



Tourism Geographies

An International Journal of Tourism Space, Place and Environment

ISSN: 1461-6688 (Print) 1470-1340 (Online) Journal homepage: <https://www.tandfonline.com/loi/rtxg20>

Hotel characteristics and location decisions in Kumasi Metropolis, Ghana

Issahaku Adam & Francis Eric Amuquandoh

To cite this article: Issahaku Adam & Francis Eric Amuquandoh (2014) Hotel characteristics and location decisions in Kumasi Metropolis, Ghana, *Tourism Geographies*, 16:4, 653-668, DOI: [10.1080/14616688.2012.762689](https://doi.org/10.1080/14616688.2012.762689)

To link to this article: <https://doi.org/10.1080/14616688.2012.762689>



Published online: 18 Feb 2013.



Submit your article to this journal [↗](#)



Article views: 811



View related articles [↗](#)



View Crossmark data [↗](#)



Citing articles: 18 View citing articles [↗](#)

ECONOMIES OF TOURISM DESTINATIONS

Hotel characteristics and location decisions in Kumasi Metropolis, Ghana

Issahaku Adam and Francis Eric Amuquandoh

Department of Hospitality and Tourism Management, University of Cape Coast, Cape Coast, Ghana

(Received 15 March 2012; accepted 13 August 2012)

This study identified and assessed the differences in the extent to which location factors were considered by hotel owners based on certain characteristics of their hotels in the Kumasi Metropolis of Ghana. The behavioural thought on industrial location decisions was used as a framework to identify and assess hotel owners' location decisions. Data on hotel location decisions were collected from 153 hotel owners in the Kumasi Metropolis and analysed with the chi-square test of independence. It was found that the extent to which location factors such as economic, neighbourhood characteristics, physical site characteristics, laws and regulations, socio-cultural and transport factors considered by hotel owners differed by hotel location, hotel category, ownership, age of hotel and the number of rooms in a hotel. Hotel location factors are considered differently based on hotel characteristics.

Keywords: Ghana; hotel characteristics; hotel location; hotel owner; Kumasi Metropolis; location decision

Introduction

The hotel location choice is made with particular emphasis on the scale of operations of the hotel (Lee & Jang 2010). Thus, before hotel location decision makers decide on where to locate, a careful analysis of the operational scale must be done in relation to alternative locations (Adey 2007). This will enable the location decision makers to decide on which location has the characteristics to meet the operational challenges of the hotel both in the short and in the long term. A critical element usually considered at the designing stage is the proposed size of the business. The size of the facility relates directly to land availability, and is usually tied to the type of activity and its related purpose. While other location factors may be compromised, certain inherent characteristics of the business cannot be ignored and hence translate into some location factors being given priority over others in the same industry. In this regard, it has been argued that the extent to which each location factor is given consideration during location decision making depends on the intended scale of operations of a firm including hotels (Pan 2002; Dawe 2005; Adey 2007).

The influence of location factors on the choice of hotel location has been found to differ by hotel category (Pan 2002). Davidson (2005) observes that hotel location factors tend to give an indication of the time and scale of operations at the time the location decision was made. In the view of Lee *et al.* (2000), hotels have different operational demands in terms of the services and facilities they provide and hence even hotels of the same

grade will have such operational demands impacting on their choice of locations. It will therefore be inappropriate to assume that all location factors exert the same influence on the choice of each hotel location (Kuo *et al.* 2002). Several background variables are therefore likely to influence the extent to which each hotel owner or location decision maker considers a hotel location factor in their choice of a suitable hotel location.

Although there are numerous research works in the area of hotel location decisions in the past, evidence suggests that research on the relative influence of hotel location factors is at its infancy (Yang 2004; Hamilton 2007; Lee & Jang 2010). Yang (2004) asserts that even though hotel location decisions have received attention from academics, the field of relative predictability of each domain of location factor remains relatively unexplored despite its centrality to destination planning and management. Karakaya and Canel (2006) assert that most of the literature on hotel location decisions concentrates on the theoretical aspects rather than empirical enquiries and hence such works do not delve into discussing the relative influence of each domain of hotel location as against hotel characteristics such as hotel categories. Similarly, Czamanski (2008) and Celata (2008) referred to a growing dissatisfaction with the classical location theories and assert that instead of making empirical conclusions, operation researchers reduce complex location decisions to an algorithm form and solve these problems with existing algorithms; however, such algorithms are limited in their ability to determine the relative influence of location factors in relation to various hotel characteristics.

In addition to this, existing research works on the relative influence of the various location factors on hotel location choice have largely been focused on western countries with such studies in Africa including Ghana being scanty (Akyeampong 2007). Despite the importance of the relative influence of hotel location factors to the tourism industry and destination planners, the interface between the influence of location factors and hotel characteristics has received little research attention. This constitutes a knowledge gap that needs to be filled. Consequently, this study aims at investigating into the relative considerations given to the various domains of location factors among hotel groupings in the Kumasi Metropolis. The specific objectives of the study include identifying the domains of factors that influence the hotel location choice in the Kumasi Metropolis and exploring the differences in the consideration of the domains of location factors across hotel characteristics.

The motivations for this study are twofold: first from the perspectives of city planners, destination planners and managers, insights gained into the variations in the consideration of location factors among hotel groupings may inform them on the possible sites where various hotel categories are likely to locate in the future. Thus, with the main location drivers known, it is likely to predict where different types of hotels or accommodation units are likely to locate and hence aid them in zoning for various land uses in the Metropolis. This will have a long-term effect of improving on the spatial beauty in the city as well ensuring functional land use cohesion. Finally, this study addresses one of the literature gaps in the area of hotel location decisions in Ghana. Even though hotel development has been encouraged by the government and other tourism stakeholders in Ghana, no detailed information on hotel investment drivers including the dynamics of hotel location decisions exists. It is usually assumed that hotel location decisions in Africa including Ghana are the same to those in developed countries (Akyeampong 2007). However, the conditions in Africa may be different with regard to economic, legal and socio-cultural factors that may influence hotel investment. Subsequently, this study makes a valuable contribution by highlighting on the dynamics of hotel location decision making in Ghana.

Factors that Influence the Consideration of Hotel Location Factors

Location factors are known to generally vary across various businesses. In real terms, it is expected that the location factors of different industrial settings should differ to reflect the differences in the dimensions of the businesses. In other words, the scale of operations of businesses even in the same industry differs and as a result it is expected that the relative influence of each location factor also differs. With regard to the hotel industry, the scale of operations will typically include the range of facilities (such as golf courses, race course, swimming pools, among others) that will be housed on the location. These fundamental operational facilities are therefore expected to impact on the choice of locations.

In a study of 'key industries' in Brisbane, Australia, Yang (2004) observed that the extent to which each location factor was considered by decision makers in the hotel industry differed in relation to the scale or category of hotels. The scale of a hotel refers to the star rating of the hotel and thus indirectly reflects the depth of services and facilities on offer by a particular hotel (Chou *et al.* 2007). The range of facilities and services offered tend to differ from a lower rated hotel to a higher rated hotel (Cooper *et al.* 2008). This implies that a higher rated hotel will harbour more facilities than a lower rated hotel and thus location factors that are sensitive to the ability of the hotel to house more facilities will be considered differently. Similar arguments have been advanced by Baum and Mezias (1992), Chung and Kalnins (2001) and Tzeng *et al.* (2002) that even though the dimensions of location factors of lower and high rated hotels may be the same, the extent of consideration given to each dimension may differ. Specifically, Bull (1994, 1998) observed that the influence of physical site characteristics on the hotel location choice tends to differ due to the range of facilities that the site will be expected to accommodate.

Another factor that has been found to influence the relative considerations of hotel location factors is the part of the city the hotel will be located. Parr (2005, 2007) indicates that cities can basically be partitioned into two sections, namely the core and periphery, and the part in which a hotel owner intends to locate their hotel will determine the influence of each of the location factors. Differences were observed in Jerusalem on the extent to which each domain of location factor was considered based on whether it was located in the core or periphery of the city (Shoval 2006). Similarly, Egan and Nield (2000) and Lee and Jang (2010) have also observed that hotel owners who choose to locate in the core of cities will have to concern themselves most with laws and regulations governing land use as well as economic forces, whilst hotels that intend to locate in the periphery of cities are more likely to concern themselves with neighbourhood and environmental location factors.

The potential clients which a hotel intend to attract have also been viewed as an influencing factor in determining the choice of the location and the set of location factors that should be considered (Venables 1996; Gittel *et al.* 2000; Hanson 2001; Storper *et al.* 2002; Rigby & Essletzbichler 2002). A suitable hotel location is the key to generating consumer demand in the hotel industry. Thus, with a very strategic location for the hotel in relation to its intended customer base, the hotel is bound to receive patronage from such targeted clients. Egan and Nield (2000) in their model of the intra-urban hotel location indicated that the business traveller is weary of a hotel location due to the nature of their trip. Thus, the business traveller is engaged in a series of business meetings and conferences and also ceases an opportunity to explore business ties with other businesses in the cities; meanwhile, most of these businesses in cities are located within the core and hence the business traveller will choose a hotel based on its proximity to the core. McCleary *et al.* (1993: 46) echoed this view by stating that '*...location is the single*

most important factor influencing hotel selection by all business travellers. Even though this view may not be shared by all as others may argue that with the advent of sophisticated and efficient transportation systems which make it easier to commute within parts of the city (Muhlbacher & Botschen 1988; Motta 1993; Morley 1994; Chen 2001; Nicolau 2002; Chen & Li 2004), guests may not necessarily choose a hotel based on its location. Nevertheless, the nature of the trip or the targeted client may still have a role to play in hotel selection due to the poorly developed and mostly inefficient transportation systems in most African and Ghanaian cities.

Also the influence of hotel location factors tends to vary by the type of ownership of the hotel (Yang 2004). The hotel ownership tends to dictate the number of location factors as well as the consideration given to the location factors. Thus, since the background of the hotel owners impacts on the location decision process, it does invariably inform the extent of considerations given to each domain of location factor (Adams 2002; Galotti 2002; Hanai *et al.* 2008). For instance, Yang (2004) observed that firms that have individual ownership tend to consider basic economic factors such as land cost and availability of market, whereas firms with multiple owners are much concerned with major economic indicators as well as accessibility in terms of the road network leading to the site.

The influence of location factors has also been found to vary over time (Chung & Kalnins 2001, 2004). These changes are generally attributed to changing market trends and environmental conditions as well as laws and regulations. Shoval (2006) and Hamilton (2007) have both observed the changing influence of location factors over time and subsequently labelled time as one of the key variables that impact on the influence of various location factors in hotel location choice. Also, the characteristics of the decision makers have also been thought of as a major factor that determines the set of location factors considered in deciding on a suitable location for siting a hotel (McDemott & Taylor 1982; Motta 1993). The individual characteristics of the location decision makers such as the level of education, age, experience in the sector/industry, and socio-cultural orientation all exert a considerable influence on which location factor is highly considered in hotel location choice (Hayter 1997). Thus, these background characteristics tend to serve as moderators that influence how the location decision maker perceives the importance of a set of location factors in relation to the business and hence rate the location factors in order of perceived importance.

Theoretical Framework

To aid the understanding of the context within which this study was carried out, the behavioural thought on industrial location decisions (McNee 1960, 1963, 1974; Cyert & March 1963; Dicken 1971; Hamilton 1974; Yang 2004; Chou *et al.* 2007) was used. In this theory, the focus of analysis is on gathering information about firms' organisational structure and the characteristics of the firm in order to find answers to the causal factors of location decisions. Further, in terms of making actual location decisions (such as which location factors to give priority to), the organisational structure of the yet to be established firm is highly regarded. For instance, a large firm may obtain a more extensive array of information from many channels than a smaller one. In tandem with the arguments of the behavioural thought, it is anticipated that certain hotel characteristics (star rating, location of the hotel, age of the hotel, type of ownership and number of rooms) will determine which location factors should be highly considered by hotel owners in the Kumasi Metropolis.

Study Area

The study setting is the Kumasi Metropolis which is the regional capital of the Ashanti Region in Ghana. The Metropolis is also home to the Ashanti kingdom, one of the famous historical kingdoms in Africa and famous for its importance as a trading post in gold. Presently, the Metropolis serves as a major traversing point in the country where most of the major roads in the country converge. Travellers to both the northern and southern parts of the country transit through the Metropolis. Again, it continues to play a major role in commerce in the country and the West African Sub Region. These attributes of the Metropolis have endeared it to many hotel owners. The Metropolis has therefore witnessed an upsurge in the growth of hotels in the country and hence deemed an appropriate setting for this study.

Ghana's tourism industry centres on cultural, heritage, leisure products and more recently business travel. Together, Kumasi, Cape Coast and Accra have been described as the Tourism Triangle in Ghana (Boakye 2010) and share about two-thirds of Ghana's tourism products as well as the volume and value of visitors among themselves. Cape Coast is noted for its rich heritage tourism resources centred on the former slave castles. Accra is, however, noted for leisure and business tourism. Kumasi has been described as the heart of Ghana's cultural heritage and the main attraction in the city is centred on the rich Asante culture (Ghana Tourist Board [GTB] 2010). The major attractions in the Kumasi Metropolis include the Kumasi Zoological Gardens, Ghana National Cultural Centre, Armed Forces Museum, Komfo Anokye Sword Site, Kejetia Market and the Manhyia Palace. Festivals like Akwasidae and Akwasidae Kese are among the biggest cultural events. Cultural artefacts also abound in the city and the craft villages at Pankorono and Ntonso complement the tourist attractions of the city. Kumasi is also increasingly becoming attractive to business tourists (Akyeampong 2007) in Ghana. Also, the city's beautiful layout and greenery has accorded it the accolade 'Garden City of West Africa'.

Methods

The study was based on data collected from 153 hotel owners in the Kumasi Metropolis in November 2010. There were 190 hotels in the Metropolis as of November 2010 when the study was being conducted (Ghana Tourist Board [GTB] 2010). All the hotels were therefore included in the study considering the number of hotels available and the quantitative research paradigm guiding the study which has generalisation as one of its key features. Thus, a census was considered appropriate for the study. However, during the data collection exercise, as much as 37 hotels did not express interest in participating in the study either due to the death of the key location decision maker or their unavailability and hence were excluded from the study. Subsequently, data were collected from the remaining 153 hotels. To get to the hotel owners, the hotels were used as proxies. This was done with the aim of having one key personnel from each hotel as the owner or their associate who took part in the location decision making.

The data were collected with a structured questionnaire. However, since the majority of the hotel owners in the Metropolis were not literate in English language (Ghana Tourist Board [GTB] 2010), the administration of the questionnaire was done in a local language (Asante Twi).

The questionnaire was structured into two sections. The first section focused on hotel characteristics including the year of establishment, the location (whether located in the core or periphery of the Metropolis) of the hotel, category of the hotel (Star rating), type

of ownership and the number of rooms in the hotel. The second section covered the location factors considered by the hotel owners. A five-point Likert scale (ranging from 1 = Strongly agree, 2 = Agree, 3 = Neutral, 4 = Disagree and 5 = Strongly disagree) was utilised to measure the location factors considered by hotel owners in the domains of economic, neighbourhood characteristics, laws and regulations, physical site characteristics, socio-cultural and transportation factors. The questionnaire took three weeks to be administered (2nd to 23rd November, 2010). The chi-square test of independence was used to determine the variations in the level of consideration of the various dimensions of location factors.

Results and Discussion

In all, six domains of hotel location factors, namely economic, neighbourhood characteristics, transportation, laws and regulations, physical site characteristics and socio-cultural characteristics were captured in the study (Table 1). The median represents the average responses of the individual items and gives an indication on the extent to which they were considered by the sampled hotel owners. The total score on each domain was calculated by adding the scores of all the items that make up the domain and dividing it by the number of items in that domain.

With regard to the domain of economic factors, evidence from the study suggests that most of the hotel owners (99.3%) agreed that their choice of location was influenced by the fact that they wanted their hotels to be closer to their clients. This was based on the targeted clients they have in mind. Median ratings of other economic issues were 1.00 for wanting to locate close to targeted clients, which implies that locating close to targeted clients influenced their location decision. Meanwhile, the hotel owners were also of the view that locating closer to the Central Business District (CBD) informed (2.00) their choice of location, whilst they disagreed (4.00) that the low cost of land influenced their choice of location.

Furthermore, the hotel owners were in doubt (3.00) whether their location decision was influenced by their desire to locate in the midst of other hotels as well as locating in areas of hotel concentrations in order to benefit from demand heightened agglomerations (3.00) such as clients spillover, advertising economies as well as take advantage of consumer search.

On the whole, hotel owners were of the view that the six economic factors influenced (2.80) their choice of location. This finding is similar to that of Yang (2004) in Queensland, Australia, and that of Celata (2008) in Rome, Italy, that economic factors play a huge role in the selection of hotel locations. It also supports the neo-classical economists' view that location decision makers usually look for places that can enhance their economic gains. Thus, hotel owners in the Kumasi Metropolis are rational economic beings whose activities are driven by profit maximisation motives.

With the domain of neighbourhood characteristics, hotel owners disagreed (4.00) that their choice of location was informed by the availability of related tourism businesses such as night clubs, restaurants, attractions and the Kumasi Sports Stadium (the only stadium in the city). Similarly, the hotel owners disagreed (4.00) that they wanted to locate closer to ancillary services, whilst they remained ambivalent (3.00) over whether they wanted their hotels to be closer to the owners. Also, the hotel owners were divided on choosing a location with good sanitation (3.00) and locating (3.00) in an area with good-quality air. Generally, the hotel owners were divided on whether neighbourhood characteristics (3.20) influenced their choice of locations.

Table 1. Factors that are taken into account in hotel location decisions in the Kumasi Metropolis

Statement	N	% in agreement	Median	Range
Economic				
Proximity to clients	153	99.3	1.00	2.00
Proximity to the city centre or CBD	153	65.0	2.00	4.00
The low cost of land	153	40.6	4.00	3.00
Availability of other hotels already located here	153	41.3	3.00	4.00
I will benefit from economies of scale	153	45.5	3.00	3.00
<i>Overall score</i>	<i>153</i>	<i>57.0</i>	<i>2.80</i>	<i>1.80</i>
Neighbourhood characteristics				
Availability of related businesses	153	18.9	4.00	4.00
Availability of ancillary services	153	21.7	4.00	4.00
Suburb of residence of decision makers	153	37.1	3.00	4.00
Good neighbourhood sanitation	153	30.8	3.00	4.00
Quality of air in the neighbourhood	153	46.2	3.00	3.00
<i>Overall score</i>	<i>153</i>	<i>35.5</i>	<i>3.20</i>	<i>3.00</i>
Transport				
Good road network	153	57.3	2.00	4.00
Nearness to a major road	153	29.4	4.00	4.00
Closeness to the airport	153	9.1	5.00	4.00
<i>Overall score</i>	<i>153</i>	<i>28.7</i>	<i>3.33</i>	<i>3.67</i>
Laws and regulations				
The ease of acquiring building permit	153	16.8	3.00	3.00
The ease of acquiring fire permit	153	4.9	4.00	3.00
The ease acquiring police permit	153	4.2	4.00	3.00
The ease of acquiring health permit	153	4.9	4.00	3.00
The ease of acquiring environmental permit	153	6.3	4.00	3.00
<i>Overall score</i>	<i>153</i>	<i>7.4</i>	<i>3.60</i>	<i>2.80</i>
Physical site characteristics				
Good scenery (good view)	153	58.0	2.00	3.00
Availability of land size I wanted	153	24.5	3.00	3.00
Opportunity to expand the hotel in the future	153	12.6	3.00	3.00
Good drainage system	153	46.2	3.00	3.00
<i>Overall score</i>	<i>153</i>	<i>35.3</i>	<i>3.00</i>	<i>3.00</i>
Socio-cultural characteristics				
Low crime rates in neighbourhood	153	62.9	2.00	3.00
Residents' positive perception of hotel business	153	11.2	3.00	3.00
Residents' friendliness	153	19.6	3.00	3.00
<i>Overall score</i>	<i>153</i>	<i>31.2</i>	<i>3.00</i>	<i>3.00</i>

Scale: 1.00–1.99 = Strongly agree, 2.00–2.99 = Agree, 3.00–3.99 = Neutral, 4.00–4.99 = Disagree, 5.00 = Strongly disagree.

Hotel owners were in agreement (2.00) that the availability of good road network informed their choice of location. However, the hotel owners disagreed (4.00) on whether their choice of location was influenced by their desire to locate closer to major roads in the city. Another interesting observation was that hotel owners disagreed (5.00) that their choice of location was influenced by the Kumasi airport. This is despite the fact that hotels in modern days are found to be locating closer to airports (Lee & Jang 2010). Perhaps, this may be attributed to the function of the airport as being purely domestic and handles low volumes of traffic. Again, most visitors to the Metropolis arrive by road. On the whole, hotel owners were ambivalent (3.33) on the extent to which they considered transport issues in their choice of location.

The study further revealed that hotel owners were in doubt whether the ease of acquiring building permit (3.00) informed their choice of location. Meanwhile, they disagreed that the ease of acquiring fire permit (4.00), police permit (4.00), health permit (4.00) and environmental permit (4.00) influenced their choice of location. Generally, hotel owners were in doubt (3.60) that laws and regulations influenced their choice of location. This is contrary to the observation made by Gray and Ligouri (1998) and Davidson (2005) that regulations and land-use planning tend to impact on hotel location selection. Perhaps, this is due to the poor enforcement of laws and regulations in Ghana, and the Kumasi Metropolis in particular. Also, the Ghanaian land-use planning regulations and laws allow for rezoning of sites for different land functions that it was not originally zoned for which might have also made it less restrictive on the choice of hotel locations.

In terms of the domain of the physical site characteristics, hotel owners were in agreement that they chose their hotel locations based on the location's good scenery (2.00). However, they were divided on the influence of the land size available (3.00), and the ability of the land to accommodate any future expansion plans (3.00) and the drainage quality (3.00). On the whole, hotel owners were in doubt (3.00) whether their choice of location was informed by the physical site characteristics.

Hotel owners were of the view that low crime rates informed (2.00) their choice of location. However, the hotel owners were unsure whether positive residents' perception of hotel business (3.00) and residents' friendliness to visitors influenced (3.00) their choice of location. The hotel owners were on the whole uncertain (3.00) whether socio-cultural issues influenced their location choice.

Evaluation of the ratings of the six spheres of issues revealed at least four dimensions of location (economic, socio-cultural, physical site characteristics and transport) were moderately considered by hotel owners in their location decisions. Thus, these four dimensions have at least one item under each having a median of less than 3. This finding suggests that all the four dimensions of the location factors were necessary in understanding the location patterns of hotels in the Kumasi Metropolis. Again, the finding is consistent with the assertion made by Gray and Ligouri (1998) that hotel location selection is dependent on a host of factors instead of viewing it from just the economic perspective.

Location Factors and Hotel Characteristics

The location choice of firms has been correlated with the type of firm, the scale of operations and other variables such as targeted clients and the future strategies of the firms (Yang 2004). Hotels tend to choose their locations based on some of the characteristics of the specialised services they want to provide (Lee & Jang 2010). This is important because once the location is chosen and the hotel is built, future strategies will have to be designed to suit the location.

To facilitate the interpretation of the results, the five-point Likert scale (ranging from 1 = Strongly agree, 2 = Agree, 3 = Neutral, 4 = Disagree and 5 = Strongly disagree) which was originally used to capture the data was collapsed into three (Agree, Neutral and Disagree). After this, the overall score for each domain was computed and used in the chi-square test. This decision was informed by the fact that the data transformation exercise will not lead to any loss in the quality of the data. However, it will facilitate the data presentation format as well as enhance the interpretation of the results as presented in Table 2.

With respect to hotel location, the chi-square test revealed that there were significant differences ($P = 0.000$) in hotel owners' consideration of economic factors in choosing a

Table 2. Location factors by hotel characteristics

Hotel characteristics	Economic (%)			Neighbourhood (%)			Laws and regulations (%)			Physical site (%)			Transport (%)			Socio cultural (%)			
	N	A	D	N	A	D	N	A	D	N	A	D	N	A	D	N	A	D	
<i>Location</i>																			
Core	61	67.3	30.9	1.8	21.8	76.4	1.8	5.5	47.3	47.3	12.7	65.5	21.8	9.1	74.5	16.4	21.8	72.7	5.5
Periphery	92	25.0	73.9	1.1	72.7	3.4	23.9	4.5	31.8	63.6	15.9	68.2	15.9	9.1	60.2	30.7	11.4	71.6	17.0
		$X^2 = 25.66, df = 2, P = 0.000^*$			$X^2 = 21.69, df = 2, P = 0.000^*$			$X^2 = 3.78, df = 2, P = 0.151$			$X^2 = 0.921, df = 2, P = 0.631$			$X^2 = 3.81, df = 2, P = 0.149$			$X^2 = 6.04, df = 2, P = 0.041$		
<i>Hotel category</i>																			
2-Star	26	44.0	52.0	4.0	12.0	80.0	08.0	16.0	28.0	56.0	73.0	12.0	15.0	12.0	72.0	16.0	19.0	72.0	9.0
1-Star	28	47.1	47.1	5.9	23.5	70.6	5.9	5.9	35.3	58.8	17.6	70.6	11.8	11.8	64.7	23.5	17.6	76.5	5.9
Budget	83	37.6	52.3	10.1	8.7	71.7	19.6	4.5	34.7	52.8	10.9	68.5	20.7	8.7	66.3	25.0	13.0	69.6	17.4
Guest house	16	62.5	32.3	5.2	8.5	80.4	11.1	10.1	23.2	66.7	10.2	79.8	10	8.5	20.9	71.6	11.1	78.9	10.0
		$X^2 = 6.98, df = 6, P = 0.324$			$X^2 = 7.55, df = 6, P = 0.273$			$X^2 = 9.34, df = 6, P = 0.156$			$X^2 = 12.68, df = 6, P = 0.034$			$X^2 = 6.13, df = 6, P = 0.004$			$X^2 = 7.07, df = 6, P = 0.315$		
<i>Ownership</i>																			
Individual	121	72.0	21.1	6.8	11.6	76.9	11.6	3.3	38.8	57.9	15.7	65.3	19.0	9.1	65.3	25.6	15.7	73.6	10.7
Family	20	60.9	29.9	9.2	7.1	28.6	64.3	7.1	35.7	57.1	7.1	71.4	21.4	11.2	67.4	21.4	14.3	71.4	14.3
Joint venture	12	12.5	75.0	12.5	4.2	65.0	30.8	20.0	20.0	60.0	12.5	78.5	9.0	25.0	50.0	25.0	60.0	27.5	12.5
		$X^2 = 9.83, df = 4, P = 0.041^*$			$X^2 = 11.01, df = 4, P = 0.026^*$			$X^2 = 7.85, df = 4, P = 0.097$			$X^2 = 2.83, df = 4, P = 0.587$			$X^2 = 4.24, df = 4, P = 0.374$			$X^2 = 4.94, df = 4, P = 0.022^*$		

(continued)

Table 2. (Continued)

Hotel characteristics	Economic (%)		Neighbourhood (%)		Laws and regulations (%)		Physical site (%)		Transport (%)		Socio cultural (%)						
	N	A	N	A	N	A	N	A	N	A	N	A					
Age of hotel																	
30-39	8	18.0	75.0	7.0	12.5	12.5	15.4	70.3	12.5	50.0	37.5	25.0	62.5	12.5	25.0	62.5	12.5
20-29	6	21.6	50.0	28.4	25.0	25.0	62.0	20.0	25.0	50.0	25.0	15.0	60.0	25.0	25.0	50.0	25.0
10-19	21	30.8	61.5	7.7	69.2	20.8	10.0	28.2	23.1	69.2	7.7	7.7	84.6	7.7	15.4	76.9	7.7
1-9	118	39.2	55.9	4.8	75.4	11.0	13.6	5.1	13.6	68.6	17.8	6.8	64.4	28.8	14.4	72.9	12.7
		$X^2 = 5.70, df = 6, P = 0.457$		$X^2 = 5.15, df = 6, P = 0.025^*$		$X^2 = 5.29, df = 6, P = 0.014^*$		$X^2 = 4.15, df = 6, P = 0.656$		$X^2 = 14.93, df = 6, P = 0.061$		$X^2 = 1.96, df = 6, P = 0.923$					
Number of rooms																	
>40	7	24.1	58.3	17.6	23.2	50.0	26.8	60.2	59.0	23.0	18.0	60.1	25.7	14.2	21.0	60.0	19.0
31-40	12	39.9	52.2	7.9	12.5	65.4	22.1	52.5	62.5	16.0	21.5	64.0	25.0	11.0	12.5	75.0	12.5
21-30	32	21.7	64.3	14.0	10.7	78.6	10.7	53.6	28.6	60.7	10.7	14.3	60.7	25.0	17.9	71.4	10.7
11-20	66	29.5	59.3	11.2	11.6	73.9	14.5	59.3	11.6	71.0	17.4	8.7	63.8	27.5	13.0	71.0	15.9
1-10	36	14.2	67.4	18.4	8.3	69.4	22.2	55.6	11.8	75.0	13.2	2.8	69.4	27.8	16.7	71.0	12.3
		$X^2 = 4.67, df = 8, P = 0.792$		$X^2 = 5.33, df = 8, P = 0.722$		$X^2 = 9.24, df = 8, P = 0.322$		$X^2 = 18.21, df = 8, P = 0.020$		$X^2 = 8.28, df = 8, P = 0.406$		$X^2 = 3.66, df = 8, P = 0.888$					

*Significant at P < 0.05.

location. It was established that whereas most hotel owners whose hotels were located in the core were in agreement (67.3%) in terms of the extent to which they considered economic factors in their location selection, most of their counterparts whose hotels were located in the periphery were ambivalent (73.9%) on this issue. This finding was expected because economic opportunities are greater in the core of the Metropolis than the periphery, and perhaps that explained why the hotels in the core located there. On the other hand, economic opportunities and concerns are relatively less important in the periphery as compared to the core, and to prefer such location to the core may imply that the hotel owners were less concerned about the economic factors.

There were significant differences ($P = 0.000$) with regard to the neighbourhood characteristics that were considered by hotel owners in the core and periphery of the Metropolis. Most hotel owners in the core were divided (76.4%) on whether they considered neighbourhood characteristics, whilst the majority of those in the periphery agreed (72.7%) that they considered neighbourhood characteristics in choosing a location for their hotels. This may be linked to the fact that the core is already developed and the neighbourhood characteristics may not be attractive as compared to the well-planned peripheral locations.

The chi-square analysis detected that there were no significant differences ($P = 0.149$) in transport-related location factors, laws and regulations ($P = 0.151$), physical site characteristics ($P = 0.631$) and socio-cultural factors ($P = 0.411$) as considered by hotel owners in the core and periphery. Generally, hotel owners of different locations differed in terms of two location factors, namely economic and neighbourhood factors. However, hotel owners of different locations in the Metropolis did not differ with regard to the influence of transport, laws and regulations, physical site characteristics and socio-cultural factors on their choice of location. This observation suggests that irrespective of where the hotel owner wanted to locate (whether the core or periphery), the location factors considered were mostly the same.

Hotel category does not only influence where the hotel will locate, but also influence the set of factors that will be evaluated in choosing the location (Egan & Nield 2000). Yang (2004) observed that the intended scale and depth of operations of a firm may be correlated with the factors that are considered in the location decision so as to accommodate the array of operations. Thus, the choice or preference of a location and a set of location factors over another during location decision making will be based on the intended corporate vision which includes the range of services the hotel may offer.

The chi-square test was employed to explore the differences in the domains of location factors over the various hotel categories. With the exception of economic, laws and regulations, socio-cultural domains of location factors and neighbourhood characteristics, the results indicated that there were significant differences in the extent to which transport issues ($P = 0.004$) and physical site characteristics ($P = 0.034$) were considered by the hotel owners of the various hotel categories in their choice of location.

The extent to which transport issues were considered by hotel owners of the guest houses differed from the others. Thus, whereas the majority of hotel owners of 2-Star (72.0%), 1-Star (64.7%) and budget (66.3%) hotels were in doubt as to the extent to which they considered transport factors, the majority of the owners of guest houses disagreed (71.6%). Perhaps, the land cost of areas close to major transport hubs where the guest houses are located was considerably inexpensive for the owners of guest houses and may explain why transportation factors were not an issue for them.

Significant differences were also observed in the rating of the owners of 2-Star category hotels about the physical site domain in relation to the owners of other hotel

categories. Most of the owners of the 2-Star category hotels agreed (73.0%) that they have considered physical site characteristics in their location decision, whilst most of the owners of hotels in the 1-Star (70.6%), budget (68.5%), and guest house (79.8%) categories remained divided on the same issue. This finding is consistent with the observation made by Bull (1998) that larger and higher rated hotels tend to value the physical site attributes more than the lower rated hotels. Perhaps, owners of the 2-Star category hotels were more concerned about this factor due to its impact on the hotel property itself because of the relatively huge investment requirements as compared to the lower rated hotels.

Another important attribute that may influence the choice of location of firms is the type of ownership. The ownership structure of a firm to a large extent may determine where the business will locate, whether within a city, region, country or sub-region (Hamilton 2007). Subsequently, the range of factors that will be evaluated in choosing the location may also be influenced by whether the decision is made at the corporate level, family or individual level (Lee & Jang 2010).

Three types of ownership were identified with regard to hotels in the Kumasi Metropolis, namely individual ownership, family ownership and joint venture. The individually owned hotels were those that were identified by the owners as solely being owned by the owner. The family owned hotels were those identified by the owners as having some form of resources contributed by other members of both the extended and the nuclear families. The jointly owned hotels were those identified by the owners as having entered into business partnerships with other non-family members.

The finding revealed that there were significant differences in the domains of economic ($P = 0.041$), neighbourhood characteristics ($P = 0.026$) and socio-cultural ($P = 0.022$) location factors among the hotel owners based on the type of ownership. For instance, most of the hotel owners whose hotels were jointly owned with others were ambivalent (75.0%) that they considered economic factors in their location decisions, whilst most of the owners of individually owned hotels were in agreement (72.0%) that they considered economic factors in their location decisions just as their counterparts of the family owned hotels (60.9%). Thus, hotel owners of individually owned hotels were more particular about economic factors during the location decision making than other hotel owners. Perhaps, the individual spends their lifetime savings and hence is more concerned about the viability of their investments than the other hotel owners with different hotel ownership structures, especially given the fact the major contributors in the case of family owned hotels or joint ventures were residing abroad and did not contribute in the location decision making directly.

Again, a marked difference was observed in the rating of the owners of family owned hotels about neighbourhood characteristics as compared to the rest. In other words, whereas the majority of hotel owners of both individually owned (76.9%) and jointly owned (65.0%) hotels were uncertain that neighbourhood characteristics informed their choice of location, most of their counterparts whose hotels were family owned disagreed (64.3%).

With regard to socio-cultural factors, most of the owners of jointly owned hotels were in agreement (60.0%) that it influenced their choice of location. The majority of the owners of family owned hotels were, however, in doubt (71.4%) that socio-cultural factors informed their choice of location, and this was the same for most of their counterparts whose hotels were individually owned (73.6%). Owners of both individually and family owned hotels may have had some form of attachment to the communities their hotels are located in by virtue of them living there which might have made them not pay attention to the socio-cultural factors in the communities.

Further, there were no significant differences in the type of hotel ownership and the extent to which the hotel owners considered transport ($P = 0.396$), laws and regulations ($P = 0.463$) and physical site ($P = 0.251$) location factors in their location decisions. Overall, the type of ownership of a hotel determined the extent to which economic, neighbourhood and socio-cultural factors were considered in hotel owners' location decisions. This finding is consistent with the observation made by Yang (2004) that the ownership structure of firms is related to location factors that are considered by decision makers.

In order to measure the hotel age, the year of establishment of the hotel was used as a proxy. It is generally anticipated that since the society is dynamic and keeps evolving in its characteristics, the significance of the location factors is also likely to vary over a period of time.

Significant differences were detected in the areas of neighbourhood characteristics ($P = 0.025$) and laws and regulations ($P = 0.014$) based on the number of years the hotel has been in operation. Most of the owners of hotels that have been in operation for a period of 1–9 years were more concerned with neighbourhood characteristics of the areas they are located in (75.4%) just as most of their counterparts whose hotels have been in operations for a period of 10–19 years (69.2%). Most owners whose hotels have been in operation for a period of 20–29 years disagreed (50.0%) as to the influence of neighbourhood characteristics in their location decisions as well as most of their fellow hoteliers whose hotels have been in operation for 20–39 years (75.0%).

The majority of hotel owners whose hotels have existed for 1–9 years agreed (68.5%) that laws and regulations informed their choice of location. In contrast, the majority of the owners of hotels that have lasted for 10–19 years (65.8%) and 20–29 years (62.0%) were uncertain when asked about the influence of laws and regulations in determining their choice of location. However, most of the owners of hotels that have lasted for 30–39 years disagreed (70.3%) that laws and regulations have influenced their location choice. There were no significant differences in the level of consideration of the domains of economic ($P = 0.457$), transport ($P = 0.061$), physical site ($P = 0.656$) and socio-cultural factors ($P = 0.623$).

The physical extent of a firm may exert some influence on the nature of a location that may be chosen to house the firm. Yang (2004) observed that firms that are likely to operate many facilities in a particular location will require bigger sites that can easily accommodate such facilities. The number of rooms was used as a proxy to measure the physical extent of the hotel. This was deemed appropriate, given the fact that most people build horizontally instead of vertical, especially with the hotels in the Kumasi Metropolis.

A significant difference ($P = 0.020$) was observed in the physical site characteristics across the various room categories. Most of the owners of hotels with more than 40 rooms agreed (59.0%) that physical site characteristics influenced their choice of location. Also, the majority of the owners of hotels with rooms between 31 and 40 were concerned (62.5%) with the physical site characteristics when they were making their location decisions. This finding may be attributed to the existence of few high-rise buildings in the Metropolis such that hotels with higher room numbers in the Metropolis might have required bigger land sizes to accommodate more rooms since they build horizontally. In contrast, most of the owners of hotels with 21–30 rooms were ambivalent (60.7%) with the domain of the physical site characteristics just as most of their counterparts of hotels with 11–20 rooms (71.0%) and 1–10 rooms (75.0%). However, no significant differences were observed with the domains of economic ($P = 0.792$), neighbourhood characteristics ($P = 0.722$), transport ($P = 0.406$), laws and regulations ($P = 0.322$) and socio-cultural factors ($P = 0.888$).

Conclusions

Four domains of location factors were found to be important in hotel location selection in the Kumasi Metropolis, namely economic issues, transportation factors, physical site characteristics and socio-cultural characteristics. This is explained by the fact the hotel owners agreed that at least one item under each of the four domains influenced their choice of location. These four domains of factors tend to explain the 'why' and 'how' of the choice of location by hotel owners in the Kumasi Metropolis. However, the extent of influence of each domain varies in terms of consideration by the hotel owners. This is consistent with the behavioural thought on industrial location which indicates the magnitude of each domain of the hotel location factor differs even among businesses of the same nature due to certain organisational and location decision makers' traits (Yang 2004; Chou *et al.* 2007). Even though this is expected, other location theories tend to treat location decision making as homogeneous among firms in the same industry without acknowledging that there may be differences in location factors considered due to organisational traits as well as human factors. The implication is that hotel owners or location decision makers do not give equal attention to a host of location factors.

The relative influence of the various dimensions of hotel location factors tends to differ based on certain characteristics of the hotel. Thus, even though the occurrence of the various dimensions of hotel location may be the same, the extent to which each of the dimensions impacts on the choice of location for different hotel groups in the Kumasi Metropolis varies significantly. The study has demonstrated that issues such as the part of the city the owner chooses, the hotel category, the type of ownership, the time period within which the hotel is established, and the number of rooms the hotel may house all have influence on the domain of location factors that are heavily considered in choosing a site for a hotel. This is consistent with the underpinning assumptions of the behavioural thought on industrial location that the search for the understanding of 'how' and 'why' firms locate where they do can be traced by understanding the organisational characteristics such as the scale of operations, the units in the organisation and the type of ownership (Hamilton 1974; Yang 2004; Chou *et al.* 2007). Thus, other proximate factors help to influence the relative strength of the various location factors in the ultimate choice of the location decision maker (Egan & Nield 2000; Chung & Kalnins 2001; Tzeng *et al.* 2002). The findings of this study suggest that the behavioural thought on industrial location is still relevant in the location literature (Hanai *et al.* 2008). This also implies that there is the need for further studies on the influence of other proximate factors in deciding which location factors are considered most in decision making.

In summary, the findings of this study confirm that the behavioural thought (Akyeampong 2007; Adams 2002) on industrial location is of relevance in understanding the dimensions of the hotel's location and should not be neglected entirely in the case of hotels as has been the case. In fact the behavioural thought gives a broader scope that does not only allow for the study of the immediate location factors, but also allow for the study of the intermediate factors that determine which of the immediate location factors was highly considered

Notes on contributors

Issahaku Adam is currently a Senior Research Assistant at the Department of Hospitality and Tourism Management at the University of Cape Coast in Ghana. His research interests include urban tourism, tourism and hospitality law, safety and security issues in tourism and leisure and disability.

Francis Eric Amuquandoh is a Professor in Tourism at the Department of Hospitality and Tourism Management of the University of Cape Coast in Ghana. His research interests include community and tourism development, ecotourism, food tourism and heritage tourism.

References

- Adams, J. D. (2002) Comparative localisation of academic and industrial spillovers, *Journal of Economic Geography*, 2, pp. 253–278.
- Adey, P. (2007) May I have your attention: Airport geographies of spectatorship, position and (im)mobility, *Environment and Planning D: Society and Space*, 25(3), pp. 515–536.
- Akyeampong, O. A. (2007) *Tourism in Ghana: The Accommodation Sub-Sector* (Accra: Janel Publications).
- Baum J., & Mezas S. (1992) Localized competition and organizational failure in the Manhattan hotel industry, 1898–1990, *Administrative Science Quarterly*, 37(2), pp. 580–604.
- Boakye, K. A. (2010) Studying tourists. suitability as crime targets, *Annals of Tourism Research*, 37(3), pp. 727–743.
- Bull, O. A. (1994) Pricing a motel's location, *International Journal of Contemporary Hospitality Management*, 6(6), pp. 10–15.
- Bull, O. A. (1998) The effects of location and other attributes on the price of products which are place sensitive in demand, PhD thesis, Department of Marketing, Griffith University, Queensland, Australia.
- Celata, F. (2008) The tourism 'sprawl' and urban changes in Rome, *Urban Studies*, 41(3), pp. 305–319.
- Chen, C. T., 2001. A fuzzy approach to select the location of the distribution centre. *Fuzzy Sets and Systems*, 118, pp. 65–73.
- Cheng, E. W. L., & Li, H. (2004). Exploring quantitative methods for project location selection, *Building and Environment*, 39, pp.1467–1476.
- Chou, T. Y., Hsu, C. L., & Chen, M. C. (2007) A fuzzy multi-criteria decision model for international tourist hotels location selection, *International Journal of Hospitality Management*, 27(2), pp. 293–301.
- Chung, W., & Kalnins, A. (2004) Resource-seeking Agglomeration: A study of market entry in the lodging industry, *Strategic Management Journal*, 25, pp. 689–699.
- Chung, W., & Kalnins A. (2001) Agglomeration effects and performance: A test of the Texas lodging industry, *Strategic Management Journal*, 22(10), pp. 969–988.
- Cooper, C., Fletcher J., Fyall, A., Gilbert, D., & Wanhill, S. (2008) *Tourism Principles and Practice*, 4th ed. (England: Pearson Education Ltd).
- Cyert, R. M., & March, J. G. (1963) *A Behavioural Theory of the Firm*. (New Jersey: Prentice-Hall).
- Czamanski, D. Z. (2008) Some considerations concerning industrial location decisions, *European Journal of Operations Research*, 6, pp. 227–231.
- Davidson, L. P. (2005) Early twentieth-century hotel architects and the origins of standardization, *Journal of Decorative and Propaganda Arts*, 25, pp. 72–103.
- Dawe, T. (2005) *Business Hotels Come into the 21st Century*. The Times Focus Report: Hotels and the Business Traveller 27 June: 2
- Dicken, P. (1971) Some aspects of the decision making of business organisations, *Economic Geography*, 47, pp. 426–437.
- Egan, D. J., & Nield, K. (2000) Towards a theory of intra-urban hotel location, *Urban Studies*, 37(3), pp. 611–621.
- Galotti, K. M. (2002) *Making Decisions that Matter – How People Face Important Life Choices* (New Jersey: Lawrence Erlbaum Associations).
- Ghana Tourist Board [GTB] (2010) *List of Licensed Accommodation Facilities: June, 2010* (Kumasi, Ghana: Kumasi Office).
- Gittel, R., Kaufman, A., & Karson, M. (2000) The new economic geography of the states, *Economic Development Quarterly*, 14(12), pp. 182–193.
- Gray, W. S., & Liguori, S. C. (1998) *Hotel and Motel Management and Operations*, 3rd ed. (New Jersey: Prentice-Hall).
- Hamilton, F. E. I. (1974) *Spatial Perspectives on Industrial Organisation and Decision Making* (London: John Wiley & Sons).

- Hamilton, J. M. (2007) Coastal landscape and the hedonic price of accommodation, *Ecological Economics*, 62(3/4), pp. 594–602.
- Hanai, T., Oguchi T., Ando, K., & Yamaguchi, K. (2008) Important attributes of lodgings to gain repeat business between individual travels and group travels, *International Journal of Hospitality Management*, 27, pp. 268–275.
- Hanson, G. H. (2001) Scale economies and the geographic concentration of industry, *Journal of Economic Geography*, 1, pp. 255–276.
- Hayter, R. (1997) *The Dynamics of Industrial Location-the Factory, the Firm, and the Production System* (Chichester: John Wiley & Sons).
- Karakaya, F., & Canel, C. (2006) Underlying dimensions of business location decisions, *Industrial Management and Data Systems*, 98(7), pp. 321–329.
- Kuo, R. J., Chi, S. C., & Kao, S. S. (2002) A decision support system for selecting convenience store location through integration of fuzzy AHP and artificial neural network, *Computers in Industry*, 47, pp. 199–214.
- Lee, C., Lee, W. R., & Hsu, H. W. W. (2000) An empirical study on the relationship between strategic groups and performance in Taiwan's international tourist hotel industry, *Journal of Business Administration*, 48, pp. 89–120.
- Lee, S. K., & Jang, S. (2010) Room rates of US airport hotels: Examining the dual effects of proximities, *Journal of Travel Research*, XX(X), pp. 1–2.
- McCleary, K. W., Weaver, P. A., & Hutchinson, J. (1993) Hotel selection factors as they relate to business travel situations, *Journal of Travel Research*, 32(2), pp. 42–48.
- McDemott, P., & Taylor, M. (1982) *Industrial Organisation and Location* (Cambridge: Cambridge University Press).
- McNee, R. B. (1960) Toward a more humanistic economic geography: The geography of enterprise, *Tijdschrift voor Economische en Sociale Geografie*, 51, pp. 201–206.
- McNee, R. B. (1963) The spatial evolution of the Sun Oil Company, *Annals of the Association of American Geographers*, 35(4), pp. 609–613.
- McNee, R. B. (1974) A systems approach of understanding the geographic behaviour of organisations, especially large corporations, in F. E. I. Hamilton (Ed) *Spatial Perspectives on Industrial Organisation and Decision Making*, pp. 47–75 (New York: John Wiley & Sons).
- Morley, C. L. (1994) Experimental destination choice analysis, *Annals of Tourism Research*, 21(4), pp. 780–791.
- Motta, M. (1993) Endogenous quality choice: Price vs quantity competition, *Journal of Industrial Economics*, 41(2), pp. 113–131.
- Muhlbacher, H., & Botschen, G. (1988) The use of trade-off analysis for the design of holiday travel packages, *Journal of Business Research*, 17, pp. 117–131.
- Nicolau, J. L., 2002. Assessing new hotel opening through an even study, *Tourism Management*, 23, pp. 47–54.
- Pan, C. M. (2002) Market concentration ratio analysis of the international tourist hotel industry in Taipei area, *Tourism Management Research*, 2(2), pp. 57–66.
- Parr, J. B. (2005) Perspectives on the city-region, *Regional Studies*, 39, pp. 555–566.
- Parr, J. B. (2007) Spatial definitions of the city: Four perspectives, *Urban Studies*, 44(2), pp. 381–392.
- Rigby, D. L., & Essletzbichler, J. (2002) Agglomeration economies and productivity differences in US cities, *Journal of Economic Geography*, 2, pp. 407–432.
- Shoval, N. (2006) The geography of hotels in cities: An empirical validation of a forgotten model, *Tourism Geographies*, 8(1), pp. 56–75.
- Storper, M., Chen, Y., & De Paolis, F. (2002) Trade and the location of industries in OECD and European Union, *Journal of Economic Geography*, 2, pp. 73–107.
- Tzeng, G. H., Teng, M. H., Chen, J. J., & Opricovic, S. (2002) Multicriteria selection for a restaurant location in Taipei, *International Journal of Hospitality Management*, 21(2), pp. 171–187.
- Venables, A. J. (1996) Equilibrium locations of vertically linked industries, *International Economy Review*, 37(2), pp. 341–359.
- Yang, C. H. (2004) Identifying and testing the decision making factors Related to 'key industries' choice of locations, MPhil thesis, Department of Marketing, Griffith University, Queensland, Australia.