, because it helps teachers find a balance between achieving the educational goals in addition to fulfilling the evolving needs of learners. (Hsin, Huang, Soman, 2013).

The current research aims to determine the effect of using Gamification on the motivation of the students from the second stage of basic education.

STUDY PROBLEM

Through researchers' work in the educational field as teachers and educational supervisors, they noticed that students feel boredom and lack of concentration during the explanation if the teacher uses traditional methods of teaching which lead to the lack of learner's desire in interacting with the teacher as well as his colleagues; whilst they noticed if the teacher uses teaching methods attracting students' attention such as display tools attracting learners' attention or educational games, students interact with it so that it increases their self-confidence. Researchers noticed the impact of low motivation on academic achievement among students through assessment tools and, most importantly, examinations results; to make sure thereof, researchers have made a questionnaire, to analyze learners' needs, distributed to students of the second stage of basic education, where it showed that students mostly tend to applied materials and can't absorb large amounts of knowledge & information during an educational class, so they prefer learning through activities mostly characterized by interaction and movement, and that their concentration increases when technology is used, they learn and interact in a better manner when using teaching methods characterized by fun and entertainment than traditional methods such as discussion and dialogue. Through these findings resulting from questionnaire analysis, researchers found that students' motivation increases when using teaching methods characterized by fun and entertainment where there classroom interaction, attention and self-confidence increase, so teaching ways must be chosen to be attractive to learners and characterized by motivation and challenge through the innovations of technology. This is available in Gamification which converts lessons or modules to an entertaining game through which students learn with the existence of an atmosphere of fun, enjoyment, challenge and stimulation.

In the light of the above, study problem can be summarized in an attempt to answer the following main question:

How far is Gamification strategy effective in raising motivation among students of second stage of basic education in Muscat, Sultanate of Oman?

The following sub-questions are branched off the above main one:

1. What is the impact of Gamification strategy on raising motivation towards learning for students of the second stage?
2. What is the impact of Gamification strategy on raising the academic achievement of students of the second stage?

STUDY OBJECTIVES

The current study aims to assess the relationship between Gamification strategy and raising motivation for students of the second stage, where those objectives are specified as follows:

1. Identifying the relationship between Gamification strategy and raising motivation for the students of the second stage.
2. Identifying the impact of Gamification strategy on raising the achievement level for students of the second stage.
3. The provision of appropriate proposals and recommendations in the light of findings.

STUDY IMPORTANCE

The importance of the study lies in two aspects as follows:

The theoretical aspect: is providing a conceptual framework about Gamification strategy and its effectiveness on the motivation of students of the second stage.

The practical aspect is as follows:

1. Providing essential information about the relationship between using Gamification strategy and raising the motivation for learning in order to enhance the academic achievement for students of the second stage, and thus utilizing it in the future as there are no researches in the Arabic language in Gamification and its impact on education.
2. The results of this research benefit competent entities in determining the impact of Gamification strategy on learning and raising the motivation of students towards learning.
3. This research may draw the attention of officials and those in charge of the development of education & updating learning strategies in determining the criteria for designing such strategy in the most optimal and suitable manner for this category.

STUDY ASSUMPTIONS

In light of study problem, questions, objectives and importance, the following hypotheses have been set:

1. There are statistically significant differences at the level of significance ($\alpha = 0.05$) between the experimental group and the control group in increasing the motivation for the experimental group.
2. There are statistically significant differences at the level of significance ($\alpha = 0.05$) between the experimental group and the control group in the increase of academic achievement for the experimental group.

STUDY LIMITS

Spatial limits: "Birkah Bent-Thalabah" Basic Education School (Grades 8-12) in the State of "Al-Seeb" in Muscat Governorate. The reason for the selection of researchers for this school is the provision of capabilities required for study, which are a computer lab containing a PC with internet for each student, a display screen and a projector.

Temporal limits: the academic year 2015-2016 AD, the second semester.

Human limits: students of the second stage of basic education, the 9th basic stage.

STUDY METHODOLOGY

1. Descriptive analytical methodology:

For the purpose of assessing the role of Gamification in raising students' motivation to learn, through previous international researches & studies in the field of Gamification, in which light a game for an educational content

has been designed in the subject of science for the ninth stage as well as a questionnaire to measure research variables.

2. Semi empirical approach:

Used in research experiment to study the effect of Gamification strategy on raising motivation and academic achievement among the search sample.

STUDY VARIABLES

The independent variable represented in: the strategy used in teaching, which is Gamification.

The dependent variable represented in:

1. Achievement motivation.
2. Academic achievement.

STUDY TERMINOLOGY

1. Gamification:

According to Hsin & Others (2013) in her study, the definition of Gamification, as defined by Gamification teacher Yokai Shao, is a "the craft of deriving all elements of fun and thrill elements as well as addictive elements in games and its application to any actual or productive activities".

According to Susan (2013): it is the usage of gaming designs & mechanisms to improve the non-gaming contexts.

The researchers procedurally define Gamification to be the application of game elements and digital design techniques for games in achieving educational objectives, attracting the attention of learners, raising motivation and solving the problem of low academic achievement.

2. Motivation to learn:

Learning motivation is defined as the desires efforts exerted by the student to achieve a certain level of success and attain the educational objectives (Hamdan, 2006).

Ghobary (2008) defined it as a special case of the general motivation referring to an internal state of the learner pushing him to pay attention to the educational situation, getting to it in a directed activity and continue until the learning is achieved.

Researchers define motivation as the power that makes the learner want to study and represents the degree obtained by the student in the learning motivation scale by Gamification.

3. Motivation scale:

Researchers procedurally defined the motivation scale as the sum of degrees in achievement motivation scale obtained by the responder.

4. Academic achievement procedurally:

Researchers defined the academic achievement as the sum of the grades obtained by the student during her answer to pre or post-examinations prepared by the researchers.

5. The second stage:

It is an academic educational stage including students aged 11-15 years, and is characterized by hyperactivity and dispersion of attention. This stage is the beginning of forming their independent personalities.

THE THEORETICAL FRAMEWORK & PREVIOUS STUDIES

ACADEMIC ACHIEVEMENT

Academic achievement intensity (2013) is defined as: achieving a certain level of proficiency in the study, whether at school or university, and is determined through standardized examinations or teachers' estimates or both.

Hamada (2010) has defined in his study the concept of academic achievement as: descriptive information showing how much a student has learned out of a subject content, this shall be done through the tests that apply to students during the school year in order to measure knowledge, concepts and skills, i.e. academic achievement is measured by how much students have learned from the course content and how much skills, knowledge and concepts acquired by the student from the subject, and is measured through tests that apply to them during certain periods of time.

Academic achievement is divided according to the classification of (2013) intensity into three sections including: a good achievement in which student performance is higher than his peers through using all capabilities & capacities that ensure him attain a higher level of achievement performance expected from him. Whilst in case of intermediate achievement the grade obtained by the student represents one half of his abilities so that his performance is intermediate and so is the information keeping capacity. For the low educational achievement, the performance of the student is subnormal in comparison with his peers, so that the ratio in which he benefits from his studying is very low.

Many factors affect the academic achievement of the student such as, according to Hamada (2010), the school factors such as the social and physical environment of the school, systems of examinations therein, the student's relationship and compatibility with his colleagues and teachers. The more the teacher is able to know the developmental stages of pupils, their problems and how to deal with it, this affects their academic achievement. There are factors related to the family, the way in which parents deal with children and the impact of this on academic achievement. Other factors are related to the learner himself, his behavior and the extent of his concept about himself, as the way in which he sees himself, as someone who is capable of learning and success, affects his school achievement; other factors are related to the learner himself such as motivation and achievement; the academic achievement is linked to student's motivation so that the stronger the motive a student possesses for achievement, the higher his academic achievement becomes.

Expectations, that are set around the learner and the extent of his academic achievement, negatively or positively differ from what's actually decided because the factor which is responsible for this is a high or low motivation for achievement which is called achievement & learning motivation (Feki, Mansour, Altwaijri, 2010).

MOTIVATION

Motivation is considered an important factor in human behavior, a key manifestation of mental health, one of the most complicated issues in the field of psychology & achievement motivation and a self-goal which activates and directs behavior. Previous studies & researches suggest that the behavior of individuals is driven and directed by a number of different motives so as to satisfy their biological needs such as hunger, thirst and avoiding pain, in addition to the satisfaction of social needs such as normalization and acceptance.

Achievement motivation is an important component for academic success in all levels of education, from primary school, through high school and finally the undergraduate stage. During the first school years, it is an important motive directing the behavior of the student towards acceptance or avoiding non-acceptance in situations requiring academic excellence. Accordingly, achievement motivation becomes a strong controlling factor in in pupil's school life as the acceptance of teachers to students is mainly based on their continuity to achieve a high level of achievement (Jalali, 2011).

Achievement motivation may be defined as the desire in a good performance to achieve success, so that individuals with a high motivation for achievement tend to make serious attempts to get a great deal of success in many different life situations. When studies were carried out on samples of children equal in general mentality and different in achievement motivation level, it was found that the performance of the group with a high achievement motivation was better than the performance of the other group in speed tests of language, math and problem solving; it was also more persistent and more tending to get solutions for situations requiring a solution to the problem and the continuity to work & diligence even in the absence of external stress. It was also found that they have achieved high levels of success in the secondary and university stages; they tend to occupy prominent positions in the community and ascend above their family origins (Jalali, 2011).

Sherry (2015) in her study referred to the existence of a correlation between each of the academic motivation of all kinds (internal, external and the lack of motivation) with all dimensions and the total grade of academic integration. The researcher explained that the greater the motivation of students to learn and go to school, the more they become integrated & participating and the more their achievement level increases. The findings of Jassim & Helw study (2014) showed that there is a relationship between the desire in academic specialization and the academic motivation among university students.

The motivation is a main conditions guiding behavior and acquiring & learning different skills in different areas of behavior, especially in school learning situations. Therefore, we find it useful to display the most important guiding methods to raise learners' level of motivation, which are as mentioned by Careman (2012):

- An immediate positive reinforcement.
- Directing the attention of students with low motivation to noticing models (examples) with high academic achievement and what they have achieved from his place.
- Effectively enriching academic materials and providing supporting means and activities.
- Developing student's awareness of the importance of learning.
- Highlighting the importance of success in individual happiness in accordance with the positive response.
- Developing innovation and encouraging talents.
- Finding educational solutions student's psychological, health and family problems.
- Positively developing the classroom environment.
- Showing the school in a proper manner in front of the student by the family.
- Taking into account individual differences between learners when dealt by teachers and parents.

Nawal emphasizes in her study (2010) on the existence of a positive relationship between verbal interaction and motivation for learning among students, so teachers and students shall be trained when applying as well as the use of classroom interaction networks to monitor pupils' behavior.

No doubt that individual's interests, motives and tendencies for the issues that satisfy those concerns are considered as attention directives and thus effectively affect his achievement level. In addition, individual's needs and attitudes are determinants oriented to the selection of interesting things attracting his attention (Jalali, 2012).

GAMIFICATION

Nearby years has seen a wealth of academic and general publications on effective educational games & Gamification, which are considered correlated because they are trying to use gaming elements to achieve something beyond playing. Deterding, Khaled, Nacke, & Dixon (2011) stated that Gamification is an example of serious games so that they defined it as an application of gaming elements for the non-entertaining expected objectives (2015, Richter, Raban, & Rafaelim).

The study of Dicheva & Others (2015) reported that Gamification is the use of game design elements in non-play contexts which is a relatively new field and is growing rapidly. Gamification is different from educational game in terms of concept, as the term of Gamification is a very modern term. Its first documented use was in 2008, but has not been widely applied before the second half of 2010, however, there are some elements of Gamification which are not new such as marks and ranks used for a long time in the army since the Soviet era by the Soviet leaders as an alternative for monetary incentives for the performance of work. Commerce is one of the fields that use Gamification widely.

In the light of both studies of Hougan (2015) and Dicerbo (2014), researchers concluded the difference between Gamification and learning by playing, where Gamification differs from learning by playing because it takes the entire learning process and transforms it into a game through the use of gaming elements such as rules & conditions of play, collecting points, moving to higher levels and the presence of a certain time to play. The following table helps to know the difference between learning by playing and gamification:

Table (1)

(The difference between learning by playing and gamification)

Gamification	Learning by playing
Loss ratio is less because the player collects points on an ongoing basis.	There is a high probability of loss.
Gamification is usually cheaper and easier.	The game can sometimes be expensive and more difficult at the inception.
Does not change much in the content but just adds a number of features	Content is usually transforming to fit with the game.
Gamification in education focuses on points, achievements and rewards.	Points, achievements and rewards are one component of the educational game elements.
Gamification in itself is a challenge for the player.	Exerting efforts to provide the right level of challenge for the player.
Focus on behavior change.	Focus on changing concepts.

The Gamification has an impact on the educational process as it encourages and motivates learners towards education. Darina & Christo (2015) studied the organizational planning for the application of Gamification in

education. Such study supplemented a previous study conducted by Dicheva (2015) aiming to cover all references related to Gamification in the educational process published until June 2014 for the purpose of reviewing the research trends on the application of Gamification in education and how the application is designed to match elements of Gamification. Whilst the new study of Darina & Christo's supplements that study through a review of research papers published during the year preceding the search (from July 2014 until July 2015) from another direction, to identify changes and guidance emerging from the comparison to results of the previous survey. The study found out that Gamification is a link & motive which can improve participation, if it has been well planned and organized.

The study of Dicheva & Others (2015) also emphasized that Gamification has the ability to improve education if it is well designed and used in the right way, so there is a need for more experimental researches, especially in the field of raising learners' motivation to learn by Gamification. It found that the application of Gamification faces some obstacles including: the need for a proper IT infrastructure, the lack of technical support and developing software tools capable of supporting Gamification in the educational field.

Susan (2013) explains that any form of games in a means to increase motivation. This is the most important thing in education, as nothing shows lack of students' motivation like repetition rates in educational institutions every year. There are multiple ways to Gamify education in the classroom, including:

1. **Grade Gamification:** in which students collect a set of points so that its number is determined at the end of the session, which contributes to motivate students and push them forward.
2. **Granting students badges:** students are granted a badge for each task they complement. This may seem like a return to the posters of kindergarten and golden stars. This is also applied in Khan Academy, where students are given points & badges so as to follow their educational progress and increase their motivation. However, it is important to add value to badges such as extra points or progress in a certain skill level.
3. **The integration of educational video games in your course:** the use of video games encourage students to continue, to insist on success and to overcome failure, so it will have a high impact on students' motivation when integrated in the educational process.

Creating a competition: games increase competition, raise the morale and enthruses students to participate and interact, where students show an understanding of the material and participation without having to raise their hands as Gamification contributes to increasing the general power in the classroom, motivates students and drives them to interact and compete.

4. **Gamification of homework to promote education outside the classroom:** this is because of lack of time during the school day, making it difficult sometimes to apply Gamification, so it is possible to convert the homework to the game which will contribute to raise motivation and pleasure for the student when performing the required homework.

With respect to aspects that must be considered to make the Gamification effective in the educational process, Hsin & Others (2013) illustrates its effective application procedure, namely:

- Understanding the target audience as well as the context to achieve the educational goals of the educational program.
- Identify both public and private educational goals of the educational program.
- The division of the educational program into definite phases so that it makes the goal seem more realized.
- Identifying the resources required to transform phases of the educational program into Gamification.
- Applying Gamification elements: subjective elements (points or achievement levels or drafting of time constraints) and social elements (which are a competition or interactive co-operation such as leaderboards).

Gamification role in raising motivation:

The motivation for an act is mentioned in social psychology, educational psychology and the organizational science through a set of theories that focus on certain types of environments. Motivation appears in an individual's selection to enter into an activity, the intensity of exerted effort or the insistence on an activity (Rafaeli, Richter, Raban, 2015).

Current comparisons are concerned with two prevailing types playing a role in determining a player's motivation to be internal motivation or external motivation. According to both studies of Deci, Koestner & Ryan (1999) and Ryan & Deci (2000), it was illustrated that motivation include two types (internal and external) on one hand by using external awards such as levels and points or badges to improve integration, and also seeks to raise the sense of achievement of efficiency, self-reliance and the sense of belonging (Rafaeli & others, 2015).

Ling (2005) proved in his study that the social component is considerably important in games. Competition, social interaction or cooperation may affect the player's behavior. For Vassileva's study (2012), which performed the current comparisons covering a range of external, social and internal motives as per the following figure (1), we note that at one end of the range we put the external motive which is the focus of the theory of Expectation Value and the Strengthening theory for the scientist Skinner. These theories explain the motivation to perform actions or behaviors that lead to external awards (Rafaeli & others, 2015).

On the other end of the range, Maslow's theory "Hierarchy of needs" focused on the internal motivation and the same for theory of "Achieving the needs" for Atkinson in addition to Pandora's self-sufficiency theory as well as the theory of targets preparing; all these theories are based on need. Theories in mid of the range explain the social motivation of games. In this context, we define Vestinger's theory of social comparison & self-investment. Each theory is mentioned in the following sections:

Table (2)

(Model of motivation in games based on studies of (Ryan, Deci, 2000), (Vassileva, 2012) and (Rafaeli & others, 2015))

Internal	Social	External
<p><u>Based on the need:</u></p> <ul style="list-style-type: none"> • Maslow's hierarchy of needs • Need for achievement theory • Goal Setting Theory • Self-sufficiency theory 	<p><u>Based on sociology:</u></p> <ul style="list-style-type: none"> • Social comparison • Self-investment theory 	<p><u>Based on awards:</u></p> <ul style="list-style-type: none"> • The theory of expectation value • Skinner's theory of strengthening

Gamification is a concept that can be used to make learning more attractive, but it should not be seen in isolation from other educational aids and teaching methods. There are many educational situations that

commensurate with the implementation Gamification both in traditional learning environments and in e-learning environments with careful design commensurate with learners & educational content properties. One can assess the usefulness of Gamification in education by observing the high level of motivation of learners through Gamification's content of external motivation to students through bonuses pushing them to achieve (Glover, 2013).

In the light of the above, researchers concluded the role of Gamification strategy in raising motivation among students towards education, which positively affects the raise of achievement level; so this research will be applied to determine the impact of Gamification strategy on raising motivation as well as academic achievement among students of the second stage in the governorate of Muscat.

This study is based on a range of Instructional theories, namely:

1. The constructivist theory:

The constructivist theory emphasizes that a person internally builds his information influenced by the surrounding environment, society and language, however, each learner has a method and privacy in the understanding of information, which may not necessarily be the way adopted by the teacher in the delivery of information to the learner, even if it is confirmed and repeated, it will not be useful in the construction of the information for the learner. This theory is the vision of the theory of learning and child growth, stating that the child is active in building its patterns of thinking as a result of the interaction between innate abilities and the experience (Altelwany, 2014).

One of foundations and principles of learning in the constructivist theory is that inference is a condition to build the concept that is built only on the basis of evidentiary conclusions, and that error is the learning condition where it is an opportunity and situation which when passed builds the right knowledge and the right learning combined with experience not indoctrination.

The constructivism, in its simplest form and most obvious significance, expresses that knowledge is actively built by the learner and not negatively received from the environment. Since Gamification strategy is based on gaming elements in the achievement of all educational objectives of content through these elements, it so makes an active and effective education based on the positive interaction between the student and design effects which is based on Gamification strategy (Altelwany, 2014).

2. Cognitive theory:

Cognitive theory implies that the individual experiences are stored in different forms (visual and verbal), it is concerned with mental processes, processors and ongoing interventions on the subject of learning in order to organize and integrate it into the cognitive learning environment. (Kitami, 2013)

One of the principles of cognitive theory in education states that the proper education is the one who which develops the student's skill to solve problems that require the advanced thinking skills such as comprehension, application, analysis, evaluation and creativity. That's where teacher's role starts through providing the means linking new knowledge and such previously acquired knowledge. The learner, according to this theory, is considered active upon reception, understanding and storage of information, remember it in need and use it in a new condition and so learning takes place. (Zouha, 2016)

Where Piaget confirms the importance of achieving balance and consistency between mental operations, conditions surrounding human beings and gamification strategy through adapting educational content, its knowledge and educational objectives to convert it to educational game to be able to react with it; so that he uses his mental abilities to pass different stages and achieve learning.

RESEARCH METHODOLOGY

Due to the nature and objectives of the research; the researchers relied on the following two approaches:

1- Descriptive and analytical approach

For the purpose of reaching gamification role in raising students' motivation to learn, through addressing the previous global research and studies in the field of gamification, achieving motivation and academic achievement. In the light of that, a game was designed for the educational content in science course for the ninth grade; in addition to choosing a measure of achievement motivation and pre and post summative assessment.

2- Semi empirical approach

In the application of research to study of gamification strategy impact in raising achievement motivation and raise academic achievement.

RESEARCH EXPERIMENTAL DESIGN

The used experimental design is based on two groups; experimental group using gamification learning strategy, and a control group using traditional learning strategy. Pre and Post Test shall be applied to the two groups and a measure of motivation. The following table reflects the research experimental design:

Table (3)

(The research experimental design)

Group / processing	Control group	Experimental group
Teaching method	Conventional	Gamification
Motivation scale	Applied	Applied
Pre and post test	Applied	Applied

RESEARCH COMMUNITY

The research community is composed of all students from the ninth grade in primary education Baraka bint Tha'labah primary education girls school (8-12) in Muscat governorate in the second semester of the year 2015/2016 ad.

RESEARCH SAMPLE

The research sample was selected randomly of 68 female students from the ninth grade and were divided into two groups, a control group of 34 female students and the experimental group of 34 students.

RESEARCH TOOLS

- 1) Rated achievement motivation scale developed by (Dr. Basim Al - Samarrai and Dr. Shawkat Al - Heiazei) in the Khalifa Kaddouri study in 2012.
- 2) Summative assessment (post and pre) prepared according to certified standards of short tests at ministry of education in Oman; such summative assessment was arbitrated by educational supervisors of science educators in the ministry.
- 3) Educational game designed according to good evaluation standards of educational software and based on gamification strategy foundations.

RESEARCH PROCEDURES

To answer research questions, researcher followed these steps:

- 1- Obtaining official approval by the ministry of education represented at technical office for studies and development in the ministry of education. Then the researchers noticed the general directorate of education for Muscat to apply the study in Baraka bint Tha'labah school (Grades 8-12) one schools of Seeb state.
- 2- Re-rationing achievement motivation scale to fit with age group for the research sample and research community.
- 3- Preparation of summative assessment, present it to the specialists of the educational supervisors in the science to prove the extent of its reliability and validity.
- 4- After making sure of the reliability and validity of the scale and summative assessment. It shall be pre and post applied to the research sample which was selected randomly.
- 5- One lesson of science courses for ninth grade. Then preparing a scenario for converting the educational course to an electronic game.
- 6- The researchers have communicated with educational specialists in the field of design and production of educational electronic games from the ministry of education to develop an educational game designed according to educational software evaluation standards and on the basis of gamification strategy.¹
- 7- Pre and post application results will be considered as achievement motivation scale and summative assessment of research sample.
- 8- Perform statistical processing on scale pre-results and the test using SPSS program.

¹ Mr. Jihad Hadrami (scientific clubs' supervisor in Muscat Governorate) - Activities Department - Educational programs administration - Muscat

- 9- Prepare computer lab at the school to implement the gamification strategy (gamification) and pre training of using programming.
- 10- Explain the lesson to the control group using conventional, and explain it to the experimental group using gamification strategy (gamification).
- 11- The posttest application of achievement motivation scale and summative assessment on the control and experimental groups.
- 12- Perform statistical processing on scale post-results and the test using SPSS program
- 13- results analysis, discussion and reporting.
- 14- Development of proposals and recommendations.

INSTRUCTIONAL DESIGN OF “SCIENCE LESSON” ACCORDING “GAMIFICATION STRATEGY”

The current research has adopted ASSURE model for instructional design, where prepare this model is one of the most commonly used models on integrating technology in the educational process. This model includes six stages namely; learners' characteristics analysis, setting objectives and standards, teaching strategies, use of teaching aids and technology, demand response from the learner, evaluation and review.

First, Learners' characteristics analysis:

The research sample characteristics were identified as female students in ninth - grade of primary school, aged (14-15). This stage is characterized by learners having the brainpower that help him in excellence, learn the skills, gain the information and the speed of collection; learners also have a tendency toward some courses which are characterized by using problems solving skills, reasoning, conclusion and deciding on matters. In addition; learners have the capacity of analysis and synthesis and also capacity on attention but need to a booster to continue its period. Learners also tend to personal contact and participation of peers in the various activities and have independence and responsibility tendency. They shall have previous experience knowledge about the applied lesson that has been learned in the sixth grade of the primary school, and have the technological skills in dealing with the tools in place (computers, headset, mouse, electronic games); through the questionnaire applied to determine the characteristics of the research community, it was concluded that they have a tendency to self-learning in an atmosphere of fun and interacting with reinforcing elements.

Second, Setting objectives and standards:

The educational objectives were developed by bloom's classification of cognitive educational objectives ranging from cognitive, applied to the analysis, namely:

- To mention space invasion moon exploration stages.
- To give the reasons of the existence of some natural phenomena on moon surface.
- To conclude the importance of the giant project of space exploration.
- To master interaction skills with educational software.

- To realize the greatness of the creator concerning the existence of planets and moons in space.

Third, Teaching strategies:

The use of teaching strategies, gamification strategy (gamification) and individual education of the experimental group that has designed the software based on its standards and foundations, while using discussion and brainstorming and dialogue strategy in the control group.

Fourth, The use of teaching aids and technology:

Designing software on computer using configure Kodu game lab² program with the experimental group, the software contains pictures, voice and interactive elements. the female students shall interact with the software using mouse and click on pictures of game characters and responding with displayed subject with positive and negative visual and sounds effects according to the learner response; in the presence of continued reinforcement through granting the learner figurative cash rewards.

The teaching aids and tools needed are a computer for each student and educational software based on gamification strategy.

The control group used the traditional teaching methods, such as the board and textbook.

Fifth: Demand response from the Learner:

According to the gamification strategy (gamification) and individual learning; the educational software will as responses through using events display in sequence and interesting way. When the learner interacts positively with stage, she shall move to the next stage, accompanied by voice and text instructions and directives.

Reinforcement: the software offers figurative bonuses, upon the response and interaction of the learner in a positive or negative way through the stages.

Positive reinforcement: appears directly after the response of the learner, which is a provision of figurative rewards of tokens and move to the next stage.

Negative reinforcement: appears directly after the response of the learner, a withdrawal of a part of the tokens reward without moving to the next stage until the learner responds in right way through repetition.

The control group learner responds traditionally through a discussion with the teacher and other students through the dialogue.

Figure (1)

Screen of the game screens

² <http://www.kodugamelab.com>

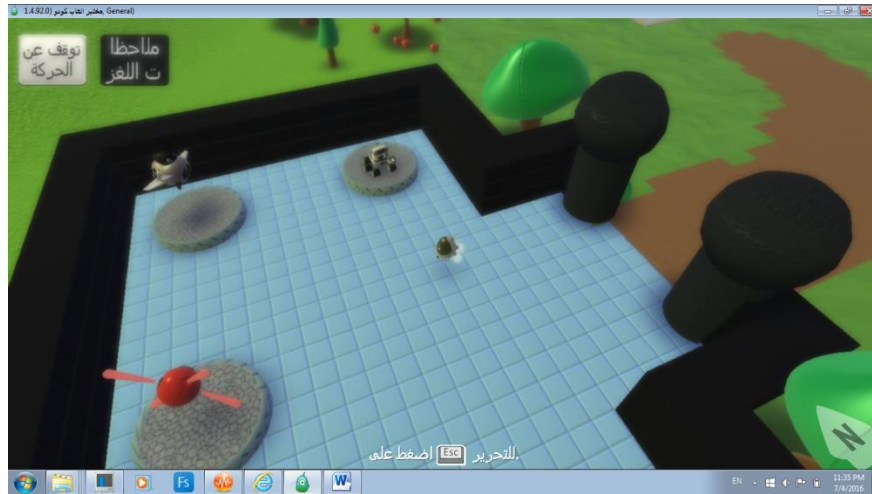


Figure (2)

Screen of the game screens



Figure (3)

Screen of the game screens

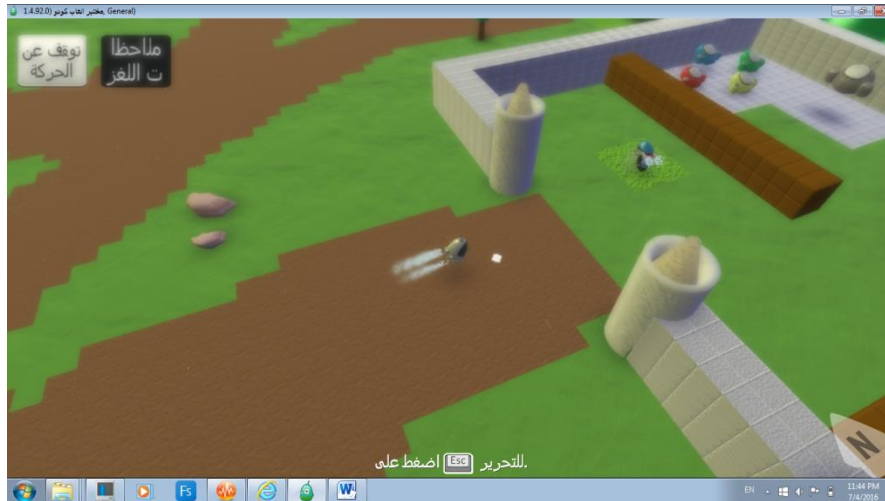


Figure (4)

Students during playing



Sixth: Evaluation and review:

The evaluation has been made through the development of a set of varied questions in each stage of the software, where it is answered by the learner; in addition to the provision of a summative assessment after the completion of the lesson.

The control group shall be evaluated by summative assessment after the end of the lesson.

SEARCH RESULTS REVIEW, DISCUSSION AND INTERPRETATION

Measurements Reliability:

Cronbach Alpha reliability coefficient was calculated for each scale to find out the research tools reliability, the reliability coefficient for summative test reached 0.43 and reliability coefficient of the motivation scale reached 0.93; these values are valid for the purposes of the present research.

Verification of Groups Equivalence:

To verify the equivalence of experimental and control groups, "T" test was used for the independent samples to compare between the two groups in terms of motivation and academic achievement. The results showed no

differences in both motivation and academic achievement between the experimental and control groups, which indicates the equality of the two groups. Table (4) shows "T" test results.

Table (4)

The results of (T) test of the differences between the experimental and control groups in post and pre measure of motivation and academic achievement

Variable	Experimental group (n = 30)		Control group (n = 24)		(T) Value	Potential value
	Arithmetic mean	Standard deviation	Arithmetic mean	Standard deviation		
Motivation	3.08	0.91	3.06	0.92	-4.49	.754
Academic achievement	0.34	0.33	0.33	0.34	0.111	.885

N = sample size

Research Results Analysis:

This part includes showing the results of research hypotheses to know the effect of gamification strategy in raising motivation toward learning and academic achievement; the following are the research results.

Results Related to The First Hypothesis:

There are statistically significant differences at significance level of ($\alpha = 0.05$) between the experimental group and the control group with an increase in the motivation in the favor of the experimental group.

To answer this question, (T) test was used for independent samples to determine if there were statistically significant differences at ($\alpha = 0.05$) between the experimental and control groups regarding motivation level on posttest measurement.

The results showed the existence of statistically significant differences in favor of the experimental group, where effect size indicates that 22% of variance in motivation is attributable to gamification strategy, and table 5 shows it.

Table (5)

(T) Test results of the differences between the experimental and control groups in the post-measurement of motivation

Variable	Experimental group (n = 33)		Control group (n = 24)		(T) Value	Potential value	Effect Size
	Arithmetic mean	Standard deviation	Arithmetic mean	Standard deviation			
Motivation	4.29	0.37	3.44	0.67	6.06	0.000	0.22

N = sample size

Results Related to The Second Hypothesis:

There are statistically significant differences at the significance level of ($\alpha = 0.05$) between the experimental group and control group an increase in academic achievement in the favor of the experimental group.

To answer this question, (T) test was used for independent samples to determine if there were statistically significant differences at ($\alpha = 0.05$) between the experimental and control groups regarding academic achievement level on posttest measurement. The results showed the existence of statistically significant differences in favor of the experimental group, where effect size indicates that 27% of variance in academic achievement is attributable to gamification strategy, and table 6 shows it

Table (6)

(T) Test results of the differences between the experimental and control groups in the post-measurement of academic achievement

Variable	Experimental (n = 33)		Control group (n = 24)		(T) Value	Potential value	Effect Size
	Arithmetic mean	Standard deviation	Arithmetic mean	Standard deviation			
Academic achievement	1.47	0.52	0.58	0.29	7.52	0.000	0.27

N = sample size

Discussing Research Results:

In light of the analysis of previous results; we draw the following conclusions:

- 1- The presence of statistically significant differences at significance level of ($\alpha = 0.05$) between the experimental group and the control group with an increase in motivation in the favor of the experimental group.

Hence; the researchers conclude raising the achievement motivation of the experimental group on using gamification strategy in comparison with the control group which used conventional method; this is attributable to the provision of fun and challenge atmosphere for the experimental group during learning, in addition to the availability of the proper learning environment for strategy application which led to increased interaction with educational game that helped in motivating the group. This motivation was accompanied by the continued positive reinforcement throughout the learning period and thus increasing achievement motivation for the experimental group.

This proves that the results of the study of both Darina & Christo (2015) which aimed to study organizational planning of apply gamification at education. This study intended to supplement the precedent study of Dicheva (2015), where their study concluded that gamification is able to motivate students to improve participation if it was planned and organized in good form.

It is also consistent with the result that came in the study (Glover, 2013) which proved that gamification contains an external motivation to the student through the bonuses that motivate him toward achievement and therefore raising the level of motivation of the learner.

In addition; This finding is consistent with the study of Dejatha et al. (2015), which confirmed that gamification contribute to improve education and increase motivation if it is used in the right way.

- 2- The presence of statistically significant differences at the significance level of ($\alpha = 0.05$) between the experimental group and control group with an increase in academic achievement in favor the experimental group.

Hence; researchers conclude raising academic achievement with the experimental group used gamification strategy compared with the control group used the traditional method of teaching due to the increased attention of the students in the experimental group and the high interaction with the educational game; thus increase their integration with educational content. In addition to learning in an atmosphere of fun and challenge which contributes to the stability and consolidation of information in the mind of the learner.

This finding is consistent with Hamada study (2010), which proved that academic achievement is linked to student motivation. whenever the student possessed a strong achievement motivation, the higher academic achievement he realizes. Also, this finding is consistent with what came in the Jalali study (2012), which emphasized that students' academic achievement rises in case of paying attention to their needs and motivations and the selection of stimuli that provoke its interest, such matter is used in gamification strategy used in the research, as it used the gaming elements that raised students' attention and increased their motivation.

Research results stressed the results of Sherry study (2015), which proved that there is a correlation between the increase in the motivation of student learning and high academic achievement level. According to this research; the use of gamification strategy contributed in raising the level of motivation among the experimental group and thus raising academic achievement.

RESEARCH RECOMMENDATIONS

- 1- Increase the awareness of officials and interested stakeholders and decision - makers about the importance of activating the gamification strategy in the Omani curricula.
- 2- Provide teachers with the necessary workshop trainings for the application of this strategy in the field of education.
- 3- The application of this strategy in all courses and for all ages and classes.
- 4- Establish a learning environment through paying attention to infrastructure in schools to increase the effectiveness of the application of this strategy.
- 5- Conduct researches aimed at studying the impact of gamification strategy in increasing the attention and confidence of the learners.
- 6- Conduct researches aimed at studying the impact of gamification strategy and the development of higher -order thinking skills and practical skills of learners.

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THE EFFECT OF PHYSICAL EVIDENCE ON HOTELS IMAGE

(As Applied On Some Egyptian Hotels)

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ABSTRACT

Physical evidence is the environment in which the service is delivered and any tangible components that facilitates performance of the service. Including building, service provider's, staff appearance, personal hygiene & uniforms, promotional materials and branding strategies. All of these aspects leave an impression for customer called experience which affect in the composition an image of the the hotel.

So, this research aims at identifying the Physical Evidence aspects in hotels, and its impacts on hotel image from a customer perspective. The field study was applied to a simple random sample of customers in five – star hotels in Sharm El Sheikh in Egypt. Survey questionnaires were distributed during the customers check out, for measuring the image of hotel which formed from the physical evidence during the accommodation. The research results concluded the lack of effect of some elements of physical evidence variables on hotels image, while having a positive influence for some other physical evidence aspects as Design, decoration and personal hygiene & uniforms.

Keywords: Physical Evidence, Image, staff appearance, Design, decoration

AUTHENTICITY IN THE CLASSROOM, NEW INSIGHTS ON ENGLISH FOR SPECIFIC PURPOSES TEACHING

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Acknowledgments - The Portuguese Foundation for Science and Technology (FCT) through the project PEst-OE/CED/UI4016/2014, and the Center for Studies in Education, Technologies and Health (CI&DETS).

In this research, we reflect upon the role of the teacher of English for Specific Purposes (ESP) and propose a set of authentic materials which enable a more effective teaching of students of tourism. This paper also aims to help ESP teachers to better understand the aim of coursebooks. This Needs Analysis (NA) draws on data collected by a questionnaire filled in by students of tourism courses, employers of the tourism area and teachers of English. The materials used on tourism courses were also analysed. This paper is divided in four sections, the first one presents a reflection on contextual authenticity and authentic materials, the second one focus on the description of the course and strategies or activities that should be taken into account, in the third section it is analyzed the coursebook that is being used in most ESP subjects and the lack of authentic materials in the classroom. In the last section it is discussed the role of the ESP teacher. This study offers an important contribution to ESP teachers once it allows new insights on English for Specific Purposes teaching.

Key words: English for Specific Purposes (ESP), Teaching English as a Second Language (TESL), Authenticity, English for Academic Purposes (EAP), English as a Foreign Language (TEFL).

PADRES AUSENTES Y MASCULINIDAD TRUNCADA EN LOS OLVIDADOS, PIXOTE Y CIDADE DE DEUS

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ABSTRACT

Los olvidados (1950), *Pixote* (1981) y *Cidade de Deus* (2002) son filmes que narran la cruda y violenta vida de los niños de la calle en México y Brasil. En este ensayo examino la evolución del cine latinoamericano durante la segunda mitad del siglo 20 para poner estas tres películas en un contexto histórico y poder entender el diálogo que establecen entre sí.

Durante la década de 1950, Luis Buñuel imagina la realidad urbana mexicana utilizando una estética gótica que presenta el capitalismo moderno y sus modelos masculinos en términos muy críticos. *Los olvidados* utiliza un existencialismo sombrío como telón de fondo a su comentario sobre la decadente burguesía mexicana.

Estos tres filmes se relacionan por la presentación de hogares con padres ausentes, espacios góticos como metáfora de naciones invadidas por fuerzas externas. Al tener protagonistas masculinos débiles y figuras maternas ausentes, hacen un comentario crítico acerca del estado actual de México y Brasil.

En este ensayo abordo los modelos masculinos de estas tres películas, comparando y contrastando para establecer cuáles son sus mensajes en términos de los roles genéricos de sus entornos sociales.

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ABSTRACT

A fundamental precept of the WTO framework espouses a free and fair trading regime between member states; one of the edifying pillars is the principle of national treatment. Embodied in Article 3 of the General Agreement on Tariffs and Trade (GATT), the principle requires that imports be treated no less favourably than the same or similar domestically-produced goods once they have passed customs. This paper seeks to analyze the ongoing dispute between India and the United States regarding the issue of domestic content requirements in the manufacture of solar panels in India. The Jawaharlal Nehru National Solar Mission (JNNSM) is an Indian programme launched in 2010 with the goal of deploying 20,000 MW of solar panels that would be connected to the grid by 2022. The goal is to lower the cost of generating solar power in India and making it a global leader in solar energy. After USA took India to the WTO concerned with such localisation, the World Trade Organisation (WTO) panel found that the domestic content requirement imposed under India's national solar programme was inconsistent with its treaty obligations under the global trading regime. It is India's stand that such a step is in consonance with the justifications of government procurement and ecological sustainability which is allowed under the WTO. India also asserts that USA has similar restrictive mechanisms in place in many of its states. However, USA maintains that such a step is anti-competitive, affects workmen in the USA and violates the WTO rules on national treatment, both under the GATT and under the Agreement on Trade-Related Investment Measures (TRIMs). The paper aims to reason with the arguments put forth by India, providing a scientific, socio-economic and legal perspective of the same, while humbly acknowledging the verdict given by the Panel and the Appellate Body of the WTO.

Keywords – Competition, DCRs, DSU, Environment, GATT, India, JNNSM, Make in India, NAPCC, National Treatment, Solar, UNFCCC, US, WTO

Table 1 Table Of Abbreviations

<u>Abbreviations</u>	<u>Full Form</u>
DCRs	Domestic Content Requirements
DSU	Dispute Settlement Understanding
FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GPA	Agreement on Government Procurement
ISI	Import Substitution Industrialisation
JNNSM	Jawaharlal Nehru National Solar Mission
NAPCC	National Action Plan on Climate Change
PV	Photovoltaic
SCM	Solar Cells and Modules

UNFCCC	United Nations Framework Convention on Climate Change
US	United States
WTO	World Trade Organisation

Hypothesis: Even after having lost to the United States of America vide ruling of the Appellate Body of the WTO Dispute Settlement Mechanism on September 16, 2016, in the matter of ‘India- Certain Measures Relating to Solar Cells and Solar Modules’¹, the arguments of India in defence of developing energy-generating equipments and technology indigenously, are justifiable.

INTRODUCTION

‘The greatest threat to our planet is the belief that someone else will save it’

- Robert Swan

1.1 India is faced with the challenge of sustaining its rapid economic growth while dealing with the global threat of climate change. The threat emanates from accumulated greenhouse gas emissions in the atmosphere, anthropogenically generated through long term and intensive industrial growth and high consumption lifestyles in developed countries. Being at an early stage of development, India has a wider spectrum of choices regarding charting its growth route. India’s developmental pathway is based on its unique resource endowments, the overriding priority of economic and social development and its civilizational legacy that places a high value on maintenance of ecological balance.²

1.2 Being committed to the principle of ‘Common but Differentiated Responsibility’ (CBDR) under the UNFCCC, the Government of India formulated the National Action Plan on Climate Change (NAPCC)³, which was launched on 30th June 2008. The National Solar Mission is an integral part of the NAPCC and is one of the eight missions intrinsic to it.

1.3 The Jawaharlal Nehru National Solar Mission (JNNSM) was launched under the brand name ‘Solar India’ to promote ecologically sustainable growth and contribute to the global effort to combat climate change. It will also go a long way in aiding India deal with the challenge of energy security⁴ as the population rises exponentially. The Mission envisages grid parity for solar power by 2022 and has set up a target of achieving 20,000 MW of solar power with a phased scale-up of capacity, coupled with technological innovation. Solar Photovoltaic (PVC) and Solar Thermal are each expected to contribute 50% to this target, in addition to a 2000 MW target for off-grid solar power⁵.

2. Make In India

¹WT/DS456

²www.moef.nic.in

³Sustainable Development: Faster, More Inclusive and Sustainable Growth, Volume 1, p. 112, para 4.2, Twelfth Five Year Plan 2012-2017, Planning Commission, Government Of India

⁴www.mnre.gov.in

⁵Sustainable Development: Faster, More Inclusive and Sustainable Growth, Volume 1, p. 120, para 4.43, Twelfth Five Year Plan 2012-2017, Planning Commission, Government Of India

2.1 The Make in India program was launched by Prime Minister Modi in September 2014 as part of a wider set of nation-building initiatives. Devised to transform India into a global design and manufacturing hub, Make in India was a timely response to a critical situation: by 2013, the much-hyped emerging markets bubble had burst, and India's growth rate had fallen to its lowest level in a decade. The promise of the BRICS nations had faded, and India was tagged as one of the so-called 'Fragile Five'. India was on the brink of severe economic failure.⁶

2.1.1 Mr. Jim O'Neil, a research analyst from Morgan Stanley, coined the term 'Fragile Five'. These are 5 developing countries, which are much dependent on foreign investment (into their economies) to finance their growth ambitions.⁷The Fragile Five economies are⁸ Turkey, Brazil, India, South Africa, Indonesia.

2.2 Encouraged by the rise of China and India in the past decade, investors and economic commentators have eagerly looked toward other emerging market nations in hopes of finding "The Next China" – or at least the next country to supply the raw materials that China needs for its construction-driven growth boom and bubble. Since the 2008 Global Financial Crisis, investors have sought to invest in emerging markets as a way of diversifying away from investments in the heavily-indebted and slow-growing American and European economies.

2.3 Make in India was launched by Prime Minister Modi against the backdrop of this crisis, and quickly became a rallying cry for India's innumerable stakeholders and partners. It was a powerful, galvanising call to action to India's citizens and business leaders, and an invitation to potential partners and investors around the world. But, Make in India is much more than an inspiring slogan. It represents a comprehensive and unprecedented overhaul of out-dated processes and policies. Most importantly, it represents a complete change of the Government's mindset – a shift from issuing authority to business partner, in keeping with Prime Minister Modi's tenet of 'Minimum Government, Maximum Governance'⁹ and the 'Gujarat Model of Governance'.

2.4 The Make in India policy is aimed at raising the contribution of the manufacturing sector to 25% of the GDP by 2020. It also targets to produce 1,00,000 MW of solar power by 2022.

2.5 The Make in India program has been built on layers of collaborative effort. The Department of Industrial Policy and Promotion (DIPP) initiated this process by inviting participation from Union Ministers, Secretaries to the Government of India, state governments, industry leaders, and various knowledge partners. This collaborative model has also been successfully extended to include India's global partners, as evidenced by the recent in-depth interactions between India and the United States of America. Thus, instead of manufacturing solar cells in USA, the latter can invest in harnessing solar generating-technology in India as a part of this initiative. Foreign Direct Investment (FDI) up to 100% is permitted under the automatic route for renewable energy generation and distribution projects.

⁶www.makeinindia.com

⁷<http://www.bankconcepts.in/2015/03/brics-vs-fragile-five.html>

⁸Ibid.

⁹www.narendramodi.in

2.6 It will boost India's 'Ease of Doing Business' ranking, which is currently 130¹⁰.

2.7 Renewable Energy Generation Under 'Make In India'

2.7.1 The objective of the National Solar Mission is to reduce the cost of solar power generation in the country through long-term policy, large scale deployment goals, aggressive research and development and the domestic production of critical raw materials, components and products.

2.7.2 The establishment of a dedicated financial institution – the Indian Renewable Energy Development Agency, makes for renewed impetus on the promotion, development and extension of financial assistance for renewable energy and energy efficiency/conservation projects.

2.7.3 The Solar Energy Corporation of India (SECI) has the objective of developing solar technologies and ensuring inclusive solar power development throughout India.

2.7.4 Full exemption on excise duty is being provided on round cooper wire and tin alloys for use in the manufacture of solar PV ribbon for manufacture of solar PV cells.¹¹

3. National Manufacturing Policy¹²

3.1 The need to raise the global competitiveness of the Indian manufacturing sector is imperative for the country's long term-growth. The National Manufacturing Policy is by far the most comprehensive and significant policy initiative taken by the Government.

Vision

3.1.1 An increase in the share of manufacturing in the country's Gross Domestic Product from 16% to 25% by 2022.

3.1.2 To create 100 million additional jobs by 2022 in manufacturing sector.

3.1.3 Creation of appropriate skill sets among rural migrants and the urban poor for inclusive growth.

3.1.4 An increase in domestic value addition and technological depth in manufacturing.

3.1.5 Enhancing the global competitiveness of the Indian manufacturing sector.

3.1.6 Ensuring sustainability of growth, particularly with regard to environment.

3.2 Solar energy is a 'Focus Sector' under the National Manufacturing Policy.

¹⁰Doing Business Report 2016 (World Bank); <http://www.doingbusiness.org/rankings>

¹¹Annual Financial Statement (2015-16)

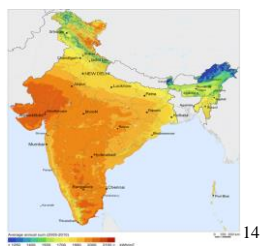
¹²www.makeinindia.com

3.3 A 'Technology Acquisition and Development Fund' has been proposed for the acquisition of appropriate technologies and the development of domestic manufacturing of equipment used for controlling pollution and reducing energy consumption.

4. India's Potential And Need For Harnessing Solar Energy

4.1 Growing industrialisation, urbanisation and a manufacturing boom has resulted in the country becoming increasingly dependent on fossil fuels such as coal, oil and gas. Rising prices of oil and gas and their potential shortages have raised uncertainties about the security of energy supply in future, which in turn has serious repercussions on the growth of the national economy. Moreover, increasing use of fossil fuels also causes serious environmental problems. Hence, there is a pressing need to use renewable and non conventional energy sources like solar energy.¹³

Figure 1
Solar Irradiation Map - India



4.2 The map gives a picture of the average amount of solar irradiation received by different parts of the country annually. The major portion of the country lies south to the Tropic of Cancer and thus, lying in the tropics, it can be clearly seen that a major part of India (shaded orange and red) receives more than 2000 kWh/sq.mt. of sunlight annually.

4.3 Off-grid distribution of electricity is very much essential and imperative in a vast country like India, where 72.18%¹⁵ of the population lives in rural areas as per the latest decennial Census of 2011. This makes localized energy needs absolute, indispensable and crucial for the sustainability and growth of rural economies.

4.4 Rural areas in India have a poor electrification rate: in 2015, only 55% of all rural households had access to electricity. Also, 85% of rural households depended on solid fuels¹⁶ like firewood, dung cakes and charcoal for cooking which is time consuming and exhausting to collect, contributes to deforestation and causes respiratory problems.

¹³Minerals and Energy Resources: Contemporary India-II, Textbook for Geography, Class X NCERT, ch.5, p.62

¹⁴https://en.wikipedia.org/wiki/Solar_power_in_India

¹⁵http://www.censusindia.gov.in/Census_Data_2001/India_at_Glance/rural.aspx

¹⁶Ministry of New and Renewable Energy, Annual Report 2015-2016

4.5 Solar panels are also used along with power from the grid as they make it possible to use less of the grid's costly electricity. They are also a backup in case of a power failure. In some areas, the grid itself gets some power from solar panels.¹⁷

5. Mandate Of The Electricity Act, 2003¹⁸

5.1 The Preamble of the Act lays out its objectives quite succinctly which justifies the need for developing solar energy-generating technology and equipment indigenously. The goal of this Act is to take measures conducive to development of the electricity industry and promoting competition therein, protecting interest of consumers and supplying electricity to all areas, rationalizing electricity tariffs and promoting efficient and environmentally benign policies.

5.2 Section 3(1) of the Act states that the Central Government shall prepare the National Electricity Policy by utilising renewable sources of energy.

5.3 Section 4 of the Act states that the Central Government shall prepare a national policy, permitting stand alone systems (including those based on renewable sources of energy and other nonconventional sources of energy) for rural areas.

6. The Dispute Between India And US: DS456 – Case Summary¹⁹

Table 2 SCM Dispute Between India And US - Summary

<p>Request for Consultations by USA dated 06.02.2013</p>	<p>Pursuant to :</p> <ul style="list-style-type: none"> • Art 1 & 4 DSU • Art XXII GATT • Art 8 TRIMS
<p>Allegations of USA</p>	<ul style="list-style-type: none"> • India has entered into power purchase agreements (PPAs) for electricity from solar power developers (SPDs), and in order to enter into such agreements and to get incentives, SPDs have to use solar cells and modules (SCM) made in India (i.e. DCRs). • Less favourable treatment to imported SCM. • Inconsistent with Art III:4 GATT (national treatment principle) & Art 2.1 TRIMS. • Modifies conditions of competition in the relevant market. • India-Autos case: Indigenization creates a disincentive to use like imported products.

¹⁷file:///C:/Users/Admin/Downloads/How%20to%20Solar%20Panels%20Work.pdf

¹⁸Act No. 36 of 2003

¹⁹Request for Consultations by the United States Addendum (14-0859) [WT/DS456/1/Add.1, G/L/1023/Add.1/G/TRIMS/D/35/Add.1, G/SCMD/96/1/Add.1]; Report of the Panel Addendum (15-6725) [WT/DS456/R/Add.1]

	<ul style="list-style-type: none"> • Cannot be justified under 'government procurement' exception as the Government of India (GOI) does not procure solar cells and modules through the JNNSM programme, rather it procures electricity. • Canada-Renewable Energy/FIT Program case: The imported product being discriminated against must be in a competitive relationship with the domestic product being purchased by the government. • India has not demonstrated that the procurement is for a 'governmental purpose'. • GOI is commercially reselling them to DISCOMS which aim to maximize profits. • India has failed to show that DCRs are 'essential' to the acquire and distribute the products that are short in supply.
Counter by India	<ul style="list-style-type: none"> • DCRs fall under government procurement exception given in Art III:8(a) of GATT. • The Indian Government is effectively procuring SCM because it is buying solar power generated from SCM. • Justified under Art XX(j) of GATT which allows a Member to take measures that are essential to the acquisition or distribution of products in general or local short supply. • Justified under Art XX(d) of GATT for enforcing environmental sustainability commitments undertaken by India. • DCRs are legally permissible because they are limited to 'integral' generation equipment like SCM, in contrast to the DCRs in the Canada-FIT case, which also covered 'ancillary' equipment. • Japan-Alcoholic Beverages II case: WTO rules are not so rigid or inflexible as not to leave room for reasoned judgments. • The governmental purpose is 'promoting ecologically sustainable growth' and 'addressing India's energy security challenge'. Also, India has designated NVVN to implement Phase I and SECI to implement Phase II, both of which are governmental agencies entrusted with carrying out a public function. • Canada-FIT case: Whether it is a 'commercial resale' or not should be seen from the seller's perspective, i.e. whether it generates any profit for the seller. In the present case, neither NVVN nor SECI has any profit motive and neither were they provided with any fees or remuneration. • India has already adopted the alternatives proposed by USA - 100% FDI and customs duty exemptions on SCM to encourage their imports.
<p>Order of the Panel dated 24.02.2016 and Order of the Appellate Body (final judgment) dated 16.09.2016 were decided in favour of USA.</p>	

7. Government Procurement²⁰

²⁰https://www.wto.org/english/tratop_e/gproc_e/gproc_e.htm

7.1 Government agencies purchase goods and services with public resources for public purposes to fulfil their functions. Many governments also make use of government procurement to achieve other domestic policy goals, such as the promotion of specific local industry sectors or social groups.

7.2 The liberalization of government procurement markets holds the potential to generate benefits both in terms of procurement efficiency and commercial interests. Therefore, WTO members have worked on this issue on the plurilateral Agreement on Government Procurement (GPA). This has produced substantial trade liberalization. On 6 April 2014, the revised GPA came into force and marks a significant milestone of the WTO.

7.3 In addition, the WTO Secretariat has been undertaking technical cooperation activities to assist developing and least-developed countries in participating effectively in the WTO's work on government procurement.

7.4 Part II of the GATT talks of 'National Treatment on Internal Taxation and Regulation'. Article III: 8(a)²¹ says the following –

“The provisions of this Article shall not apply to laws, regulations or requirements governing the procurement by governmental agencies of products purchased for governmental purposes and not with a view to commercial resale or with a view to use in the production of goods for commercial sale.”

7.5. Agreement On Government Procurement (GPA)

7.5.1 The fundamental aim of the GPA is to mutually open government procurement markets among its parties. The text of the Agreement establishes rules requiring that open, fair and transparent conditions of competition be ensured in government procurement. However, these rules do not automatically apply to all procurement activities of each party. Rather, the coverage schedules play a critical role in determining whether a procurement activity is covered by the Agreement or not. Only those procurement activities that are carried out by covered entities purchasing listed goods, services or construction services of a value exceeding specified threshold values are covered by the Agreement.²²

7.5.2 The coverage schedules of parties are an integral part of the GPA and are contained in Appendix I to the Agreement. The coverage schedules of parties as agreed on 30 March 2012 are set out in document **GPA/113**.²³ There is no Coverage Schedule with respect to India.

7.5.3 Also, India is not a party to the Agreement but is only an observer (since 10th February 2010).²⁴

7.5.4 Article V of the GPA talks of measures with respect to developing countries. Article 1 of this Article says that –

²¹https://www.wto.org/english/docs_e/legal_e/gatt47_01_e.htm#art3_8

²²https://www.wto.org/english/tratop_e/gproc_e/gp_gpa_e.htm

²³https://www.wto.org/english/tratop_e/gproc_e/gp_app_agree_e.htm

²⁴https://www.wto.org/english/tratop_e/gproc_e/memobs_e.htm

“.....Parties shall give special consideration to the development, financial and trade needs and circumstances of developing countries and least developed countries.....”

7.5.4.1 The United States got embroiled in a dispute regarding government procurement when an Act was enacted by the Commonwealth of Massachusetts on 25 June 1996, entitled, an ‘Act regulating State Contracts with companies doing Business with Burma (Myanmar)’. The Act provides that public authorities of the Commonwealth of Massachusetts were not allowed to procure goods or services from any persons who do business with Burma.²⁵

7.6 A GATT Dispute From The Pre-WTO Period

7.6.1 The United States was involved in a dispute regarding the procurement of a sonar mapping system by the United States National Science Foundation. The European Communities requested for consultations with the US which took place in Washington D.C. on 26th June 1991.

7.6.2 The NSF is required to follow the Federal Acquisition Regulations (FARs).

7.6.3 By a tender notice, Antarctic Support Associates announced its intention to procure a “multibeam sonar, deep ocean, swath mapping system”. It was also stated: “The Buy American Act applies to this procurement which means that the system cannot be foreign manufactured.”

7.6.4 Section 307 of Public Law 101-302 reads as follows -

“Section 307: None of the funds appropriated by this or any other Act with respect to any fiscal year for contractual services support of the United States Antarctic Program may be obligated for procurement of a multibeam bathymetric sonar mapping system manufactured outside of the United States.”

7.6.5 According to FAR 52.203-10, entitled ‘Remedies for Illegal and Improper Activity’, the text of which is quoted in full in the contract between the NSF and ASA, the NSF would disallow funds if ASA purchased a sonar mapping system of non-United States origin, since the purchase would be in violation of this section of Public Law 101-302 and therefore not an allowable cost.

7.6.6 The United states gave a similar argument as that put forth by India in the present case. It said that the United States Government had no interest in the sonar mapping system separate and distinct from its interest in the research services which were the purpose of its contract with ASA. The United States therefore requested the Panel to determine that the procurement of the sonar mapping system was not inconsistent with the requirements of the Agreement.

8. Sustainable Development: India's International Obligations

²⁵WT/DS88

8.1 Paragraph 1 of the WTO Agreement recognises the right of countries to pursue policies consistent with their respective needs and concerns at different levels of economic development, within the overall context of the objective of sustainable development, and the need to protect and preserve the environment.²⁶

8.2 Under the Constitution of India, 1950, acts of the executive are not confined to areas where there is a pre-existing law. Article 73 says that acts of the Union executive extend to aspects over which the Parliament has the power to enact laws. Thus, the government can suo moto take action to secure compliance with India's international treaty obligations. They have a direct effect on the domestic legal system in India.²⁷

8.3 Article 48A²⁸ of the Constitution of India (part of the Directive Principles of State Policy) lays down a duty upon the State to protect and improve the environment of the country.

8.4 Article 51(c) of the Constitution of India (part of the Directive Principles of State Policy) states that the State shall endeavour to foster respect for international treaty obligations.

8.5 In the case of *Maganbhai Ishwarbhai Patel vs UOI*²⁹, the Hon'ble Supreme Court of India held that "Legislation may be passed in the aid of implementation of treaties but it is usually not necessary".

8.6 Thus, with the ratification³⁰ of the Paris climate change agreement (COP 21) (under the UNFCCC), India has committed itself to achieving the following goals³¹ (as laid down in its Intended Nationally Determined Contribution) –

8.6.1 To reduce the emissions intensity of its GDP by 33-35% by 2030 from 2005 level.

8.6.2 To produce 40% of its electricity with non-fossil fuel sources by 2030.

8.6.3 To mobilize new and additional funds from developed countries to implement mitigation and adaptation actions.

8.6.4 To build capacities and create domestic framework for cutting-edge climate change technologies in India.

8.7 Apart from complying with international obligations, India's DCRs also comply with municipal laws³² like the Environment (Protection) Act, 1986³³ and the Air (Prevention and Control of Pollution) Act, 1981³⁴.

9. How USA Has Violated Art III:4 Of GATT 1994 - The National Treatment Principle

²⁶Footnote 1, Annex B-3, p. B-19, First part of the integrated executive summary of the arguments of India, WT/DS456/R/Add.1

²⁷Para 57, Annex B-3, p. B-27, First part of the integrated executive summary of the arguments of India, WT/DS456/R/Add.1

²⁸Inserted by the Constitution (Forty-second Amendment) Act, 1976, s. 10 (w.e.f. 3-1-1977); <http://lawmin.nic.in/olwing/coi/coi-english/coi-4March2016.pdf>

²⁹AIR 1969 SC 783

³⁰Ratified by India on October 2, 2016

³¹<http://www.npr.org/sections/thetwo-way/2016/10/02/496305658/india-ratifies-paris-climate-change-agreement>

³²<http://www.environmentallawsofindia.com/the-environment-definitions-and-acts.html>

³³Act no. 29 of 1986; <http://envfor.nic.in/legis/env/env1.html>

³⁴Act no. 14 of 1981; <http://www.envfor.nic.in/legis/air/air1.html>

“You cannot shake hands with a clenched fist”

- Indira Nehru Gandhi

9.1 Harbour Services Fee³⁵

There is a criticism that the bill discriminates against container ships, which are usually foreign ships, and is in favour of non-container ships, which are usually American domestic ships, and imposes a fee about 25 times higher on the former.

9.2 Merchant Shipping Act Of 1920 (Jones Act)³⁶

This law specifies that only ships owned by US citizens, built in US shipyards, and run by US crews are permitted to engage in domestic passenger and cargo transport within the United States.

9.3 Section 337 Of The Tariff Act Of 1930³⁷

Section 337 of the Tariff Act of 1930 law targets “unfair practices” by importers, through excluding imports when US industry would have injury from those imports.

9.4 Foreign Sales Corporations (FSC)³⁸

Tax exemptions regarding foreign sales corporations (FSCs) only cover products whose market value is over 50 percent domestic, in violation of the national treatment principle.

9.5 Corporate Average Fuel Economy (CAFE) Regulation³⁹

This measure requires that the average fuel economy for all models handled by an auto company remain above certain levels, but calculates domestic automobiles and imports as different groups. This is discrimination between like products according to whether they are domestic or foreign.

10. Domestic Content Legislations In The US:

10.1 Buy American Act, 1933

10.1.1 Requires the United States government to prefer U.S.-made products in its purchases having a value of more than \$3000.

10.1.2 The Buy American Act is excluded from the GPA's coverage.

10.2 Little Buy American Acts – The Buy America Act, 1982⁴⁰ And The Berry Amendment

³⁵www.meti.go.jp

³⁶www.meti.go.jp

³⁷Ibid.

³⁸Ibid.

³⁹Ibid.

⁴⁰The Buy America Act is the popular name for a group of domestic content restrictions which have been attached to funds administered by the Department of Transportation. See, 49 U.S.C. § 5323(j), Federal Transit Administration funds, 23 U.S.C. § 313, Federal Highway Administration funds, 49 U.S.C. § 24305, AMTRAK funds, 49 U.S.C. § 24405, Federal Railroad Administration High Speed Rail Program, and 49 U.S.C. § 50101,

10.2.1 Either imposes a higher domestic content requirement on procurements that are covered by the Buy American Act or apply to indirect purchases (i.e., purchases not made by a federal entity, but which are made with federal funds).

10.2.2 The majority of Little Buy American Acts govern purchases not directly made by a federal entity, but which use federal funds. The Buy America Act, which attaches a domestic content requirement to purchases made with federal transportation funds, is illustrative of this type of legislation. The 1933 Buy American Act applied to all kinds of purchases by the US Federal Government, while the Buy America provisions only apply to purchases related to rail or road transportation, such as the construction of highways, railways, or rapid transit systems.

10.2.3 The Berry Amendment is a “super percentage” statute which limits the Department of Defense when purchasing certain goods to such goods that are 100% American in origin.

10.2.3.1 Under Section 2533a, the Department of Defense may not use appropriated or otherwise available funds to purchase certain items if they are not grown, reprocessed, reused, or produced in the United States. The covered items include food; clothing, electronics, tents, tarpaulins and fabrics.⁴¹

10.2.3.2 Section 2533b prohibits the acquisition of a specialty metal that is not melted or produced in the United States and that is to be purchased directly by the Department of Defense.⁴²

10.2.4 Federal Transit Administration Funds [49 U.S.C. § 5323(j)], Federal Highway Administration Funds [23 U.S.C. § 313]: The steel, iron, and manufactured goods must be produced in the United States.⁴³

10.2.5 AMTRAK Funds [49 U.S.C. § 24305]: Amtrak must buy raw materials mined or produced in the United States; or manufactured articles, material, and supplies manufactured in the United States substantially⁴⁴ from articles, material, and supplies mined, produced, or manufactured in the United States⁴⁵. This restriction applies only when the cost of those articles, material, or supplies bought is at least \$1,000,000⁴⁶.

10.2.6 Federal Railroad Administration High Speed Rail Program Funds [49 U.S.C. § 24405]: Grants under this program must contain the condition that the financed projects use only steel, iron,

Federal Aviation Administration funds. See, also, the Department of Transportation's Buy America webpage, <http://dot.gov/buyamerica/>.

⁴¹10 U.S.C. § 2533a(a) & (b)

⁴²10 U.S.C. § 2533b(1)

⁴³49 U.S.C. § 5323(j)(1)

⁴⁴The use of the word “substantially” indicates that 100% domestic content is not required and that the Buy American Act definition is to be utilized.

⁴⁵49 U.S.C. § 24305(f)(2)

⁴⁶49 U.S.C. § 24305(f)(3)

and manufactured goods produced in the United States.⁴⁷ This condition is only applied to projects for which the costs exceed \$100,000.⁴⁸

10.2.7 Federal Aviation Administration Funds [49 U.S.C. §§ 50101 & 50103]; Certain funds administered by the Federal Aviation Administration may only be used for a project if steel and manufactured goods used in the project are produced in the United States.⁴⁹

10.3 Other Restricted Funds And/Or Entities

10.3.1 The Department of Defense has a super percentage domestic content standard for procurements of buses, chemical weapons antidotes, and certain components of naval vessels.⁵⁰

10.3.2 Procurement Of Photovoltaic Devices [10 U.S.C. § 2534 note]; When photovoltaic devices are purchased by third parties for the benefit of DOD, such contracts must comply with the Buy American Act.⁵¹

10.3.3 Health Care Facilities-

10.3.3.1 District Of Columbia Mental Health Services Funds [24 U.S.C §§ 225 et seq.]; The mayor of the District of Columbia shall insure that the requirements of the Buy American Act are applied to all procurements made under the Saint Elizabeth's Hospital and District of Columbia Mental Health Services Act.⁵²

10.3.3.2 Indian Health Care Facilities [25 U.S.C. §§ 1631 et seq.]; The Secretary of Health and Human Services shall insure that the requirements of the Buy American Act apply to all procurements made with funds made available under this.⁵³

10.3.4 Entities spending funds under the **Water Pollution Prevention and Control Grants For Construction Of Treatment Works [33 U.S.C. § §§ 1281 et seq.], Disaster Relief Funds⁵⁴ [42 U.S.C. § 5206]** and **Local Public Works Grants⁵⁵ [42 U.S.C. § 6705(f)(1)]** must comply with the Buy American Act.

⁴⁷49 U.S.C. § 24405(a)(1)

⁴⁸49 U.S.C. § 24405(a)(11)

⁴⁹49 U.S.C. § 50101(a)

⁵⁰10 U.S.C. § 2534(a)

⁵¹For the purposes of this section, the Department of Defense is deemed to own a photovoltaic device if the device is installed on Department of Defense property or in a facility owned by the Department of Defense, and reserved for the exclusive use of the Department of Defense for the full economic life of the device. P.L. 111-383, Div. A, title VIII, § 846, 124 Stat. 4137, 4285, 111th Cong., 1st Sess. (2011).

⁵²24 U.S.C. § 225h(a)

⁵³25 U.S.C. § 1638b

⁵⁴Authorised by the Disaster Mitigation Act of 2000 [P.L. 106-390, 114 Stat. 1552, 106th Cong., 2nd Sess. (2000)]

⁵⁵Authorised by the Public Works Employment Act of 1976 [P.L. 94-369, 90 Stat. 999, 94th Cong. 2nd Sess. (1976), codified at 42 U.S.C. §§ 6701 et seq]

10.3.5 Department Of Homeland Security [6 U.S.C. § 453b]: DHS may not use funds appropriated or otherwise available for the procurement of certain non-domestic items, if the item is directly related to the national security interests of the United States.⁵⁶ The item may not be purchased if the item is not grown, reprocessed, reused, or produced in the United States.

10.3.6 Veterans' Burial Flags [38 U.S.C. § 2301]: Under the Buy American Act, flags purchased by the Department of Veterans Affairs would be required to be at least 50% American made.⁵⁷

10.3.7 Federal Crop Insurance Corporation [7 U.S.C. § 1506(p)]: All equipment and products purchased by the corporation using funds made available to the corporation should be American-made and the corporation should include similar language in its contracts and loan agreements.⁵⁸

10.3.8 Other Department Of Agriculture Related Entities [7 U.S.C. Ch. 98]: There are several Department of Agriculture related entities,⁵⁹ that are governed by chapter 98 of Title 7 of the United States Code, which contains a sense of Congress that, to the greatest extent practicable, all equipment and products purchased by these entities using funds made available to them should be American made.⁶⁰

10.3.9 Housing Assistance Programs [12 U.S.C. § 1735e-1]: This provision states that in the administration of housing assistance programs, the Secretary of Housing and Urban Development "shall encourage the use of materials and products mined and produced in the United States."⁶¹

10.3.10 Small Business Financial Assistance Under The Small Business Act [15 U.S.C. § 661]: In the award of financial assistance under the Small Business Act, when practicable, priority be accorded to small business concerns which lease or purchase equipment and supplies which are produced in the United States and that small business concerns receiving such assistance be encouraged to continue to lease or purchase such equipment and supplies.⁶²

10.3.11 Arson Prevention Grants [15 U.S.C. § 2221]: Any recipient of an arson prevention grant should purchase, when available and cost-effective, American-made equipment and products when expending grant monies.⁶³

10.3.12 Educate America Act [20 U.S.C. §§ 5801 et seq.]: No funds appropriated pursuant to the Educate America Act should be expended by an entity unless the entity agrees that in expending the assistance the entity will comply with the Buy American Act.⁶⁴

⁵⁶ U.S.C. § 453b

⁵⁷ 38 U.S.C. § 2301(h)(1)

⁵⁸ 7 U.S.C. § 1506(p)

⁵⁹ Eg. Consolidated Farm Service Agency (§ 6932), the Rural Utilities Service (§ 6942), the Rural Business and Cooperative Development Service (§ 6944), and Rural Development Disaster Assistance Fund (§ 6945).

⁶⁰ 7 U.S.C. § 7012

⁶¹ 12 U.S.C. § 1735e-1

⁶² 15 U.S.C. § 661

⁶³ 15 U.S.C. § 2221(d)

⁶⁴ 20 U.S.C. § 6067

10.3.13 School Lunch Program Funds [42 U.S.C. § 1760]: The Secretary of Agriculture is to require that a school food authority purchase, to the maximum extent practicable, domestic commodities or products.⁶⁵

10.4 Domestic Content Requirements In Procurements Of Products For Use Outside The United States

10.4.1 Foreign Assistance Act Of 1961 [22 U.S.C. § 2381]: The Foreign Assistance Act of 1961 provided authority to the President to implement rules for the United States Agency for International Development (USAID).⁶⁶ Special rules require U.S. procurement of agricultural commodities (with some exceptions), motor vehicles designed for normal road speeds, and pharmaceutical products⁶⁷ and some other rules set forth U.S.-flag requirements for transporting procured goods.⁶⁸

10.4.2 Renewable Energy Technology Transfer Program [42 U.S.C. § 13316], Clean Coal Technology Transfer Program [42 U.S.C. § 13362], Environmental Technology Transfer Program [42 U.S.C. § 13387]: The Secretary of Energy, through the Agency for International Development, shall develop mechanisms to identify potential energy projects in host countries. In implementing this section, the Secretary shall ensure the maximum percentage, but in no case less than 50%, of the cost of any equipment furnished in connection with a project authorized under this section shall be attributable to the manufactured U.S. components of such equipment and the maximum participation of U.S. firms⁶⁹.

10.5 Such laws and regulations of the US violate Section 1⁷⁰ of the Sherman Antitrust Act, 1890⁷¹.

11. India's Actions Are Not Anti-Competitive

11.1 The Appellate Body in the case of Thailand-Cigarettes held that “what is relevant is whether the regulatory differences distort the conditions of competition to the detriment of imported products.” A recent report of the United States International Trade Commission titled ‘Trade, Investment and Industrial Policies in India: Effects on the US Economy’⁷² noted that the JNNSM had ‘little negative impact’ on US exports of PV modules to India. The report also stated that exports by ‘First Solar’ (a major manufacturer of SCM in the US) accounted for more than 60% of the US PV module exports to India in 2011 and more than 75% in 2012.

11.2 Index Of Economic Freedom - Comparing India And USA

⁶⁵42 U.S.C. § 1760(m)(2)(A)

⁶⁶P.L. 87-195, § 621, 75 Stat. 445, 494, 87th Cong. 1st sess. (1961), codified at 22 U.S.C. § 2381.

⁶⁷22 C.F.R. § 228.13

⁶⁸22 C.F.R. §§ 228.21 & .22

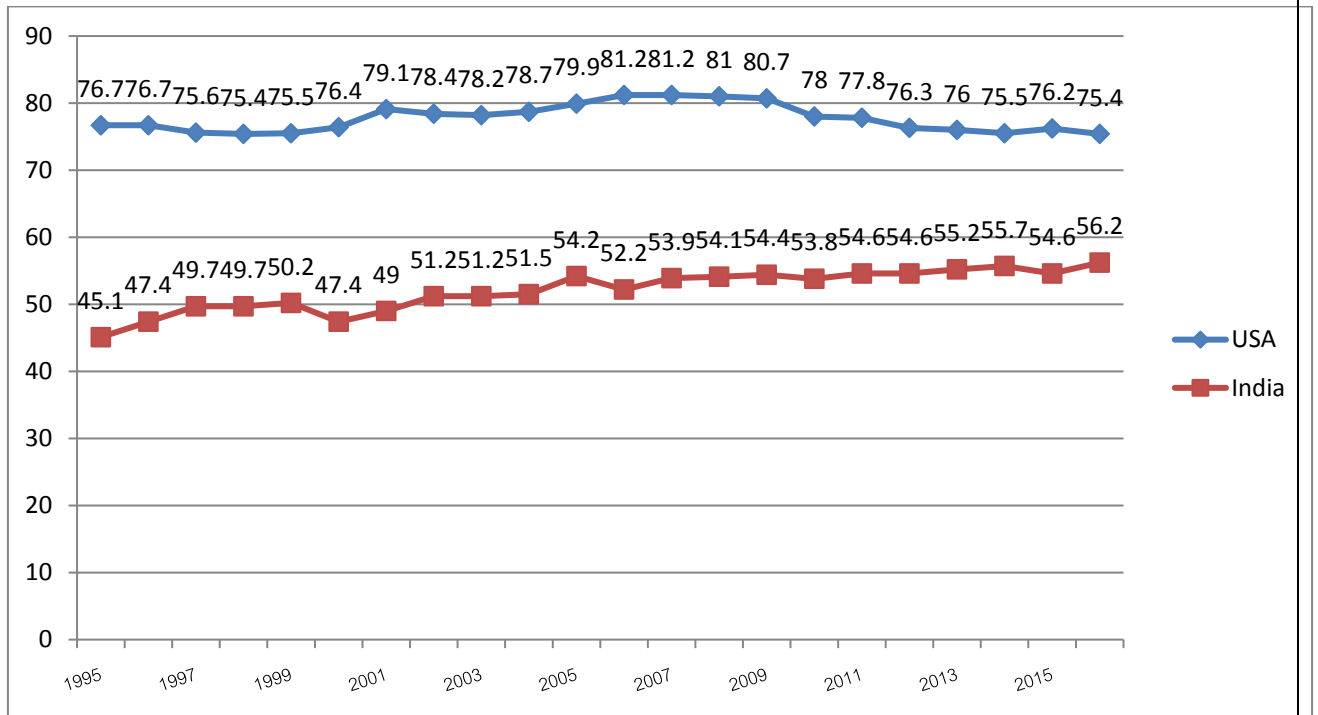
⁶⁹42 U.S.C. § 13316(j), 42 U.S.C. § 13362(j), 42 U.S.C. § 13387(k)

⁷⁰http://www.linco.org/sherman_txt.html

⁷¹15 U.S.C. §§ 1, 2; <http://www.columbia.edu/~mr2651/e-commerce3/1st/Statutes/ShermanAct.pdf>

⁷²December 2014 p. 179 (IND-32)

Figure 2 Index Of Economic Freedom (1995-2015): India And US



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11.2.1 As can be seen from the figure, USA ranks 11/178 and index is 75.4 and has seen a negative change of -0.8 whereas India ranks 123/178 countries and index is 56.2 but has seen a positive change of +1.6.⁷⁴ Thus the Index of Economic Freedom for USA has decreased whereas it has increased for India.

11.2.2 Also, USA has witnessed a steep decline with respect to the index since 2009 whereas India has witnessed a steady increase since 2000.

11.2.3 Through such a DCR, India has not attracted Sections 3 and 4 of the Competition Act, 2002⁷⁵.

12. Domestic Content Requirements - The Sunny Side

12.1 Certain jurisdictions that have implemented policies that promote the development of local renewable power generation have added domestic content requirements for equipment sourcing to achieve economic

⁷³www.heritage.org

⁷⁴Ibid.

⁷⁵Act 12 of 2003

objectives including job creation (especially in the manufacturing sector), fostering an infant industry to a mature globally competitive sector, and energy security.⁷⁶

12.2 Under a quantity-based program, the government sets a target for a certain amount of renewable energy, and requires that generators achieve that target, or else issues a procurement call to achieve that target. Unlike a price-based policy, government knows prior to policy implementation the eventual capacity of renewable energy that will be built under a quantity-based policy.⁷⁷

12.3 Domestic content requirements have been implemented alongside renewable energy policies in Brazil, China and Spain where they have been in place for many years.⁷⁸

12.4 Since 2005, Brazil has required that at least 60 percent of the total cost of wind energy projects is sourced from Brazil; this local content requirement increased to 90 percent in 2007.⁷⁹ Wind projects approved by China's National Development and Reform Commission from 1996 to 2000 were required to source at least 40 per cent of their content from local manufacturers, which was increased to 50 per cent in 2003, and then to 70 per cent in 2004.⁸⁰ In Spain, domestic content requirements have been used since at least 1995. Several Spanish regional governments continue to require domestic content prior to granting development concessions for wind power.⁸¹ Spain's domestic content requirements are considered to have been instrumental to the creation and success of Gamesa, a Spanish company that is currently one of the top ten world's wind turbine manufacturing companies.⁸²

12.5 Case Study - Quebec And Ontario (Canada)

In Canada, both Quebec and Ontario have implemented DCRs alongside policies to augment the amount of renewable energy produced in each province. Quebec has a quantity-based policy, where the government has a target to install 4,000 MW of wind capacity by 2015 using a series of calls for power.⁸³ Ontario uses a price-based program, the Feed-in-Tariff (FIT), to attract renewable energy companies to the province by providing

⁷⁶Ibid.

⁷⁷Ibid.

⁷⁸Ibid.

⁷⁹Lewis, J., Wiser, R., 2007. Fostering a renewable energy technology industry: An international comparison of wind industry policy support mechanisms. *Energy Policy* 35 (3), 1844-1857; Cavaliero, C., Da Silva, E., 2005. Electricity generation: regulatory mechanisms to incentive renewable alternative energy sources in Brazil. *Energy Policy* 33 (13), 1745-1752

⁸⁰Lewis, J., 2007. A review of the potential international trade implications of key wind power industry policies in China. Energy Foundation China Sustainable Energy Program.

⁸¹Lewis, J., Wiser, R., 2007. Fostering a renewable energy technology industry: An international comparison of wind industry policy support mechanisms. *Energy Policy* 35 (3), 1844-1857.

⁸²Bayar, Tildy, August 4, 2011. World Wind Market: Record Installations, But Growth Rates Still Falling. *Renewable Energy World*, <http://www.renewableenergyworld.com/rea/news/article/2011/08/world-wind-market-record-installations-but-growth-rates-still-falling?cmpid=rss>

⁸³Quebec Ministry of Natural Resources and Wildlife, 2011. Highlights on Energy: Wind Energy, <http://www.mrnf.gouv.qc.ca/english/energy/wind/index.jsp>.

guaranteed pricing for certain forms of renewable energy projects. Ontario aims to have 10, 700 MW of installed capacity in renewable energy (wind, solar and bioenergy) by 2030.⁸⁴

12.6 Quebec

In Quebec, two large tenders for wind power (1,000 and 2,000 MW) required that bidders attain 60 percent domestic content to qualify as bidders, and scored higher bids if domestic content was above 60 percent.⁸⁵ Quebec's domestic content requirement likely helped spur the creation of a General Electric manufacturing plant with around 450 employees in an economically-depressed area of the province.⁸⁶

12.7 Ontario

In Ontario, the domestic content requirement, along with \$110 million in economic development financing for establishing four manufacturing plants, attracted a \$7 billion wind turbine manufacturing investment from South Korea's Samsung.⁸⁷ According to the Ontario government, the Green Energy and Economy Act has created 20,000 jobs.⁸⁸

13. The Rationale Of Import Substitution

13.1 Import substitution industrialization (ISI) is a theory of developmental economics typically utilized by developing countries or emerging market nations seeking to decrease dependence on developed countries and to increase self-sufficiency. The theory targets protection and incubation of newly-formed domestic industries, aiming to fully develop the sectors so that goods produced have the ability to compete with imported goods. It has been advocated since the 18th century, and supported by economists such as Alexander Hamilton and Friedrich List.⁸⁹

13.2 ISI policies were initially implemented by countries in Latin America, Africa and Asia following World War II.⁹⁰ It includes protectionist trade policies which India also imposed post-Independence in the Nehruvian Era to protect fledgling industries which did not get enough impetus and opportunity to grow during colonial rule by the British.

13.3 The foundation for this theory is composed of the infant industry argument, the Prebisch-Singer thesis and Keynesian economics.⁹¹

⁸⁴Government of Ontario, 2010. Ontario's Long-Term Energy Plan.

⁸⁵Lewis, J., Wiser, R., 2006. Supporting localization of wind technology manufacturing through large utility tenders in Quebec: lessons for China. Energy Foundation China Sustainable Energy Program.

⁸⁶Hydro Quebec, 2008. Wind Power: Ensuring Québec's electricity supply, http://www.hydroquebec.com/publications/en/others/pdf/depliant_eolienne_distribution.pdf.

⁸⁷Aegent Energy Advisors, August 2011. Samsung Renewable Energy Deal: An Update, <http://www.aegent.ca/newsletters/SamsungRenewableUpdate.html>.

⁸⁸D'Aliesio, Renata, August 10, 2011. In Ontario, gloomy skies for solar power, <http://www.theglobeandmail.com/news/national/ontario/in-ontario-gloomy-skies-for-solar-power/article2125904/page2/>.

⁸⁹<http://www.investopedia.com/terms/i/importsubstitutionindustrialization.asp>

⁹⁰Ibid.

⁹¹Ibid.

13.4 Positive aspects of ISI:

- 13.4.1 Increase in domestic employment
- 13.4.2 Resilience in the face of global economic shock
- 13.4.3 Less long distance transportation of goods
- 13.4.4 Self-sufficiency
- 13.4.5 Overall growth of domestic economy

13.5 India's DCR measures do not seek to maximise self-sufficiency. Rather they aim to reduce the risks linked to dependence solely on imports.

14. Conclusion

14.1 Indeed, the WTO ruling has come as a blow to the 'Make in India' initiative. More than 90% of solar PV installations in India rely on imported SCM. This itself shows that India greatly lacks the technological capacity to build solar power generating devices. USA contends that there are two WTO-consistent alternatives which India can avail – Creating a 'reserve' of SCM through imports which can be drawn down during a supply shock and entering into 'long term contracts with foreign suppliers' and thus have consistent imports. Thus, what USA seems to suggest is that India should only be dependent on imports and that self-sufficiency is not an option. Also, it is imperative to note that solar energy cannot be stockpiled and stored in the same manner as fossil fuels.

14.2 The United States, being the oldest democracy in the world, has industrialized and created wealth over the years at the cost of the environment and initially at the cost of open and fair trade relations with foreign nations. All countries, at the starting point in their growth trajectory, require some amount of protectionism and incentives from their home government, which enables them to stand on their feet, before they can be exposed to the vagaries of harsh competition. Such an impetus did come in the form of the DCRs which were regrettably struck down.

14.3 The United States could have easily invested in developing solar panels and modules within India itself under the 'Make in India' program, which invites 100% FDI (foreign direct investment) in the renewable energy sector with open arms. This would enable technology improvement in India and an upgradation of human skills. Instead, it decided to charge India on grounds on which it has itself faltered. Also, it is yet to be seen how the new Republican government in the US with its agenda to 'Buy American', 'Hire American' and use 'Only American Labour', fares in the international front as far as free and fair trade is concerned.

14.4 Through the line of arguments presented above, the hypothesis with which the paper started stands hence proved.

14.5 The unhappiness of several Global non-governments over the decision of the WTO can be summed up with the following observation⁹² -

‘Friends of the Earth is dismayed that climate policy is being made by an international trade tribunal. The government of India reasonably provided some preferences for local producers of solar energy in order to convert from a carbon economy to a green economy. The WTO decision, finding India’s solar energy program a violation of international trade law, is an outrage.’

- Bill Waren, Senior Trade Analyst, Friends of the Earth

⁹²<https://www.thequint.com/india/2016/02/25/wto-ruling-on-solar-modules-shatters-modis-make-in-india>

TEACHER'S USE OF OKAY IN DIFFERENTIATED CLASSES IN EFL CONTEXTS

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ABSTRACT

Abstract—Research on the discourse marker *okay* has received great attention in various spoken discourse contexts ranging from telephone conversation through courtroom interactions. In university academic lectures, functions of *okay* have been investigated. In EFL(English as a Foreign Language) contexts, however, there have been only a couple of studies focusing on functions of the structural marker *okay*, both of which showed lack in learners' pragmatic competence. None of the studies has done research on the use of *okay* in teacher discourse in EFL contexts. The Korean Ministry of Education has asked teachers to maximize the target language(i.e. English) in classes in order for students to be exposed to the target language input. To increase the effectiveness of learning, each grade in Korean secondary schools is differentiated into two or three levels based on their achievement in English. This study investigates how much a middle school teacher shows differences in *okay* in terms of frequency and functions between a lower-level class and a higher-level class in Grade 7. Classes were audio-recorded and then transcribed. The teacher talk in both of the classes is divided into acts, which is coded as a third-turn receipt, post-digression marker, backchannel signal, pre-close maker, and closing marker. This study implies that Korean English teachers use *okay* too frequently and inappropriately in classes.(218 words)

Keywords— okay, teacher talk, differentiated classes, EFL

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