

1-1-1994

## The attitudes of key executives of international tourist hotels in Taiwan toward casino investments in Taiwan

Shiang-Lih Chen

*University of Nevada, Las Vegas*

Follow this and additional works at: <https://digitalscholarship.unlv.edu/rtds>

---

### Repository Citation

Chen, Shiang-Lih, "The attitudes of key executives of international tourist hotels in Taiwan toward casino investments in Taiwan" (1994). *UNLV Retrospective Theses & Dissertations*. 406.

<http://dx.doi.org/10.25669/gw6d-e2m5>

This Thesis is protected by copyright and/or related rights. It has been brought to you by Digital Scholarship@UNLV with permission from the rights-holder(s). You are free to use this Thesis in any way that is permitted by the copyright and related rights legislation that applies to your use. For other uses you need to obtain permission from the rights-holder(s) directly, unless additional rights are indicated by a Creative Commons license in the record and/or on the work itself.

This Thesis has been accepted for inclusion in UNLV Retrospective Theses & Dissertations by an authorized administrator of Digital Scholarship@UNLV. For more information, please contact [digitalscholarship@unlv.edu](mailto:digitalscholarship@unlv.edu).

## **INFORMATION TO USERS**

**This manuscript has been reproduced from the microfilm master. UMI films the text directly from the original or copy submitted. Thus, some thesis and dissertation copies are in typewriter face, while others may be from any type of computer printer.**

**The quality of this reproduction is dependent upon the quality of the copy submitted. Broken or indistinct print, colored or poor quality illustrations and photographs, print bleedthrough, substandard margins, and improper alignment can adversely affect reproduction.**

**In the unlikely event that the author did not send UMI a complete manuscript and there are missing pages, these will be noted. Also, if unauthorized copyright material had to be removed, a note will indicate the deletion.**

**Oversize materials (e.g., maps, drawings, charts) are reproduced by sectioning the original, beginning at the upper left-hand corner and continuing from left to right in equal sections with small overlaps. Each original is also photographed in one exposure and is included in reduced form at the back of the book.**

**Photographs included in the original manuscript have been reproduced xerographically in this copy. Higher quality 6" x 9" black and white photographic prints are available for any photographs or illustrations appearing in this copy for an additional charge. Contact UMI directly to order.**

# **UMI**

**A Bell & Howell Information Company  
300 North Zeeb Road, Ann Arbor, MI 48106-1346 USA  
313/761-4700 800/521-0600**



**THE ATTITUDES OF KEY EXECUTIVES OF  
INTERNATIONAL TOURIST HOTELS IN TAIWAN  
TOWARD CASINO INVESTMENTS  
IN TAIWAN**

**by**

**Shiang-Lih Chen**

**A thesis submitted in partial fulfillment  
of the requirements for the degree of**

**Master of Science**

**in**

**Hotel Administration**

**Department of Hotel Administration  
University of Nevada, Las Vegas  
December 1994**

**UMI Number: 1361082**

**Copyright 1995 by  
Chen, Shiang-Lih  
All rights reserved.**

---

**UMI Microform Edition 1361082  
Copyright 1995, by UMI Company. All rights reserved.**

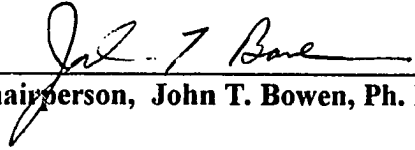
**This microform edition is protected against unauthorized  
copying under Title 17, United States Code.**

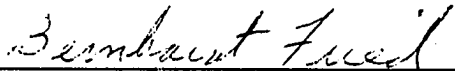
---

**UMI**


**300 North Zeeb Road  
Ann Arbor, MI 48103**

**The Thesis of Shiang-Lih Chen for the degree of Master of Science in Hotel Administration is approved.**

  
Chairperson, John T. Bowen, Ph. D.

  
Examining Committee Member, Bernhardt Fried, Ed. D.

  
Examining Committee Member, Zheng Gu, Ph. D.

  
Graduate Faculty Representative, William N. Thompson, Ph.D.

  
Dean of the Graduate College, Ronald W. Smith, Ph. D.

**University of Nevada, Las Vegas  
December, 1994**

## ABSTRACT

Casino gaming is growing. In America, casino operations have become the largest segments of the entertainment industry. In Asia, another four countries will legalize casino gambling in 1994. The growth of the gaming industry is a worldwide trend.

Right now, there is an exceptional opportunity; a special legislative bill is under consideration to legalize casino gambling in Taiwanese surrounding island districts. The legislators are evaluating the necessity of legalized casino gambling in Taiwan. According to other countries' casino operation experiences, some legislators consider hotel industry investors to be the most suitable operators of casino operations. One of their concerns was whether or not owners of hotels would be willing to invest in casinos. The purpose of this study is to assess the attitudes of key executives of International Tourist Hotels toward casino investments in Taiwan.

The results disclosed that the key executives' perceptions of casino investments in Taiwan are positive and the majority of them are willing to invest in casinos in Taiwan.

## TABLE OF CONTENTS

ABSTRACT.....	iii
LIST OF TABLES.....	vi
ACKNOWLEDGEMENTS.....	viii
CHAPTER 1 INTRODUCTION.....	1
Introduction.....	1
Justification.....	8
The Problem and Its Setting.....	9
Purpose of Study.....	9
Subproblems.....	9
Hypothesis.....	10
Investigations.....	10
The First Investigation.....	10
The Second Investigation.....	11
Limitations.....	11
Delimitations.....	11
Definitions.....	12
CHAPTER 2 THE REVIEW OF THE RELATED LITERATURE.....	13
Introduction.....	13
Gambling in Taiwan.....	13
Casino Terminology.....	18
Casino Gaming in America, Asia, and Oceanic Countries.....	21
Casino Gaming In American.....	22
Casino Gaming In Asia and Oceanic Countries.....	35
Casino Investment.....	42
Hotel Investment In Taiwan.....	48
Support Of Hypothesis.....	50
Support of Investigations.....	51
The First Investigation.....	51
The Second Investigation.....	52
Summary.....	53



CHAPTER 3 METHODOLOGY OF THE STUDY.....	54
Introduction.....	54
Research Population Selection.....	54
Survey Design and Data Gathering Instrument....	55
Nature of Data.....	63
Data Collection.....	64
Data Analysis.....	64
Hypothesis Test.....	64
Descriptive Analysis.....	65
Respondents' Demographic Characteristics.....	67
Summary.....	68
CHAPTER 4 FINDINGS OF THE STUDY.....	70
Introduction.....	70
Response Rate and Respondents' Profile.....	70
Hypothesis Testing.....	74
Survey Results.....	76
Respondents' Demographic Characteristics.....	84
Type of Hotel.....	84
Position of Key Executives.....	87
Expansion Plans.....	90
Age.....	93
Education.....	96
Summary.....	99
CHAPTER 5 SUMMARY AND CONCLUSION.....	100
Introduction.....	100
Summary of Findings.....	100
Recommendations.....	102
Recommendations for Congressmen and Taiwan Tourism Bureau.....	102
Recommendations for Further Research....	104
Limitations.....	105
APPENDICES	
A    International Tourist Hotels in Taiwan..	108
B    Sample For The First Exploratory Study..	110
C    The First Exploratory Questionnaire.....	112
D    The Results of The First Exploratory Study.....	117
E    The Second Exploratory Questionnaire....	125
F    The Results of The Second Exploratory Study.....	128
G    The Final Questionnaire.....	130
H    Approval Forms.....	140
BIBLIOGRAPHY.....	143

## LIST OF TABLES

Table 1.	Response Rate.....	71
Table 2.	Profile of Participants.....	73
Table 3.	t-Test of Eleven Factors Which Will Influence Casino Investment Decision Making Between the Key Executives Who Are Willing To Invest in Casinos in Taiwan And the Key Executives Who Are not Willing to Invest in Casinos in Taiwan.....	75
Table 4.	Central Tendency for the Key Executives' Perceptions of Casino Investments in Taiwan.....	78
Table 5.	Frequency for the Key Executives' Perceptions of Casino Investments in Taiwan.....	79
Table 6.	Central Tendency for the Key Executives' Willingness of Investing Casinos in Taiwan.....	82
Table 7.	Frequency for the Key Executives' Willingness of Investing in Casinos in Taiwan.....	83
Table 8.	Analysis of Variance For the Overall Key Executives' Perceptions of Casino Investments in Taiwan Across Three Types of Hotels.....	85
Table 9.	Analysis of Variance of Eleven Factors Which Will Influence Casino Investment Decision Making Across Three Types of Hotels.....	86
Table 10.	t-Test For the Key Executives' Perceptions of Casino Investment in Taiwan Between the Key Executives Who Are General Managers and the Key Executives Who Are Associate General Managers.....	88
Table 11.	t-Test of the Eleven Factors Which Will Influence Casino Investment Decision Making Between the Key Executives Who Are General Managers and the Key Executives Who Are Associate General Managers.....	89
Table 12.	t-Test For Perceptions of Casino Investments in Taiwan Between the Hotels Which Have Expansion Plans and the Hotels Which Do Not Have Expansion Plans.....	91
Table 13.	t-Test of Eleven Factors Which Will Influence Casino Investment Decision Making Between	

	the Hotels Which Have Expansion Plans and the Hotels Which Do Not Have Expansion Plans.....	92
Table 14.	t-Test For Perceptions of Casino Investments in Taiwan Between the Key Executives Who Are Under Fifty Years Old and the Key Executives Who Are Over Fifty Years Old.....	94
Table 15.	t-Test of Eleven Factors Which Will Influence Casino Investment Decision Making Between he Key Executives Who Are Under Fifty Years Old and the Key Executives Who Are Over Fifty Years Old.....	95
Table 16.	Analysis of Variance for the Key Executives' Perceptions of Casino Investments In Taiwan Across Three Level of Educational Attainment .....	97
Table 17.	Analysis of Variance of Eleven Factors Which Will Influence Casino Investment Decision Making Between Across Three Level of Educational Attainment.....	98

## ACKNOWLEDGEMENTS

There are a number of people that I would like to acknowledge for their contributions to this study. My first and foremost thanks goes to Dr. John Bowen. Throughout the course of my graduate studies, he cultivated my scholarly interests. Without his valuable advice, this thesis would not have been possible.

A special thanks must also go to Dr. Bin-Min Sung, Chairman of Department of Tourism at the Providence University, Taichung, Taiwan, for it was through his endowment that made this project a reality.

My appreciation also is extended to other members of my advisory committee. Dr. Bernhardt Fried, Dr. Zheng Gu, and Dr. William Thompson. A debt of gratitude is also owed to Dr. Donald Carns and Tom Lindner. Their assistance and guidance was invaluable.

Most of all, I dedicate this thesis to my father for his never-ending love and financial support in helping me throughout my academic career.

## CHAPTER I

### INTRODUCTION

#### Introduction

Chinese people are very familiar with gambling. In ancient times, over eighty percent of Chinese lived by farming; they had to fight against nature and gamble with God for a suitable climate and sufficient rainfall. So, from the Hsia Dynasty (2183 B.C.) to the Ching Dynasty (1911 A.D.), the emperor offered sacrifices to God and held a memorial ceremony once a year to ask for a prosperous harvest (SMA, 206 B.C.). This gambling nature has a history as long as the history of China; gambling activities have existed in China for over five thousand years. However, because of their belief in Buddhism, many Chinese consider gambling as being wrong, and that it can shorten peoples' lives and condemn them to a life of hell. Thus, this strong religious influence has greatly restricted official gambling. In addition, the traditional scholar-bureaucrat concepts, which emphasize Confucious's moral and ethical beliefs, cause Chinese society not to confront gambling squarely. So, according to these beliefs, gambling just

can't be permitted publicly, and gambling can't be legalized officially. Yet, gambling activities are prevalent and accepted by much of Chinese society.

Indeed, during the Chin Dynasty (221 B.C.), the government sponsored a keno-like lottery game to finance the building of the Great Wall (Doocey, 1994, p. 48). In Taiwan, the first commercial public gambling activities were similar to a lottery. This occurred during the Ching Dynasty (1880's). The first time a lottery was operated by the government was in 1906, when Taiwan was still a colony of Japan (Wu, 1988). Since 1949, when the Chinese National Party transferred government from Mainland China to Taiwan, the government has operated two lotteries, the Patriot Lottery from 1950 to 1987 and the Charity Lottery for three months in 1990. As Professor Yang (1990) claims during these periods, many people participated in an illegal lottery which used the same winning number as the official lottery but had an unlimited prize. On the day the government lottery announced the prize number, most of the industrial workers, farmers, and businessmen didn't go to work, housewives didn't care about housework, telephone lines stood still, and cash withdrawals from the banks increased (Executive Yuan, 1990).

Illegal gambling caused many people to lose all of their possessions or to commit suicide (President Chiang, 1986). So, the government discontinued the official

lotteries to prevent the associated illegal activities.

Besides the lotteries, illegal investment and stock market operations were other prevalent gambling-type activities during the 1980's. During this period, there were over forty illegal investment companies that absorbed over \$64 billion from the public. The number of stock market investors increased from forty million to four thousand million. Daily trade volume went up rapidly from \$192 million to \$57 billion, and then shrank gradually to \$7.6 billion (Hsu, 1991).

It is important to note that the Chinese are renowned as the premium players in casinos throughout the world. Johnson, Karahan & Thompson (1993) claim that a significant portion of Korean casinos' expenses are for complimentary services for Japanese, Taiwanese, and Hong-Kong patrons. The Philippines casinos' 20% foreign players are predominately from Hong-Kong, Taipei, and Japan (Cabot, Thompson, & Tottenham, 1993). Many Las Vegas gaming properties, such as the Mirage, Caesars World, ITT Sheraton (which took over Desert Inn), and the MGM Grand, have branch offices in Taiwan. Alan Feldman, vice president of public relations for the Mirage, has pointed out that The Chinese New Year is probably the second largest casino event in Las Vegas, second only to New Year's (Marcia, 1994).

Obviously, Taiwanese people love gambling very much. But because of a lack of regulation, the government has

found it difficult to effectively control gambling activities. In 1990, the Executive Yuan conducted a study for the purpose of solving gambling problems. The conclusions were that Government and public associations should cooperate to control citizen's gambling activities, to do feasibility research into issuing a western style lottery, and to establish a special site for legalized gambling to facilitate concentrated management of these activities (Executive Yuan, 1990).

Presently, the Taiwanese Legislative Yuan is proceeding with a gaming bill for the surrounding island districts to inspire the local economy and improve the residents' lives. The proposal, it is hoped, will turn these areas into resort destinations to draw more tourists. This would attract industrial investment, generate job opportunities, and increase government tax revenues. Unfortunately, Taiwan tourism has been declining for the past five years. Even though the Tourism Bureau held many activities and special events to attract foreign visitors (for instance, elaborately decorated Chinese New Year's festivals), international visitor arrivals continued to decrease from 2 million in 1989 to 1.8 million in 1992 (World Tourism Organization, 1994, p. 162). On the other hand, in Oct. 1987, the Taiwan government lifted two travel bans on its citizens. The first had prevented Taiwanese from visiting China in any guise. The second had prevented citizens from



travelling to Hong-Kong as the first or only destination. So departures from Taiwan have increased from 1 million in 1987 to 2.9 million in 1990. And 91 percent of departures from Taiwan are to countries within Asia (Stiles, 1992, p. 67). Legislators want to make the surrounding island districts appealing. To reduce the flow of outbound tourists and increase the number of inbound tourists.

In Las Vegas, casino-oriented destinations drew 21.9 million visitors in 1992. In Turkey, the government passed a casino law in order to increase the inflow of tourist dollars. In New Zealand, one purpose of the Casino Act is to promote tourism (Cabot, Thompson, & Tottenham, 1993). Therefore, some legislators view legalized casino gambling as one of the alternatives by which to stimulate the economy and develop tourism.

When assessing the feasibility of operating casinos in the surrounding island districts, besides studying the legislative, social and economic impacts, there also needs to be strict and cautious consideration into who will be the best investors and operators.

A casino is not only a place that provides gambling adventures, but also entertainment. To equip casino entities only with slot machines and gaming tables is not enough. It should also offer lodging, board, and entertainment. Saul Leonard, president of Los Angeles-based consultant firm Saul F. Leonard Co., points out that gaming is a legitimate

business and a good business that takes skill and ability to operate properly. He also predicts that more of the hotel industry is going to get involved in gaming (Wolff, 1993, p. 36).

It will be useful to examine the American and nearby Asian countries' leading casino industry's operations. Hotel chains have long been involved in gaming in the traditional centers of Las Vegas and Atlantic City. Mirage Resorts Inc. owns and operates the Mirage and Treasure Island Casino-Hotels on the Las Vegas Strip and the Golden Nugget Casino-Hotel in downtown Las Vegas; Hilton Hotel Corp. owns five casino-hotels in Nevada and its Conrad International subsidiary operates hotel and gaming properties outside the U.S.; South Korea's thirteen casinos operated in their International Tourist Hotels are similar in style to those in Las Vegas; Nepal's casino operations are only permitted in five-star hotels; One of the Philippines' casinos is operated by Hilton Hotel (Cabot, Thompson, & Tottenham, 1993). These examples show that casinos and hotels are compatible.

Presently, Taiwanese International Tourist Hotels are confronted with a five year recession. The occupancy rate dropped from 65.51% in 1989 to 54.27% in 1992 (Taiwan Tourism Bureau, 1993). In America, many hotel companies are betting on casinos to increase occupancy rate. "Successful casinos typically have high-occupancy hotels adjacent to

them," notes Promus spokesman Ralph Berry (Building Design & Construction, 1993, p. 7). The attraction of the Las Vegas' casino hotels is evidenced by the fact that in 1993 Las Vegas' hotel occupancy rate of 86.3% was almost 24% above the national average of 62.47% (Las Vegas Convention Visitors Authority, 1993). In addition, adding casinos to hotels may generate more revenue for the Taiwanese hotel industry. For instance, the gaming segment contributed 70% of the operating income for Hilton Hotels Corp. in 1993 (Building Design & Construction, 1993); and for The Promus Companies, casino entertainment generated 80.7% of operating income (Promus, 1993).

As Grossman, vice president of communications for Hilton's gaming division, explains: "Right now, the hotel business is not fashionable.... the climate and the environment are right for gaming" (Wolff, 1993). Based on American and other Asian countries' experiences, the hotel industry is a prime candidate for casino investment. Thus, adding casinos into hotels is a good way to lift the Taiwanese hotel industry out of its recession.

This research may be the first to consider legalized casino operations in Taiwan. Current literature in Taiwan is virtually void of any studies pertaining to the attitudes of key executives of International Tourist Hotels toward casino investment. Such attitudes on investment are critical to the future success of casinos in the surrounding island

districts. Thus, there is a recognized need for such a study. Therefore, the objectives of this research will be to determine those attitudes and to identify which factors will influence the willingness to invest in casinos.

### Justification

For years, casinos have been the U.S. hospitality industry's best growth segment. However, little research has been done on this subject in hotels in Taiwan.

Traditionally, Chinese people have treated casinos as anathema, so casinos remain illegal in Taiwan. However, a special legislative bill is presently under consideration that would legalize casino operations in the surrounding island districts of Taiwan.

Recently, many investors have shown an interest in investing in casinos in Taiwan. In accordance with other countries' casino operation experiences, some Taiwanese legislators consider hoteliers to be the most suitable investors and operators for casino gaming. This study attempts to understand the Taiwanese key executives' perceptions of the casino business and their attitudes toward casino investments. Because such perceptions and attitudes will affect any decisions about casino investments, the results of this study may assist the Legislative Yuan in assessing the feasibility of legalizing casinos in the surrounding island districts, and may also

offer a rousing scheme for the hotel industry about potential investment opportunities.

### **The Problem and Its Setting**

#### **Purpose of Study**

The purpose of this study is to identify and assess the attitudes of key executive of International Tourist Hotels toward casino investments in Taiwan.

#### **Subproblems**

##### **The First Subproblem**

The first subproblem is to determine if there are significant differences in the perceptions of factors which will influence casino investment decision making between the key executives who are willing to invest in casinos in Taiwan and the key executives who are not willing to invest in casinos in Taiwan.

##### **The Second Subproblem**

The second subproblem is to identify and assess the hotel key executives' perceptions of casino investments in Taiwan.

### The Third Subproblem

The third subproblem is to determine the hotel key executives' willingness of investing in casinos in Taiwan.

### The Fourth subproblem

The fourth subproblem is to analyze and interpret the data so as to evaluate the discovered investment attitudes.

## **Hypothesis**

The hypothesis is that there are significant differences among the perception of eleven factors which will influence casino investment decisions between the key executives who are willing to invest in casinos in Taiwan and the key executives who are not willing to invest in casinos in Taiwan.

## **Investigations**

In addition to testing the above hypothesis the study will also investigate the following characteristics of the population

### The First Investigation

The first investigation is that the key executives' perceptions of casino investments in Taiwan.

### The Second Investigation

The second investigation is that the key executives' willingness of investing in casinos in Taiwan.

#### Limitations

The limitation in this study is that the questionnaire will be written in Chinese. When the results are translated into English, it may generate some misperceptions due to language differences. The researcher will attempt to minimize any resultant bias. Also, the response rate and the respondent's honesty in their answers can not be controlled by the researcher.

#### Delimitations

The study was limited to the hotels that were rated International Tourist Hotels by the National Tourism Administration of Taiwan. International Tourist Hotels are held to higher standards and thus provide better facilities. Therefore, generally speaking, the International Tourist Hotels have more capital to invest than other properties.

The study was limited to the key executives whose nationality is Taiwanese. Because they are usually the owners' close relatives or trusted followers, the key executives' attitudes and perceptions may influence the owners' investment decisions.

### Definitions

Legislative Yuan: Similar to U.S.Congress

International Tourist Hotel: The hotels in Taiwan are categorized into three groups, one of which is mainly oriented for foreign tourists and visitors. This group of hotels is rated International Tourist Hotels and has better facilities than the other two groups which are mainly for the local Taiwanese, have simpler facilities, and are lower rated. The second group of hotels is rated Tourist Hotels. The third group of hotels is rated Budget Hotels. The hotels mentioned in this research exclusively fall into the first category which are International Tourist Hotels.

Key Executives: General Manager, Associate General Manager. There are three types of ownership of International Tourist Hotels: International Chain Hotels owned by local people, Joint-Venture hotels, and locally owned-operated hotels. With the exception of some of the Joint-Venture Hotels, the General Managers and the Associate General Managers are usually local people and the owners' close relatives or trusted followers.

Casino investments: Capital investment. To own and operate casino properties.



## CHAPTER II

### THE REVIEW OF THE RELATED LITERATURE

#### Introduction

The review of the related literature contains six sections. The first section consists of a study of gambling in Taiwan. The second section explains the terminology of casinos. The third section reviews casino gaming in America, Asia and Oceanic countries. The fourth section describes the various aspects of casino investments. The fifth section explores of hotel investments in Taiwan. The sixth section provides support of the hypothesis and investigations.

#### Gambling in Taiwan

As Wu (1988) quotes from Taiwan Provincial Government Document: "Chinese people love gambling, especially the Taiwanese." Traditionally, Chinese have believed that there is no harm in gambling just for fun. So, parents have not forbidden their children to gamble (Wu, 1988). During the Ching Dynasty (1644-1911 A.D.), over one hundred different kinds of gambling games existed in Taiwan. There were plenty of records describing how prevalent gambling activities were

in Taiwan at that time. The most popular game was the "flower match game". The way to play the game was very similar to the western wheel games. There were thirty eight different animals' pictures behind thirty eight cover cards. Every card had an animal's name on it. Gamblers made bets on which card's name matched the animal's picture. The winning match paid out thirty times the winner's wager. The winning match announcements were made twice a day (Wu, 1988).

But gambling caused many social problems in Taiwan. In 1895, the Japanese government began to dominate Taiwan as a colony. The government was so busy suppressing the Taiwanese rebellions that they could not distribute police force to control the gambling. Without sufficient regulation, citizens freely indulged in gambling, and businessmen neglected their work (Wu, 1988).

Wu (1988) describes an 1896 article in the Taiwan Newspaper: "The peak of the flower match game was in 1896, with many citizens wallowed in gambling and unable to stop. This caused some people to become robbers and others even sold their daughters to brothels to pay their gambling debts" (p. 63).

In response to these problems, the government tried to ban gambling in 1897. However, the ban was not effective because the police officers collaborated with the game hosts. In March of 1898, the Taiwan Newspaper called on the game hosts to show mercy on the losers by not taking all

their money and possessions. In June of 1898, the government decided to strengthen the enforcement of its ban on gambling activities; people who were caught gambling would be sent to the courts. Henceforth, the "flower match game" activities decreased. Nevertheless, many Taiwanese people continued to fantasize about making large fortunes by gambling. Citizens turned to the lotteries from the Philippines, Hong-Kong, and Macao (Wu, 1988). This resulted in an abundant outflow of capital to other countries. Even while the "flower match game" lingered, other gambling games remained popular.

To solve these economic and social problems, the Japanese government intended to issue a lottery. The proponents argued that the issuance of a lottery would recognize and legitimize Taiwanese gambling habits and prevent capital outflow. The opponents asserted that a legalized lottery would impair social disciplines, threaten public order, and encourage citizens to be speculative in gambling. After a seven year feasibility study, the Taiwan Lottery Regulation was approved at the third legislative referendum in 1906. This was the first government issued lottery in the Far East (Wu, 1988). Even before the issuance date had been decided, businessmen had applied for retail licenses to sell the tickets and gamblers had reserved specific numbers. The first-term Taiwan Lottery issued forty thousand tickets, which was only one-tenth of the demand (Wu, 1988). The second-term lotteries made sixty thousand

tickets available which still could not fulfill the demand from overseas.

What followed this Japanese fashioned lottery was a continuous period of defraudation and extortion. The regulations could not control these illegal transactions. Besides, because Taiwanese were not familiar with this type of lottery, they were less enthusiastic about it than the Japanese. Among the Taiwan Lottery gamblers, one-fifth were Taiwanese, the others were Japanese. The large proportion of Japanese gamblers adversely affected Japan's domestic economy. Therefore, the Taiwan Lottery was stopped in March of 1907 (Wu, 1988). Although the Taiwan Lottery only issued five terms, it was regarded by some people as the Japanese government's most marvelous administrative policy in Taiwan (Wu, 1988). At that time, the crime rate dropped, the other gambling activities decreased, and the Taiwanese people saved money buying the Taiwan Lottery. During the Japanese occupation, the issuance of a lottery by the Japanese was worthy of praise (Wu, 1988).

In 1949, when the Chinese National Party moved its base from mainland China to Taiwan, the government had to create revenue sources to support the public works, so the Taiwan Bank issued the Patriot Lottery in 1950 (Executive Yuan, 1990). But in May of 1985, Taichung's retailers began selling a disguised form of the Patriot Lottery, with an extra magnitude winning prize. It became known as the

Everybody Happy Lottery. This illegal lottery expanded so quickly that by the end of 1985, there were three million people participating in the Everybody Happy Lottery. It became even more popular in the following two years.

Industrial workers, farmers, businessmen, and housewives all neglected their work during the announcement of the winning numbers. It seriously damaged the social order. Furthermore, it was very common for hosts to collect large wagers and then abscond. Because they did not have to register for a license, it was difficult to find them. Due to its illegality, the winning prize was unlimited and the winners did not have to pay taxes. This encouraged the citizens to gamble. At the same time, the crime syndicate and the police were both involved in gambling corruption. Also, many temples, claiming they could predict the winning number, fraudulently sold these numbers to citizens (Executive Yuan, 1990).

To suppress this illegal gambling craze, the government decided to end the Patriot Lottery in 1987. Yet, the Everybody Happy Lottery remained prevalent by changing to adhere to the Hong-Kong Lottery. In 1990, the government decided to issue the Charity Lottery to balance the Everybody Happy Lottery. Then, not only did adults make a rush-purchase but elementary school students also joined the Charity Lottery. It seemed that the popularity of the Taiwan Lottery had returned to that of the Japanese colony period.

These phenomena aroused public indignation and many citizens berated the government for re-issuing a lottery. So, the Charity Lottery was stopped after three terms (Tseng, 1994). Due to the serious social problems that were brought by the Everybody Happy Lottery, the Executive Yuan authorized a research group to conduct a feasibility study on the prevention of illegal gambling activities. The research found that the Everybody Happy Lottery could not be stopped thoroughly and thus the solution would be to combine the efforts of the government and the public to control citizens' gambling activities, to research the feasibility of issuing a western lottery, and to set a specific site for legalized casino gambling (Executive Yuan, 1990).

### Casino Terminology

In Taiwan, both the government and the citizens are not familiar with casino gambling. In Taiwanese peoples' minds, authorizing casinos simply means making the illegal Mahjong and Dice gambling operation legal. But in the minds of Americans, Europeans, and other Asians, a casino provides gambling adventures and entertainment.

In America, the two main casino types are land-based and floating casinos. "Casino" means the "room or rooms wherein gaming is conducted and includes any bar, cocktail lounge or other facilities housed therein as well as area occupied by the games" (Nevada Gaming Commission and State

Gaming Control Board, 1993). A casino is a place of stimulation, action, and excitement.

"A 1992 Nevada Law prohibits issuance of a non-restricted gaming licenses (more than 15 slot machines) in Clark (includes Las Vegas and Laughlin) and Washoe (includes Reno) Counties to other than a resort hotel. The legislation defines 'resort hotel' as any facility held out as a hotel with more than 200 guest rooms, a bar for more than 30 patrons, and a 24-hour restaurant with at least 60 seats" (Cabot, Thompson, & Tottenham 1993). At the same time, New Jersey law also regulates that casino operations should be included in hotel properties. "Gaming is only permitted in hotel facilities that meet certain requirements. A hotel must have at least 500 rooms to have casino" (Cabot, Thompson, & Tottenham, 1993, p. 127).

Meanwhile, European casinos are different from American casinos. Casino gaming activity in Europe is offered to certain market niches - most notably the wealthy, either land rich or entrepreneurial rich (Cabot, Thompson, & Tottenham, 1993).

Despite the different types of casinos, whether they are land-based, floating or European style, casinos should provide a greater variety of complementary activities, such as entertainment, restaurants, recreational facilities, and even shopping malls. To combine such industries presents many benefits. Eadington (1992) claims that Las Vegas will

be a strong gaming-based destination resort over the balance of the decade because it has the critical mass of first class hotel rooms, the variety and quality of live entertainment, the outdoor recreational opportunities and other entertainment diversions, and a diversity of world-famous casino-hotel complexes which incorporate a broad mix of attractions. Since, both hotels and casinos have hospitality service characteristics, the combination of lodging and gaming can provide better quality services to customers.

The purpose of operating casinos in Taiwan would be to develop the surrounding island districts as resort destinations in order to attract international and domestic tourists. The land based casinos would offer better resorts and recreational facilities. However, due to several recent marine accidents, it appears that Taiwan does not have adequate laws to regulate such marine recreation activities as floating casinos. In addition, because of limited land and capital resources in these areas, it would be very difficult to build Las Vegas style mega casinos. The preferred style of gaming operations will most likely be land-based casinos similar to those in Atlantic City, with combined casino and hotel operations.



**Casino Gaming in America, Asia  
and Oceanic Countries**

Casino gambling began in the seventeenth century in Europe. It is limited to certain market niches. While, in America, casino gambling is open to the public and is used to inspire the economy. As Grant Sawyer, Governor of Nevada (1959-1967), said: "Twenty years ago, Nevada was alone in the United States in using the gaming industry to stimulate tourism and growth. Outside the United States, only a few casino venues existed" (Cabot, Thompson, & Tottenham, 1993). Recently, casino gambling has spread all over the world. The United States is still the biggest and the most successful casino marketplace. There are now only two states, Utah and Hawaii, without legal commercial gambling activities. The amount wagered on legal gambling in 1992 was \$330 billion. In 1993, casino gaming venues' total winnings were \$13.9 billion (Rohs & Pinsk, 1994). Therefore, the American casino model is worthy to refer to.

Meanwhile, America is Taiwan's biggest export trade country, and thus Taiwanese economic systems are intricately tied to America. In addition, among all western cultures, Taiwanese are exposed to American culture most frequently, so Taiwanese are most accustomed to American culture. Since the purpose of legalizing casino in Taiwan is to develop tourism, improve the local economy, and increase government tax revenues, the American casino gambling style appears to

be the most useful model for Taiwanese to follow.

### Casino Gaming in America

Legal casino style gaming is spreading in America. The reasons are that casinos are finding wider public acceptance. A study conducted by Harrah's indicated that only ten percent of those surveyed said that casinos are unacceptable (Hellman, 1994, p. 80). City, county, and state governments see taxes from gaming as a source of badly needed revenue. Also, new retail centers and residential housing often accompany new casino facilities.

Before 1991, when the first legal riverboat casino was launched in Iowa, only Nevada and Atlantic City had casino gambling. By March of 1994, casino operations were authorized in twenty-three states. Iowa, Illinois, Indiana, and Missouri allow riverboat gambling. Land-based and floating casinos are found throughout Mississippi and Louisiana and there are plans for more in Florida, Texas, Alabama and Arkansas. Colorado and South Dakota operate low-stake casinos (Popkin & Hetter, 1994, p. 43). Twenty five states allow gambling on American-Indian reservations (Vallen, 1993).

### Nevada

"Nevada always has allowed and tolerated some forms of gaming. However, full-scale casino gaming was not legalized

until 1931" (Cabot, Thompson, & Tottenham, 1993). But gaming was not the major industry in Nevada until after World War II. Because capital requirements for casino-hotel complexes that typify the Las Vegas Strip operations are substantial, there is growing evidence the industry is characterized by economies of large scale production. In addition, corporate ownership broadens the ownership base of casinos and therefore makes the industry less susceptible to arbitrary attacks from the Federal government. Also, public corporations share a common interest with the state in creating an image of legitimacy and integrity in their operations; public corporations have a strong interest in developing adequate accounting controls and other security measures, where individual casinos might be ambivalent to the idea (Eadington, 1980). In 1967 and 1969, the Nevada Legislature adopted a corporate gaming act that allows public companies to own casinos without having each shareholder's licenses (Cabot, Thompson, & Tottenham, 1993). Nevada regulators welcome the public corporations to invest in huge casinos, which could polish the industry's image. "We expect lots of casinos to merge into public companies" asserts the Gaming Control Board's James Noel (Sturm, 1978). The early 1970's saw numerous number of public corporations with established reputations entering Nevada gaming and also saw some Nevada casino operations going public (Eadington, 1980).

Presently, there are a total of 192 major casino locations in Nevada, including 101 casino properties located in Clark County (Las Vegas and Downtown Las Vegas), such as the Mirage Resort Inc, Casears World Corp, Circus Circus...etc. (State Gaming Control Board, 1992).

The Golden Nugget Las Vegas opened in November of 1946 and belongs to Mirage Resorts. It was the largest four-star hotel in the world. In 1992, its occupancy rate was 94% and it earned \$39 million in operating cash flow (Mirage, 1993). The Golden Nugget Laughlin was purchased by the company on Oct. 1, 1988. and is now generally considered to be the most attractive resort in Laughlin. In November of 1989, The Mirage in Las Vegas opened its doors for the first time. It has a \$20 million, 40-foot-tall eruption volcano that spits fire and rumbles the earth. In 1992, an estimated 25,000 guests visited the property daily. Its net income was \$28 million, which is believed to be the highest grossing hotel in the world. The company opened Treasure Island in Oct. of 1993. The total cost of this project is anticipated to be approximately \$430 million. In early 1993, Mirage Resorts purchased the Dunes Hotel, Casino and Country Club in Las Vegas for \$70 million (Tumer, 1993).

The Promus Companies-Harrah's, the only casino entertainment company to operate in all five (Reno, Las Vegas, Laughlin, Lake Tahoe, and Atlantic City) major Nevada and New Jersey casino gaming markets. The largest Harrah's

property is Harrah's Las Vegas which has 83 game tables, 1907 slot machines, and 79,300 sq.ft. of casino space. Harrah's Reno has more than fifty-five years of hospitality and casino entertainment history. Harrah's Laughlin, bolstered by a new 701-room expansion, had its best year ever in 1992. Harrah's Lake Tahoe & Bill's Casino has been the world's most highly rated casino hotel at Lake Tahoe for more than thirty-five years (Promus, 1993).

Hilton Hotels Corporation operates the Reno Hilton in Reno, the Las Vegas Hilton and Flamingo Hilton in Las Vegas, and the Flamingo Hilton-Laughlin in Laughlin (Hilton, 1993).

Circus Circus Enterprises, Inc. operates seven properties and is a major presence in each of its three Nevada markets-Las Vegas, Reno and Laughlin. The company acquired Circus Circus-Las Vegas in 1974, opened Circus-Reno in 1978, acquired the Edgewater Hotel and Casino in Laughlin in 1983, opened the Colorado Belle Hotel and Casino in Laughlin in 1987, opened the Excalibur hotel and casino in Las Vegas in 1990, and opened the Luxor hotel and casino in Las Vegas in 1993 (Circus Circus, 1993).

Caesars World operates Caesars Tahoe in northern Nevada and Caesars Palace on the Las Vegas Strip. Caesars was the first concern to actively court high rollers (Vignola, 1992). Caesars Palace's sprawling Roman-theme resort has routinely topped the market in revenues and profits (Lee, 1991).

In 1979, Aztar decided to follow Hilton, Hyatt, and Holiday into the casino business, acquiring the Tropicana in Las Vegas (Lee, 1991).

Nevada has had a strong gaming image for decades. Nevada hosts 1.26 million overseas visitors a year. Its top markets in Europe are Germany, the U.K. and France; its Asian market emphasizes Japan, Hong-Kong and Taiwan. Nevada reported 30 million arrivals statewide, with most of its domestic visitors coming from California, Arizona, Texas and Colorado, Canadians are also prominent for its domestic market (Post, 1992, p. 49).

In recent years, the number of states to legalize gambling has increased. Rich Moreno, director of advertising and public relations for the Nevada Commission on Tourism, describes Nevada's reaction to this trend:

In Nevada, the industry's response to this has been to try and broaden the tourist market. This is a direct response to the proliferation of gaming, not just on riverboats, but also in Colorado and on Indian reservations where there has been further development of mega-resorts. (Post, 1992, p. 32)

For instance, Las Vegas is now refurbishing its image to family values and has turned toward Disneyland-type destinations with the opening of such family resorts as Treasure Island, Luxor, and MGM Grand. The nationwide spread of gaming will have some impact on Nevada's market, but Moreno claims: "People will ultimately come to Nevada because we are the biggest and we've been doing gaming the

longest" (Post, 1992, p. 32).

### Atlantic City

In 1978, Atlantic City, New Jersey casinos opened for business. Since the Great Depression, Atlantic City had been on an economic downswing. Casino gambling was supposed to revitalize the city by generating jobs and revenue for the state.

Nowadays, there are twelve casino properties in Atlantic City. They are Resorts, Caesar's, Bally's Park Place, Sands, Harrah's, Claridge, TropWorld, The Grand, Showboat, Taj Mahal, Trump's Castle, and Trump Plaza. These casinos are the most highly regulated in the world. The casinos are convinced that some of these regulations are unnecessarily burdensome, such as the requirements for the number of slot machines and space needed for meetings and restaurant facilities (Gill, 1991, p. 23). Currently, Atlantic City's casinos have clearly prospered; they draw thirty million visitors annually. At year-end 1993, gaming revenues was \$3.3 billion (Rohs & Pinsk, 1994) . They paid \$2.6 million in gaming taxes (Hellman, 1994). Whether Atlantic City can be reborn as an exciting resort destination by introducing gambling, one thing can not be denied: casinos have prevented Atlantic City's total decay. Steven Perskie, head of the New Jersey Casino Control Commission, says: "The goal of allowing casinos into Atlantic City was to attract substantial amounts of private

investment, and in this way it's been a massive success. The casinos have attracted \$ 6 billion in private investment capital" (Gill, 1994). But, the theory was that the casino industry would generate sufficient tax revenues to revitalize the city. The casino industry was expected to spill its everlasting prosperity over the boardwalk locations to embrace all of Atlantic City. This has failed. In a study done in 1987, 69% of the respondents felt the casinos have done too little for the people who live in Atlantic City. The reasons were partly due to the city government's performance, the Casino Control Act's complex bureaucracy, and the lack of communication between casinos and government. Right now, both government and casinos realize that the economic health of Atlantic City and the economic health of the casinos are tied to each other. Perskie (1991) suggests that the government has to let the casinos be casinos, and let them be businesses and let them run like a business. On the casino side, casinos should recognize that the town must look good if they're going to look good. The casinos should be involved in Atlantic City's revitalization (Gill, 1991).

### Colorado

Colorado voters copied South Dakota in approving small casinos in three mountain mining towns. In 1991, the voters approved a provision for limited gaming in the commercial



districts of Black Hawk, Central City, and Cripple Creek. Consistent with the state's limited gaming intentions, only 35 percent of the total square footage of any casino may be devoted to gaming, with no more than 50 percent of single floor dedicated to casino space. It allows for slot machines and card games of poker and blackjack, with a maximum bet of five dollars. There are 14,638 slot machines and 70 casinos. In 1993, the casinos reaped about \$226.5 million (Hellman, 1994).

#### South Dakota

The city of Deadwood has a rich tradition of gambling dating to the Nineteenth Century. But by 1980, Deadwood had lost most of its luster. Therefore, many town leaders thought that casino gambling would be the solution to the town's deterioration. In the 1988 election, Deadwood officials convinced the voters to allow gaming in the small towns, and the legislature responded by adopting a regulatory system. Casino gaming began in November of 1989. Casinos are restricted to a total of thirty machines and games. The maximum bet on any machine is five dollars. Gromer, Executive Director of The South Dakota Gaming Commission, claims that private investors spent about \$50 million developing business in Deadwood. Gaming created 1,300 new jobs. In 1992, there were eighty-five licensed locations and 1,740 gaming devices. In addition, total

gaming revenue reached \$ 825 million and total tax revenues were 14.9 million (Cabot, Thompson, & Tottenham, 1993).

### Riverboat

Floating casinos called "riverboats" are the newest craze in gaming. In early 1991, Davenport, Iowa launched the first legal riverboat casino. By April of 1994, riverboats were allowed in six states- Iowa, Illinois, Indiana, Missouri, Mississippi, and Louisiana. There are more than twenty boats in spots along the Mississippi River from Joliet, Illinois, to New Orleans. These riverboats' revenues grew an astonishing 248% from 1992 to 1993, to a total of \$ 1.4 billion in 1993 (Rohs & Pinsk, 1994). Some experts estimate that by the end of 1995, there will be ninety floating casinos across the nation (Browning, 1994, p. 1000).

In 1989, the Iowa Legislature authorized low-stake gaming on riverboats. The maximum bet is \$5 per hand and a maximum loss per player is \$200 per riverboat trip. Because of the low-stakes limits, two boats pulled up anchor for Mississippi, where high-stakes gambling is legal. For the month of January of 1994, combined winnings of the three riverboats, President, Mississippi Belle II, and Sioux City Sue, were \$3.9 million..

In January of 1990, Illinois "sensed competition from Iowa for the riverboat trade, and decided its riverboat

would have the advantage by allowing high-stakes games" (Blackjack Confidential Magazine, 1994, p. 16). In 1992, riverboat gaming arrived on the Des Plaines River. In December of 1993, total winnings were \$67 million for the nine riverboats - Joliet Empress, Hollywood Aurora, Joliet Harrah's, Casino Queen, Peoria Par-A-Dice, Players Casino, Alton Belle, Casino Rock Island, Jo Davies Sliver Eagle. Gambling helped to improve Joliet's economy and its highest unemployment rate in the nation. In 1993, Joliet handled an average of 12,000 gamblers a day. And, Joliet Harrah's has created fifteen hundred and fifty jobs and a thirty-five million-dollar payroll (Hellman, 1994).

In 1992, Chicago hoteliers reacted positively to a proposed \$2 billion family entertainment and casino megacenter to be developed in an urban area. The megacenter project will create 10,000 construction jobs, 15,000 to 20,000 permanent jobs with a \$600 million annual payroll, and 20,000 to 25,000 community and residual jobs (Bard, 1992). Chicago is also proposing an \$800 million riverboat casino (Hellman, 1994).

In March of 1990, Mississippi legalized high-stakes riverboat gaming. The state requires that casinos be located on stationary dockside platforms, what is called dockside gaming. The locations are on the Mississippi River, the Gulf Coast, the Mississippi Sound, the back Bay in Biloxi, and the Bay of St. Louis in Hancock County. By October of 1993,

seven casinos had opened on the Gulf Coast and four on the Mississippi River. The casino industry has boosted Mississippi's economy very quickly. The seven casinos in Harrison and Hancock counties attracted 30,000 visitors a day and generated about \$ 300 million in capital investment during the summer of 1992 and 1993. And it is estimated that Mississippi will take in \$70 million in gambling taxes between 1993 and 1994. In addition, the casino industry created 16,000 direct jobs and tourism generated \$3.5 billion from 1993 to 1994 (Hellman, 1994).

Vallen (1993), a faculty member at Northern Arizona University, points out: "Louisiana, where the state constitution orders the legislature to suppress gambling, decided to call it something else and in less than two years has gone from no gambling to riverboat gambling to approving the largest casino in the world on five riverfront acres in downtown New Orleans." Louisiana legalized both land base and riverboat gaming. There were fifteen gambling riverboats and the first land-based casino is expected to open by January of 1995. Harrah's Jazz Hotels plan to open a 200,000-square-foot casino which will be the largest casino in the world (Vallen, 1993, p. 52).

In late 1992, Missouri authorized riverboat gaming throughout the state (Cabot, Thompson & Tottenham, 1993). It now has riverboats on the shore of Kansas city and St. Louis (Vallen, 1993, p. 52).

### Indian Gaming

"For many years, states such as California have fought to control the spread of high-stakes bingo and slot machines on Indian reservation" (Cabot, Thompson & Tottenham, 1993). The 1988 Federal Indian Gaming Act became effective on Oct. 17, 1988. This act was in response to a court decision in 1987 (California v. Cabazon Band of Mission Indians) that declared that once a state has legalized any form of gambling the Native Americans in that state have the right to offer the same game but without governmental restriction (Vallen, 1993).

There are four minimum requirements for tribes to operate casino gaming. The first is that the Tribe must adopt tribal law allowing gaming. Second, state law must allow non-Indians to operate that type of gaming for any purpose. Third, the Tribe must enter a compact with the state to define how gaming on the reservation trust lands will be regulated. Fourth, the Secretary of the Interior must approve the compact. There are three classes of Indian Gaming. Vallen (1993) defines them as follows:

Class I Gaming - Social games solely for prizes of minimal value or traditional forms of Indian gaming engaged in by individuals.

Class II Gaming - All forms of bingo and other games similar to bingo such as pull-tabs, lotto, and punch boards, provided such games are played in the same location as bingo games. Certain card games authorized or not prohibited by state law and played in conformity with statewide regulations and specially excluding banking card games such as baccarat and

blackjack, and electronic facsimiles of such games.

Class III Gaming - All forms of gaming that are not Class I or Class II including slot machines, casino games, banking card games, horse and dog racing, pari-mutuel wagering, and jai-alai. (p. 53)

However, the courts in each state interpret the Act differently. For example, in Connecticut, the Tribe can operate a high-stakes-for-profit casino having those games that Connecticut allows charities to operate for low-stakes and not-for-profit. In South Dakota, the Indian casinos do not necessarily have to abide by the five-dollar limits placed on casino games by state law. In Wisconsin, where casino gaming is illegal even for charitable organizations, the Tribes are allowed to have blackjack, craps, and other casino games (Vallen, 1993).

According to the editor of Indian Gaming, Abby Gardner: "Gaming on Indian is definitely spreading, and as more compacts are signed, it will grow in the future" (Shaw, 1993, p. 19). By February of 1994, there were Indian Gaming operations in the following seventeen states: Arizona, California, Colorado, Connecticut, Idaho, Iowa, Louisiana, Michigan, Minnesota, Montana, Nebraska, New York, North Dakota, Oregon, South Dakota, Washington, and Wisconsin. Abby (1993) believes that Indian gaming is a way for tribes to become economically self-sufficient by providing employment on the reservations. In 1993, the combined gaming

revenues from the Indian reservations approached \$5.4 billion (Vallen, 1993). In Connecticut, the Foxwoods casino took in more than \$100 million in 1992. Meanwhile, Steve Wynn's Las Vegas-based Mirage, Inc. wants to build a \$ 350-million commercial-entertainment-casino complex in Hartford. In Minnesota, \$ 2 billion flowed through the sixteen casinos in 1993. In Minneapolis, the casino draws 18,000 to 20,000 people in off season and twice that at peak season (between May and the end of September) (Wolff, 1993). Detroit is also considering the approval of a small portion of the downtown area to be designed as Native American land, free from city and state taxation, so that a casino can be built (Migdal, 1993, p. 54).

Casino gambling is sweeping the United States. For the last four years, the gaming industry has been extremely dynamic, both in terms of the rapid pace of development in new jurisdictions and profit growth of the industry. In 1993, riverboat gaming revenues reached \$1.4 billion. Indian Gaming has posted a seventeen-fold increase in revenue since 1990 to about \$1.7 billion in 1993 (Rohs & Pinsk, 1994). The gaming industry has established a strong and growing presence in the United States and this boom is anticipated to continue in 1994 and 1995.

#### Casino Gaming in Asia and Oceanic Countries

Taiwanese are renowned gamblers in Asia, Australia and

the South Pacific. The Asian and Oceanic countries which already have casino operations would be the competitors for future Taiwanese casinos. To keep Taiwanese gambling money in Taiwan, to attract other foreign gamblers, and to facilitate the future success of casino operations in Taiwan, it is essential to understand the other Asian and Oceanic countries' casino operations.

Casino operations are permitted in countries like Australia, Korea, Macao, Malaysia, and the Philippines. In 1993, New Zealand and Tinian legalized casino operations. Furthermore, China, Indonesia, Thailand, and New Caledonia will legalize casinos in 1994 (Doocey, 1994).

#### Far East Area

Maucao's main attraction is its casinos. In 1934, Tai King Co., under Fu Tak Yam, won a concession to run all the gaming operations in Maucao. After Fu's death, Ho got the concession in 1962 and introduced the Western games to Maucao, which gained the reputation as "The Las Vegas of the Orient" (Cabot, Thompson, & Tottenham, 1993). Maucao has eight land based casinos and one floating casino with a drop equivalent (the money that is gambled in the casino) to over \$2 billion. They are the Lisboa, Oriental, and Hyatt Regency hotels, the Jai Ali Stadium, the Placio de Maucao floating casino, the Kam Pek, the Jockey Club, the Kings-Way Hotel & Casino, and the Westin Resort & Casino. At present, all



these casinos are owned and operated by The Sociedade de Turismo e Diversoes de Maucau. The players are mostly Hong-Kong Chinese.

Malaysia has only one casino which was established by Lim Goh Tong. Lim opened the Genting Highlands Hotel, which includes a gambling casino, in 1978. This hotel has 700 rooms and a Las Vegas style casino which has 1600 slot machines, blackjack, roulette wheels, baccarat, boule, keno, and Tai Sai games. Malaysia's casino gained praise as "Indisputably the best in Southeast Asia" (Cabot, Thompson, & Tottenham, 1993). The casino attracts over 26,000 visitors per day. The local Malaysian Muslims are banned from the casino, but Muslims from other countries and other Malaysian nationals are welcome. In 1993, Malaysia's tax revenues from gambling probably reached \$400 million (Tanzer, 1994, p. 58). Casinos in Nepal are permitted in deluxe 5-star hotels, of which there are only four in the country. The first casino opened in 1969, next to the Soaltee Oberoi Hotel. The Hotel Anapona Casino opened in 1992, the Yak& Yeti Casino in 1993, and the Everest Hotel Casino is scheduled to open in 1994. All four casinos are privately-owned and have the same management, the Continental Resorts Company (Cabot, Thompson, & Tottenham, 1993).

Currently, there are nine legally operated casinos in the Philippines, all owned and operated by the Philippines Amusement and Gaming Corporation, which was created in 1977

as a government institute for the purpose of regulating and centralizing all games of chance in the Philippines. These nine casinos are Casino Filipino Angeles, Casino Filipino Bacolod, Casino Filipino Isabela, Casino Filipino Cebu, Casino Filipino Davao, Casino Filipino Pavilion, Casino Filipino Silahis, Casino Filipino Olonggapo, and Casino Filipino Tagaytay. For these nine casino operations, annual winnings for 1988 were over (US) \$ 100 million and each must pay the government 72% of the gross gaming win (Cabot, Thompson, & Tottenham, 1993).

At present, the thirteen casinos in South Korea are operated in the International Tourist Hotels. They are Cheju KAL Hotel, Cheju Nam Seoul, Cheju Oriental Hotel & Casino, Hyatt Regency Hotel & Casino, Cheju Shilla Hotel & Casino, Casino Hotel Olympos, Kolon Hotel & Casino, Sorak Park Hotel & Casino, Paradise Beach, Sheraton Walker Hill, Songnisan Hotel & Casino, and Riviera Yousong Hotel & Casino. The largest casino is the Continental Casino at the 550-room Sheraton Walker Hill Hotel. It has 60 tables, 40 slot machines, and a Las Vegas-style show. The casino draws a daily attendance of 2500 customers. This casino has gross wins approaching \$ 2 billion per year (Cabot, Thompson, & Tottenham, 1993). In South Korea, the government owns and operates the slot machines. The government receives the slot machine revenues and casino entrance fees (\$2 per person). The casino operator receives the table game revenues.

In 1983, as part of an overall effort to develop tourism in Turkey, the government passed regulations forming the basis for gaming law. There were thirty three licensed casinos operating in the country, but only eighteen gaming operations certificated to operate live games. In 1990, earnings were \$330 million, but entrance to the live games is regulated to prevent Turkish citizens from entering, which attributed for the decrease between 1991 and 1992 (Cabot, Thompson, & Tottenham, 1993).

#### Oceanic Countries

By the end of 1992, Australia had 9 land based casinos. They are: Wrest Point Casino; Country Club Casino; Diamond Beach Casino; Lasseters Casino, Adelaide Casino; Jupiters Casino; Burswood Resort Casino; Sheraton Breakwater; Casino Canberra.

In 1992, the gross revenues for eight of these casinos (excluding Casino Canberra which was opened in Nov. of 1992) totaled \$19.8 million and State gaming taxes paid were \$2.6 million (Beagle, 1993, p. 18). Also, major casinos have been approved for Brisbane, Melbourne, and Sydney (Beagle, 1993, p. 16).

In 1986, the New South Wales government decided that the state was to have one large casino at Darling Harbour in Sydney. But in 1988, the new government was totally opposed to the casino and cancelled the project. However, in 1992,

the government announced a change in attitude and passed legislation in the form of the Casino Control Act of 1992 that allowed one casino in New South Wales. Showboat Inc. paid \$269 million for the exclusive rights to build and operate Australia's twelfth casino in Sydney, to be built along the waterfront near Darling Harbour (Palemo, 1994).

To promote tourism, employment and economic development, and to ensure the casinos are conducted honestly and free from criminal elements, New Zealand passed the Casino Control Act in 1990. Plans are under way to open the first two casinos. The smaller one, which is estimated to be finished by October of 1994, will be in Christchurch. According to David Mercer, general manager of the Quality Inn Hotel, this casino should complement their business nicely and will employ 350 people. The much larger casino will be in Auckland. Brierly Investment Ltd is 80-percent owner of this venture, while Promus Cos. is 20-percent owner. The Auckland casino and entertainment complex will employ around 1,500 people (Steif, 1994, p. 4).

New Caledonia has only one casino, the Surf Novotel, which opened in 1994.

The Tinian Casino Gaming Control Act became effective on January 1, 1990. Only five casino licenses will be issued. Presently, there is only one casino in Tinian.

Dr. Thompson (1993) points out that "Asia Minor and the orient have a gaming paradox. This region has a population

that loves wagering and countries that treat casino as anathema" (Cabot, Thompson, & Tottenham, 1993). A strong influence of religion, such as Islam, Buddhism, Muslim and Shintoism, greatly restricts gaming. In Malaysia and Turkey, which are governed by Muslims, casino gaming is only open to foreigners; the local people are banned from the casinos. Today, wagering in Asia has spread from Japan to the island nation of Tinian. 1993 seemed to be another profitable year for casinos in Australia, Korea, Macao, Malaysia, and the Philippines. As gaming grows worldwide, it is a fairly safe bet that 1994 will be another growth year for all facets of the gaming industry in Asia and the Pacific (Doocey, 1994, p. 48).

In Asia and the Pacific region, the casino industry sees Mainland China as the big prize. In 1949, when communists took over China, most forms of gaming were illegal. Right now, Mainland China is in the process of re-establishing casino, lottery and parimutuel wagering. In August of 1994, MGM Grand was approved for a gaming license in Hainan Island (Palermo, 1994).

"Despite the well-documented popularity of gaming among the populace in the region, there is a problem opening new jurisdictions to casino expansion" (Doocey, 1994). There are still some concerns that bare watching in the Asian and Pacific marketplaces, such as the Muslim fundamental movement acting as a barrier to casino gaming (Doocey,

1994).

### Casino Investment

Casino operations have always been linked with the hotel industry. Like the hotel industry, casinos are in a form of real property, but also participate in the highly specialized business of operating a service-oriented business, offering lodging facilities including gaming devices, food, beverage, banquet, and recreational facilities.

Rushmore (1990) contends that before making the investment decision, a prudent investor should get a complete understanding of the industry, including: the steps for planning the investment; a procedure for determining the economic feasibility of the investment; criteria for choosing a management company and a franchise affiliation, and tips for drafting sound agreements to define the relationship; and the fundamentals of developing a lodging facility.

The casino industry has been booming, especially in the last three years. It will continue to grow in the future. "Gaming win has consistently increased each year for over the past twenty years" (Muller, 1991, p. 19). In 1991, because of the Gulf War and a national recession, the gaming segment was the ninth-worst performer in the Wall Street Journal's industry listing. But in 1993, it was the third

best performer in the stock market. Overall, casino gaming is projected to grow 16% in 1994, due to the proliferation of gaming industry (Rohs, 1993).

According to Wersteim Schorder & Co Incorporate forecast in 1994 that casino gaming should continue to grow and the riverboat gaming and Indian gaming will grow very rapidly for the next few years (Rohs & Pinsk, 1994, p. 12).

Casino operators have continued to make investments to maintain and enhance their individual projects. In spring 1994, Hilton Hotels will open a 300-room land based casino in Ontario, Canada which will cost \$300 million. And Hilton also committed some \$300 million to reinvest in their five Nevada casino properties (Hilton, 1993).

The proliferation of new jurisdictions and the growing acceptance of gaming have made casino gaming expand dramatically in the past three years. It is now a trend for public companies to invest in casino gaming. Rohs and Pinsk (1994) claims :

For the public company, of course, the continuation of proliferation in the next couple of years will mean still more opportunities for growth, perhaps even more profitable growth than they have enjoyed in the past few years. Indeed, the gaming business promises to be one of the fastest growing and most profitable industries in this country over the balance of the decade. (p. 12)

When planning a casino investment, it is essential to evaluate the markets, sites, and products in order to determine a viable location. "The key challenge for gaming operators expanding into new jurisdictions, is to choose

locations with low taxes and high barriers to competitive entry" (Kimelman, 1993, p. 73). For instance, in Iowa, the state's casino tax would require the casino operator to pay 18.5 percent on gross revenue or \$ 100 million annually (whichever is higher), an amount too steep for Hilton and other contenders that withdrew from consideration (Building Design & Construction, 1993, p. 7). However, in Mississippi, the state collects only eight percent of gross gaming revenues, which is very attractive to the gaming industry. In addition, the competitive environment also influences casino investment decisions. For Showboat Inc., the Sydney Harbor casino should turn out to be one of the most lucrative casinos outside the United States because the company has a ninety-nine-year lease with the New South Wales government and a pledge that it will operate without competition for at least twelve years (Palermo, 1994).

Besides taxation and competition, casino investors should also consider government regulations concerning gaming devices. In April of 1994, after a Missouri vote which narrowly rejected a state constitutional amendment that would have allowed slot machines on riverboat casinos, casino stocks went down and out for a while (Yoshihashi & Getler, 1994). In Iowa, owners of two riverboats pulled up anchor and reached for Mississippi due to the \$ 5 maximum bet limitation in Iowa.

Casino gaming revenues are influenced strongly by the



casino's proximity to gamblers. The Foxwoods Indian casino in Connecticut is an excellent example of the potential of casinos sited in high-density population markets (Rohs & Pinsk, 1994, p. 4). Besides, the hotel industry is also interested in a location close to the city's core and near major population (Wolff, 1993). At the same time, the accessibility of the casino site is also very important. According to Dr. William Thompson (1994), one element for Mississippi's good prospects is its transportation system - centering on Interstate 10 (Lee & Lewis, 1993). Therefore, Taiwan's surrounding islands, which are very close to high-density potential gamblers, would be excellent prospects for casino investment.

Local public attitudes will also influence casino investment decisions and site selection. In Atlantic City, casino operation is considered unfavorable by some investors because the public has not yet whole-heartedly endorsed this new method of gaming, recreation, and revenue production. Sometimes, due to religious beliefs, investors will not enter the gaming industry. For instance, all major U.S. hotel chains have gaming businesses except for Marriot, which is operated by Mormons (Hamilton, 1994, p. 27). So, investors should consider if gaming is compatible with their company philosophy, and the local culture.

Casino investors must also consider the financial aspects, such as the cost of investment, cash flow, debt

financing, degree of risk, profitability, and return on investment (Vignola, 1992, p. 3). Cash supply for casino operations is a very high cost, so the availability of funds is often a determining factor. In 1990, the Trump Plaza was forced to disclose the dark secrets of its shaky finances when its cash flow could not cover its debt payments. The degree of risk for gaming industry is high, but participants should consider the combination of revenue expectation and degree of risk. Major gaming operators generally encounter a lower level of risk and a greater long-term likelihood of success in new projects (Forst, 1994, p. 39).

The casino operator's management expertise is also very important. "Gaming is a management-intensive business and requires strict operating controls" (Vignola, 1992, p. 3). Forst, Senior Vice President of Hancock Institutional, expressed that his concern about Atlantic City is not over-capacity, but under-management and under-utilization of the casinos. He also insisted that "Operators are going to have to be experienced and know how to compete in a competitive, crowded market in order to succeed" (Forst, 1993, p. 24).

In addition, casino companies need solid strategic planning and vision to achieve sustained growth (Turner, 1993). As Muller, Managing Director of Montgomery Securities, states: "The industry's stronger, well capitalized participants who have invested and upgraded

their physical plants and have a well defined niche in the market should experience strong profit growth in this type of environment" (Muller, 1991, p. 19).

So, to invest in casino gaming, the industry itself should be in healthy condition, cooperate with the growing demand, be aware of regulation and legislation, and be the best managed and capitalized casino gaming operators. In the casino industry, being visionary is very important. Most of the major companies have expansion and reinvestment plans. These casinos are either adding hotel rooms, and casino floor space or investing in newer markets (Vignola, 1992, p. 24). For example, by early 1996, Hilton Hotels Corporation, whose net income was \$106.1 million in 1993, will have increased its total casino space by 65% from the year-end 1993 capacity. These expansion plans include: a New Orleans riverboat in 1994; two riverboat casinos in Kansas City, Missouri to open in 1994 and 1995; a 700-room hotel casino in Cairo, Egypt scheduled for completion in 1997; a second Australian casino in 1995; and a new hotel-casino resort in Uruguay in 1996 (Hilton, 1993). The Mirage Resort regularly evaluates and pursues other potential expansion opportunities. The company received a license to build a casino in Argentina, has been active in Connecticut, Michigan, Mississippi and Alabama, and is pursuing a project in Indiana (Turner, 1993, p. 2).

Generally speaking, there are several key ingredients

for successful casino investments. The location is critical. The cost of investment and government regulations of taxation, license, and gaming devices are also important. Finally, the operator's management expertise is a key factor.

### Hotel Investment in Taiwan

From 1945 to 1955, the Chinese National Party in Taiwan was busy with the public works and did not develop tourism. In 1956, the Taiwanese government and the public began to push tourism and set up the Taiwan Tourism Association. Then, the Taiwanese government announced the year 1961 as Taiwanese Tourism Year and began to carry out a new visa policy which allowed tourists to stay 72 hours in Taiwan without a visa. This policy encouraged hotel investments. In 1964, the first two International Tourist Hotels opened. One was The Ambassador Hotel, the other was the President Hotel.

In 1971, the Tourism Bureau was established. This brought on a craze of hotel investment. From 1964 to 1976, ninety five hotels opened in Taiwan. Then, in 1977, because the government relaxed hotel construction laws and loan regulations, the hotel industry entered an era of full-scale International Tourist Hotels. This was the third wave of stimulated hotel investment in Taiwan. In four years, there were forty five hotels opened, including eight International Tourist Hotels, such as The Ritz Hotel, Lai Lai Sheraton

Hotel, and Lao Ye Hotel ....

Since 1990, Taiwanese hotel investment has included International Hotel Chains, such as Hyatt, Regent, Sherwood, and Evergreen Hotel Taichung (Wu, 1991).

However, International Tourist Hotel investment was depressed from 1987 to 1991 because the average pre tax profit margin fell from 15.13% to 5.72%, (16 hotels' were negative). The average return on investment was 1.8% in 1992 (Yeh, 1993). Recently, the hotel expansion and investment in Taiwanese International Tourist Hotels is conducted by either the profitable hotels or the hotels which have expansion plans. For example: Howard Plaza Hotel, whose pre tax profit margin was 20.03% in 1992, will open the second Howard Plaza Hotel in 1995. Lao Ye Hotel, whose pre tax profit margin was 9.22% in 1992, owns and operates Sofitel Imperial Hotel in Mauritius. The Evergreen Hotel Taichung, which was opened in 1993, has invested in the other countries, like Malaysia, Thailand and Los Anglos.

So, from the record of Taiwanese International Tourist Hotel investments, we find that the hotel companies which have more than one hotel or invested in other hotel properties are the currently profitable companies and those which have expansion plans. To date, there are 47 International Tourist Hotels.

## Support of Hypothesis

### The Hypothesis

The hypothesis is that there are significant differences in the perception among the eleven factors which will influence casino investment between the key executives who are willing to invest in casinos in Taiwan and the key executives who are not willing to invest in casinos in Taiwan.

In American, despite a significant growth in gaming, there are still two states, Utah and Hawaii, without any legal form of gambling activities and some hotel chains without gaming properties, such as Marriot, Ramada, and Holiday Inn.

In Utah, the majority of the population is Mormon, a religion that bans gambling activities. In Hawaii, many people think gambling would not improve tourism, but could actually damage its tourism market. Hawaii's Governor, John Waihee, asserts that he is adamantly opposed to gambling, strictly for business reasons. He believes gaming would seriously undercut Hawaii tourist industry, rather than support it (Hellman, 1994). Therefore, Utah and Hawaii are the only two states without any kind of gambling.

Similarly, Marriot, which is operated by Mormons, chooses not to engage in casino operations. In 1990, Holiday Inn Hotels signed a twenty-year franchise agreement with

Promus-which "prohibits Holiday Inns from owning or operating, or licensing others to own or operate, a Holiday Inn hotel, a Holiday Inn Crowne Plaza hotel or a Holiday Inn Garden Court hotel on the Las Vegas Strip for the term of the agreement" (Promus, 1991). Therefore, due to various reasons, there is still a minority of states and hotel chains that have not joined the gaming industry.

### **Support of Investigations**

#### **The First Investigation**

The first investigation is that the key executives' perceptions of casino investments.

For the hotel industry, a casino investment is a good investment. First of all, casino operations will generate more revenues. Vignola (1992) explains that: "Propelled by growing demand and additional capacity most gaming companies have enjoyed sales growth above 20%" (p. 24). In 1993, Caesars World generated 78.5% of its revenues from casino divisions (Caesars World, 1994); Hilton derived 71% of its operating profits from gaming (Hilton, 1993). Secondly, casino can raise the hotel's occupancy rate. As Steif (1994) states: "Auckland, New Zealand-The opening of two casinos here is expected to result in higher occupancy rates" (p. 4). Third, the return on casino investment is high. In 1993, return on average invested capital for Circus Circus was 20.5% (Circus Circus, 1994). For riverboat, the return on

investment is about 30%. In addition, casino operation performed well in the stock market. In 1993, the gaming group was the third best performer in the stock market. The high return on investment, the rich cash flow, and the high profit margin all indicate that casino gaming performs well and casino investment will continue to grow.

### The Second Investigation

The second investigation is that the key executives' willingness of investing in casinos in Taiwan

In America, Hilton was a big name in gaming during the 1970s and 1980s, and then Promus came on with Harrah's. Now Sheraton realizes that gaming is one of the big opportunities for hotel companies in the 1990s. Of the major U.S. chains, only one, Marriott, is without a casino division (Martin, 1993, p. 27). There is a growing trend of American hoteliers investing in casinos. Turner (1993) claims that the number of gaming related equity investment choices will accelerate sharply during the next several years (p. 23).

Taiwanese are renowned gamblers in Las Vegas and other Asian countries. Therefore, Taiwan has excellent potential as a casino gaming marketplace. In addition, since the Taiwanese hotel industry has recently been in a recession, adding casinos can improve hotel operation and increase profits. Casino investment would be a rousing scheme for an economic rebound of the Taiwanese hotel industry.



### Summary

The study in the previous section points out that Taiwanese people love gambling very much. The legalization of casino gambling would simply mean that what had previously been done illegally could now be done legally. Legalized casino gambling has become a worldwide trend.

At the same time, because of the high cost of casino gambling projects, the casino properties' owners and operators should be the stronger well capitalized participants who have invested and upgraded their physical plants and have a well-defined niche in the market. They will likely experience strong profit growth in the casino gambling environment.

In Taiwan, due to legal restraints, banks and institutional investors can not invest in the hospitality industry. This leaves current hoteliers as the prime candidates to invest in and operate casinos. Presently in Taiwan, there are several hotels with plans to expand or reinvest. Considering the high profitability potential and significant demand for gambling, it is predicted that Taiwanese hoteliers will be willing to consider casino investments.

## **Chapter III**

### **METHODOLOGY OF THE STUDY**

#### **Introduction**

This investigation is concerned with the attitudes toward casino investments of key executives of International Tourist Hotels in Taiwan. This chapter contains the procedures and techniques used in developing the research instrument and in conducting this study. It is divided into six major sections:

1. Research Population Selection
2. Survey Design and Data Gathering Instrument
3. Nature of Data
4. Data Collection
5. Data Analysis
6. Summary

#### **Research Population Selection**

The research population was limited to General Managers or Associate General Managers whose nationality is Taiwan and who work in International Tourist Hotels. There are

three different categories of hotel in Taiwan. The International Tourist Hotels are in the highest rank, which mean they have to reach higher requirements and provide better facilities, and therefore need more capital investment. In addition, expansions or reinvestment activities are usually only conducted by International Tourist Hotels.

Only six General Managers of International Tourist Hotels are foreigners. They are assigned by the foreign joint-venture company. Usually, they are not very influential to the owners' decision making. Whereas, the Taiwanese General Managers or Associate General Managers are usually the owners' close relatives or trusted followers, or owners themselves. They may influence the owners' investment decisions.

There are forty seven International Tourist Hotels, so the total population will be forty seven. Because of the small size of the population, this study will use the total population (Appendix A).

### Survey Design and Data Gathering Instrument

#### Questionnaire Design

The first exploratory questionnaire survey was comprised of series of twenty nine questions and sent to the executives of the leading gaming industries, gaming development corporations, and gaming investment analysis

corporations in the U.S.A.(Appendix B). The survey was separated into three parts (Appendix C). The first part was a letter to the respondent explaining the nature of the study. The second part was the respondents' profile. The third part contained ten questions pertaining to the factors which will influence their casino investment decision making. These questions were based on a 5-point ordinal scale (5= the most influential, 1= the least influential). The results showed that there were twenty six factors considered important (median equal or higher than 3) (Appendix D). They were 1. return on capital, 2. company's growth, reinvestment & expansion plans, 3. Management depth & experience about casino 4. competition, 5. profitability, 6. degree of risk, 7. accessibility 8. growing customer acceptance, 9. cash-flow, 10. increased leisure time, 11. trends (worldwide, nationwide), 12. history of gaming business, 13. knowledge of hotel-casino operation, 14. easement of travel restrictions, 15. company culture, 16. gaming as ultimate vacation value, 17. company image, 18. current capital, 19. minimum cost of investment, 20. availability of land, 21. availability of labor, 22. company beliefs and mission, 23. long-term debt service 24. tax structure, 25. transportation system, 26. government policies-ownership restrictions.

Due to cultural and geographic differences, a second exploratory study was done. The results of the first

exploratory test questionnaire survey were used to design the questions asked of the Taiwanese hotel managers to identify the factors which will influence their casino investment decision making. After consulting with Dr. Bin-Min Sung, Director of the Surrounding Island Casino Feasibility Study, the survey questions did not include the long-term debt service, minimum cost of investment, tax structure, and government policies because Taiwanese government has not set the standards for these categories. Instead, because gambling is presently illegal in Taiwan, questions concerning social characteristics deemed very important were added to the survey. The second test survey consisted of 23 questions related to 1. return on capital, 2. company's growth, reinvestment & expansion plans, 3. management depth& experience about casino, 4. competition, 5. profitability, 6. degree of risk, 7. accessibility, 8. growing customer acceptance, 9. cash-flow, 10. increased leisure time, 11. trends(worldwide, nationwide), 12. history of gaming business, 13. knowledge of hotel-casino operation, 14. easement of travel restrictions, 15. company culture, 16. gaming as ultimate vacation value, 17. company image, 18. current capital, 19. availability of land, 20. availability of labor, 21. company beliefs and mission, 22. transportation system, 23. social characteristics, (Appendix E).

The results of second exploratory test survey revealed

that the Taiwanese hotel managers feel that these twenty three factors will influence their casino investment decision makings; except competition and cash-flow (Appendix F). The final survey was developed based on input received during two pretests and a review by the thesis chairman and Dr. Bin-Min Sung in Taiwan.

The data gathering method used for the study was the survey method. The survey was in the form of a questionnaire that used a 5 point Likert scale. Each scale had the maximum value of five points and a minimum value of one point. The positions on the scale measured intensity of perceptions (strongly, very) and directionality (agree, disagree; likely, unlikely; important, unimportant). Two examples of the scale are shown below:

- A.    1. Strongly Disagree  
      2. Disagree  
      3. Neutral  
      4. Agree  
      5. Strongly Agree
  
- B.    1. Very unimportant  
      2. Unimportant  
      3. Neither important nor unimportant  
      4. Important  
      5. Very important

The survey instrument was divided into five major sections: (1) a forward, (2) a section consisting of questions pertaining to the perception of casino investments in Taiwan, (3) a section devoted to questions pertaining to the willingness to invest in casinos in Taiwan, (4) a section consisting of questions pertaining to the factors which will influence casino investment decision making, and (5) a section of respondents profiles (Appendix G).

The forward briefly explained the reason for the study, indicated the merits of a response to these questions, and stated the researcher's appreciation for the respondent's valuable input.

Part I contained four questions. The responses to these questions were used to test their perceptions of casino investments in Taiwan. The questions pertained to the marketplace's demand for casino investments: the return on investment; profitability; degree of risk on casino investments; and overall potential of the Taiwan market. They were essential factors which influence the perceptions of casino investments. This section had the following instructions to the respondents: The purpose of this part is to obtain your perception of casino investments in Taiwan. Please circle one number per item. 1= Strongly Disagree(SD), 2= Disagree(D), 3= Neutral(N), 4= Agree(A), 5= Strongly Agree(SA)

Questions:

- 
1. The return on investment of casino investments is high.
  2. The profitability of casino operations is high
  3. The degree of risk of casino investments is low.
  4. Overall, Taiwan has an excellent potential for casino investments.
- 

Part II contained three questions pertaining to their willingness to invest in casinos in Taiwan. This section had the following instructions to the respondents: The purpose of this part is to obtain your willingness to invest in casinos in Taiwan. Please circle the number with which you agree 1)= Very Unlikely(VU), 2)= Unlikely(U), 3)= Neither likely nor unlikely(NN), 4)= Likely(L), 5)= Very Likely(VL)

Questions:

- 
1. There has been some amount of discussion of late about the possibility that Taiwan may legalize casino gaming. How likely do you think this will occur?
  2. Would your organization support casino gambling in Taiwan?
  3. If casino gaming were to be legalized in Taiwan in the near future, how likely would your organization invest in a casino property in Taiwan.
-



Part III, contained eleven questions pertaining to the factors which will influence their casino investment decision making. They are 1) Earning expectations of casino operations, 2) current plans for expansion, 3) Transportation and accessibility of casino sites, 4) Availability of land and labor of casino sites, 5) Industry expertise, 6) Social characteristics: Chinese religious beliefs, 7) Impact of participating in the gaming industry on the organization's image, 8) The culture of the organization including its overall mission, 9) Increased leisure time, 10) Easing of travel restrictions around Asia, 11) Growing acceptance of gaming as part of recreation. This section had the following instructions to the respondents: The purpose of this part is to identify the factors which will influence your casino investment decision making. The categories of response are 1= Very Unimportant(VU), 2= Unimportant(U), 3= Neither important nor unimportant(NN), 4= Important(I), 5= Very Important(VI)

Questions:

- 
1. Earnings expectations of casino operation
  2. Current plans for expansion of your properties
  3. Transportation facilities available to reach the islands where casino gaming would be legalized
  4. Availability of land and labor on the islands mentioned above

5. Level of your hotel's management expertise and experience with casino properties
  6. Prevailing Chinese religious beliefs about the negative aspects of gambling
  7. Impact of participating in the gaming industry on your organization's image
  8. The culture of your organization including its overall mission
  9. Increased in leisure time available to the Asian market
  10. Easing of travel restrictions around Asia
  11. Growing acceptance of gambling as part of recreation
- 

Part VI determined the respondents' profiles.

Question:

---

1. What category is your organization? Is it...
  2. What is your position with your organization? Is it...
  3. Your age?
  4. Your sex or gender?
  5. Please check the category  
which best represents  
your highest level of  
educational attainment.
-

### Nature of Data

There are four commonly accepted levels of measurement: nominal, ordinal, interval and ratio.

The first exploratory test questions were based on 5-point ordinal scale (5=the most influential, 1= the least influential) The respondents were asked to rank the importance of the factors which will influence their casino investment decisions.

The second exploratory test questions were used to ask Taiwanese hotel key executives to decide if these are the factors which might influence their casino investment decisions. It is nominal data.

The final questionnaire used a 5-point Likert scale. It is interval data. Each scale had the maximum value of five points and a minimum value of one point. The space between each two values was assumed equal. The respondents were asked about their perceptions of casino investments and the importance of factors which will influence their casino investment decisions.

Sekaran (1992) describes that Elmore and Beggs pointed out: research indicates that a 5-point scale is just as good as any and that an increase from 5 to 7 to 9 points on a rating scale does not improve the reliability of the rating. In addition, the Likert scale is among the more commonly used attitudinal scales. This study is concerned with the

measurement of attitude, so all of the final data used will be analyzed according to a 5 point Likert scale.

#### **Data Collection**

The forty seven questionnaire packets were prepared by the researcher and six were sent to the six Taiwanese Associate General Managers, because the General Managers of these six hotels are foreigners. The other forty one were sent to the General Managers or Associate General Managers. The packets included a cover letter from the Chairman of the Department of Tourism of Providence University, the questionnaire and a stamped return envelope.

One follow-up will be conducted to increase the percentage of returned questionnaires. The survey was conducted over a eight week period.

#### **Data Analysis**

The data analysis will test the hypotheses, and examine the respondents demographic. The Statistical Package for Social Science(SPSS) was utilized to analyze the data collected in the survey.

#### **Hypothesis Test**

Hypothesis: There are significant differences among the perception of the eleven factors which will influence the casino investment decision between the key executives who

are willing to invest in casinos in Taiwan and the key executives who are not willing to invest in casinos in Taiwan.

The t-Test will be used to test hypothesis. The t-Test is used to see if there is any significant difference in the means for two groups in the variable of interest. That is, a nominal variable that split into two subgroups is tested to see if there is a significant mean difference between them on a dependent variable, which is measured on an interval or ratio scale. The t-Test takes into consideration the means and standard deviations of the two groups on the variable and examines if the numerical difference in the means is significant from 0(zero) as postulated in our null hypothesis.

### **Descriptive Analysis**

#### **Investigation 1 and 2**

Investigation 1: The key executives' perceptions of casino investments in Taiwan.

Investigation 2: The key executives' willingness of investing in casinos in Taiwan.

Frequency Analysis: Since the data has been deemed to be interval in nature. Measure of central tendency for investigation 1 & 2 is mean. The dispersion is standard deviation. The mean is a method for measuring the average of a distribution which conforms to most peoples notion of what

an average is. The mean and standard deviation are the most common descriptive statistics. The frequency analysis was used to indicate the number and percentage of respondents who respond to each question. This analysis also yields the central tendency and variability for each attribute.

Four questions were used to evaluate investigation 1. They are: 1. The return on investment of casino investments is high. 2. The profitability of casino operations is high. 3. The degree of risk of casino investments is low. 4. Overall, Taiwan has an excellent potential for casino investments. A score of 5 means "strongly agree" and a score of 1 means "strongly disagree". A grand mean of 4.00 or higher on these four questions is considered to be that the key executives' perceptions of casino investments in Taiwan are positive. The question which was used to test investigation 2 is: If casino gaming were to be legalized in Taiwan in the near future, how likely would your organization invest in a casino property in Taiwan. A score of 1 means "very unlikely" and a score of 5 means "very likely". For investigation 2, an attribute with a mean of 4.00 or higher is considered as that the overall key executives are likely to invest in casinos in Taiwan. The setting of 4.00 as a cutting point is supported in previous research (Cherng, 1993). A score of 1 and 2 indicate the unwillingness of investing in casinos in Taiwan. With the frequency less than half will be considered as there is

minority of key executives who are not willing to invest in casinos in Taiwan. What the respondents consider most agree and most disagree can be explored further with an examination of means, median, modes, and standard deviation with the frequency counts.

### Respondents' Demographic Characteristics

The t-Test and One-Way Analysis of Variance can also be utilized to determine whether a significant relationship exists between the influential factors and respondents' demographic data. The t-Test is a test for any significant difference in the means for two groups, including: key executives' position and age; organizations' expansion plans. One-way Analysis of Variance (ANOVA) is a test for any significant difference across three groups, including the types of hotels, respondents' level of educational attainment.

Newman-Keuls Multiple Comparison: The Newman-Keuls test is a statistical method that is used to accomplish multiple comparison. In other words, if a set of variables is found to be significantly different after an Analysis of Variance test, then Newman-Keuls Multiple Comparison separates the significant variables from the comparison, which enables the researcher to identify the ones that are significantly different. In this study, Newman-Keuls Multiple Comparison is used to determine if there are significant differences

for the level of importance of the influential factors across the three groups.

Duncan Test is also used to separate the significant variable from the comparison after an Analysis of Variance test.

A significance of  $p < .05$  is generally accepted in social science research (Sekaran, 1992). This study will also use .05 as confidence level.

### Summary

The purpose of this chapter was to discuss the methodology used in this study as well as the reasons for selecting this particular methodology.

General Managers and Associate General Managers whose nationality are Taiwan and work in International Tourist Hotels were selected to participate in this study. The content of the final survey was developed from two pretests, to ensure its validity. Data was gathered over a two month period. Questionnaires were sent to the forty seven General Managers and Associate General Managers. The purpose of the study was to find out the perceptions and willingness of casino investments in Taiwan of International Tourist Hotels managers and identify the factors which will influence their casino investment decision making. There was one follow-up mailing. The data was tabulated and analyzed with the following statistical tools: Frequency Analysis,



Mean, t-Test, One-Way Analysis of Variance, Newman-Keuls  
Multiple Comparison, and Duncan Test.

## CHAPTER IV

### FINDINGS OF THE STUDY

#### Introduction

This chapter submits the results of the survey in which forty four respondents participated. A description of the group is presented first, and then, the hypothesis will be tested and finally, the findings discussed.

#### Response Rate and Respondents' Profile

A total of forty seven survey questionnaires were sent to the General Managers and Associate General Managers. Forty five respondents participated over a eight week period, from June 1st to August. 1st, 1994. One questionnaire was eliminated before data coding because of incomplete data. As a result, 44 questionnaires were coded for data analysis.

Table 1

Response Rate

---

$$\begin{aligned}\text{Response Rate} &= \frac{\text{Number of Completed Questionnaires}}{\text{Number in Sample}} \times 100\% \\ &= \frac{44}{47} \times 100\% \\ &= 93.62\%\end{aligned}$$

---

The return rate of the sample was 93.62%. This return rate is considered to be very good. Since the cover letter of the questionnaire mentioned that this study is supported by three congressmen and Taiwan Tourism Bureau, the industry's involvement is relatively high.

Table 2 presents a profile of the participants with regard to their demographic characteristics. As can be seen in the table, 45.45% of the respondents were from local hotels owned by local people; 31.82% were from international hotels owned by local people; 22.73% were from joint-venture hotels. Seventy percent of the respondents were General Managers and the remaining thirty percent were Associate General Managers. Twenty-five percent of respondents answered that their hotels do not have expansion plans while 72.73% of respondents' hotels have expansion plans. The gender of respondents is almost entirely male: 43 were males and only 1 was female. The predominant age range was from 41 to 50, accounting for 59.09% of total respondents; 22.73% was from 51 to 60; 9.09% was from 31 to 40; and another 9.09% was from over age 60. A large percent (77.27%) of the respondents were college or university graduates; 11.36% were high school or vocational school graduates; 11.36% had a graduate degree.

**Table 2**  
**Profile of Participants**

Demographics	Number	Percentage(%)
<b>Hotel Category</b>		
International Hotel owned by local people	14	31.82
Joint-Venture Hotel	10	22.73
Local Hotel owned by local people	20	45.45
	44	100.00
<b>Position</b>		
General Managers	31	70.00
Associate General Managers	13	30.00
	44	100.00
<b>Expansion plans</b>		
Yes	32	72.73
No	11	25.00
Unknown	1	2.27
	44	100.00
<b>Age</b>		
Under 30	0	0
31-40	4	9.09
41-50	26	59.09
51-60	10	22.73
Over 61	4	9.09
	44	100.00
<b>Sex</b>		
Male	43	97.73
Female	1	2.27
	44	100.00
<b>Educational attainment</b>		
High school or vocational school graduates	5	11.36
College or university graduates	34	77.27
Graduate work with no degree	0	0
Graduate degree	5	11.36
Doctoral degree	0	0
	44	100.00

### Hypothesis Testing

Hypothesis: There are significant differences among the perception of the eleven factors which will influence casino investment decision between the key executives who are willing to invest in casinos in Taiwan and the key executives who are not willing to invest in casinos in Taiwan.

With regard to the testing of the above hypothesis, t-test is used to compare the mean scores for the eleven factors.

Table 3 summaries the results of the t-tests for each factors. For a significance level of .05, the t table values are 1.96. The t-test indicates that at the .05 significance level, only one factor has significant difference of the means between the key executives who are willing to invest in casinos in Taiwan and the key executives who are not willing to invest in casinos in Taiwan. The factor is: the culture of organization including its overall mission. The mean score of the 6 key executives, who are not willing to invest in casinos in Taiwan, is 5, and for the 32 key executives who are willing to invest in casinos in Taiwan, the mean score is 4.03. This factor shows significant difference at level .01.

Table 3

t-Test of Eleven Factors Which Will Influence Casino Investment Decision Making Between the Key Executives Who Are Willing To Invest in Casinos in Taiwan and the Key Executives Who Are Not Willing to Invest in Casinos in Taiwan

Variance	t-value	df	2-Tail Sig
Earning expectations	1.61	5.18	.165
Expansion plans	.83	6.00	.440
Transportation of casino site	.12	36.00	.902
Availability of land and labor	1.67	10.00	.126
Management expertise	.28	5.59	.793
Chinese religious beliefs	1.70	36.00	.448
Impact of participating in gaming on hotel imagine	1.28	8.27	.294
Hotel culture, including overall mission	8.47	31.00	.000 **
Increased leisure time in Asia	2.01	7.64	.081
Easing of travel restrictions around Asia	.44	8.21	.671
Growing acceptance of gaming as part of recreation	1.84	5.70	.118

\*\*SIGNIFICANCE AT .01=2.576 FOR A TWO TAILED T TEST

## Survey Results

### Investigation 1: The key executives' perceptions of casino investments in Taiwan.

The questions of interest in this section are;

1. The return on casino investments in Taiwan is likely to be high
2. The profitability of casino operations in Taiwan is likely to be high
3. The degree of risk of casino investments in Taiwan is low
4. Overall, Taiwan has an excellent potential for casino investments

Table 4 presents the central tendency of these questions. Question 2 gets the highest mean score which is 4.409. Of the total respondents, 59.1% agree and 40.9% strongly agree that the profitability of casino operations in Taiwan is likely to be high (Table 5). Followed by is the return on casino investments in Taiwan is likely to be high whose mean is 4.326. Of total respondents, 52.3% agree and 17% strongly agree the return on casino investments in Taiwan is likely to be high. For question 4, among the total respondents, 65.9% of them agree and 27.3% strongly agree that Taiwan has an excellent potential for casino



investments; the remaining 6.8% are neutral. With a mean score of 4.205 which shows that the majority of respondents agree that Taiwan has an excellent potential for casino investments. The lowest mean score is 3.545 for question 3. Of total respondents, only 18.2% strongly agree and 34.1% agree that the degree of risk of casino investments in Taiwan is low, while 31.8% is neutral and 15.9% disagree. Therefore, only approximately half of the key executives agree that the degree of risk of casino investments in Taiwan is low.

For these four questions, in 5 point scale, (1= Strongly Disagree, 5=Strongly Agree), the highest score is 20 which means strongly agree with the questions. The mean score for these four questions is 16.535, which indicates that overall key executives' perceptions of casino investments in Taiwan are positive.

Table 4

Central Tendency for the Overall Key Executives' Perceptions  
of Casino Investments in Taiwan

	Mean	Median	Mode
1. The return on casino investments in Taiwan is likely to be high	4.326	4.000	4.000
2. The profitability of casino operations in Taiwan is likely to be high	4.409	4.000	4.000
3. The degree of risk of casino investments in Taiwan is low	3.545	4.000	4.000
4. Overall, Taiwan has an excellent potential for casino investments	4.205	4.000	4.000

Table 5

Table 5

Frequency for the Key Executives' Perceptions of Casino Investments in Taiwan

	Value	Freq.	Percent(%)
1. The return on casino investment in Taiwan is likely to be high	3.0	3	6.8
	4.0	23	52.3
	5.0	17	38.6
	Missing	1	2.3
	Total	44	100.0
2. The profitability of casino operations in Taiwan is likely to be high	4.0	26	59.1
	5.0	18	40.9
	Total	44	100.0
3. The degree of risk of casino investments in Taiwan is low	2.0	7	15.9
	3.0	14	31.8
	4.0	15	34.1
	5.0	8	18.2
	Total	44	100.0
4. Overall, Taiwan has a excellent potential for casino investments	3.0	3	6.8
	4.0	29	65.9
	5.0	12	27.3
	Total	44	100.0

Investigation 2: The key executives' willingness of  
investing in casinos in Taiwan

The questions of interest in this section are;

1. There has been some amount of discussion of late about the possibility that Taiwan may legalize casino gaming. How likely do you think this will occur?
2. Would your organization support casino gaming in Taiwan?
3. If casino gaming were to be legalized in Taiwan in the near future, how likely would your organization invest in casino properties in Taiwan?

Table 6 presents that question 1 gets the highest mean score which is 4.114. Of total respondents, 25% answer they feel it is very likely for Taiwan to legalize casino gaming and 65.9% believe that legalized casino gaming in Taiwan will likely occur. For the remaining 9% of the respondents, 4.5% of them are neutral, and 4.5% feel it is unlikely about legalized casino gaming in Taiwan will occur (Table 7). In regarding to the support of casino gaming in Taiwan, with 3.955 mean score, 27.3% of the respondents feel that their organizations are very likely to support casino gaming in Taiwan and 45.5% of them say that it is likely for their organizations to support casino gaming in Taiwan. Yet, 22.7% of them are neutral, and 4.5% of their organizations will

unlikely support casino gaming in Taiwan. Finally, of total respondents, 34.1% say they are very likely to invest in casinos in Taiwan if it is legalized. However, 38.6% of the respondents answer they are likely to invest in casinos in Taiwan while 13.6% are neutral, 11.4% of them feel it is unlikely, and 2.3% of them believe it is very unlikely for their organizations to invest in casinos in Taiwan even though it is legalized. The mean score is 3.909.

Therefore, with a 3.909 mean score, 72.7% of the key executives are willing to invest in casinos in Taiwan and 13.7% of the key executives who are not willing to invest in casinos in Taiwan. It indicates the willingness for the overall key executives to invest in casinos in Taiwan is higher than "neutral" but it does not reach "likely".

Table 6

Central Tendency for the Key Executives' Willingness of  
Investing in Casinos in Taiwan

---

	Mean	Median	Mode
1. There has been some amount of discussion of late about the possibility that Taiwan may legalize casino gaming. How likely do you think this will occur?	4.114	4.000	4.000
2. Would your organization support casino gaming in Taiwan?	3.955	4.000	4.000
3. If casino gaming were to be legalized in Taiwan in the near future, how likely would your organization invest in casino properties in Taiwan?	3.909	4.000	4.000

---

Table 7

Frequency for the Key Executives' Willingness of Investing  
in Casinos in Taiwan

	Value	Freq.	Percent(%)
1. There has been some amount of discussion of late about the possibility that Taiwan may legalize casino gaming. How likely do you think this will occur?	2.0	2	4.5
	3.0	2	4.5
	4.0	29	65.9
	5.0	11	25.0
	Total	44	100.0
2. Would your organization support casino gaming in Taiwan?	2.0	2	4.5
	3.0	10	22.7
	4.0	20	45.5
	5.0	12	27.3
	Total	44	100.0
3. If casino gaming were to be legalized in Taiwan in the near future, how likely would your organization invest in casino properties in Taiwan?	1.0	1	2.3
	2.0	5	11.4
	3.0	6	13.6
	4.0	17	38.6
	5.0	15	34.1
	Total	44	100.0

### Respondents' Demographic Characteristics

It is worthy to see if the respondents' demographics can be useful to understand the effects of perceptions of casino investments and casino investment decision making factors in the key executives.

#### Type of Hotel

Table 8 shows the ANOVA test for the comparison across the three types of hotel categories (International Hotel owned by local people; Joint-Venture Hotel; Local Hotel owned by local people) on perceptions that Taiwan has an excellent potential for casino investments. The result of ANOVA is statistically significant, at level of .05. The Newman-Keuls Multiple Comparison and Duncan Test further indicate that statistically significant differences exist between the International Hotels owned by local people and Local Hotels owned by local people.

Table 9 indicates that, at level of .05, there is a significant difference among the three hotel categories on the perceptions of the factor, increased in leisure time available to the Asian market, which will influence their casino investment decision making. Differences exist between the International Hotels owned by local people and Joint-Venture Hotels; and also between Joint-Venture Hotels and Local Hotels owned by local people.



Table 8

Analysis of Variance For the Key Executives' Perceptions Of  
Casino Investments In Taiwan Across Three Types of Hotels

---

One Way Analysis of Variance		
	F Ratio	F Prob.
1. The return on casino investment in Taiwan is likely to be high	.7380	.4844
2. The profitability of casino operations in Taiwan is likely to be high	1.9624	.1535
3. The degree of risk of casino investments in Taiwan is low	.9446	.3971
4. Overall, Taiwan has an excellent potential for casino investments	4.5276	.0167*

\* SIGNIFICANCE AT .05 FOR ONE WAY ANALYSIS OF VARIANCE

---

Table 9

Analysis of Variance of Eleven Factors Which Will Influence  
Casino Investment Decision Making Across Three Types of  
Hotels

---

One Way Analysis of Variance		
	F Ratio	F Prob.
Earning expectations	1.7229	.1912
Expansion plans	2.2056	.1231
Transportation of casino site	.4476	.6423
Availability of land and labor	.9281	.4034
Management expertise	.7853	.4627
Chinese religious beliefs	1.5238	.2300
Impact of participating in gaming on hotel image	.2838	.7544
Hotel culture, including overall mission	2.9021	.1367
Increased leisure time in Asia	5.5304	.0075**
Easing of travel restrictions around Asia	2.9205	.0652
Growing acceptance of gaming as part of recreation	.0635	.9386
** SIGNIFICANCE AT .01 FOR ONE WAY ANALYSIS OF VARIANCE		

---

Position of Key Executives

Table 10 indicates that at level of .05, there is no significant difference on the perceptions of casino investments in Taiwan between the key executives who are general managers and the key executives who are associate general managers.

Table 11 indicates that at level of .05, there is no significant difference on the factors which will influence casino investment decision making between the key executives who are general managers and the key executives who are associate general managers.

Table 10

t-Test For the Key Executives' Perceptions Of Casino Investments In Taiwan Between the Key Executives Who Are General Managers and the Key Executives Who Are Associate General Managers

---

Variance	t-value	df	2-Tail Sig
1. The return on casino investment in Taiwan is likely to be high	.13	41	.900
2. The profitability of casino operations in Taiwan is likely to be high	.45	42	.656
3. The degree of risk of casino investments in Taiwan is low	.37	36.64	.712
4. Overall, Taiwan has an excellent potential for casino investments	1.06	26.18	.301

---

Table 11

t-Test of Eleven Factors Which Will Influence Casino Investment Decision Making Between the Key Executives Who Are General Managers and the Key Executives Who Are Associate General Managers

	t-value	df	2-tail Sig
Earning expectations	.35	42	.725
Expansion plans	.22	42	.829
Transportation of casino site	.12	42	.904
Availability of land and labor	.11	42	.910
Management expertise	.52	42	.604
Chinese religious beliefs	1.34	42	.189
Impact of participating in gaming on hotel imagine	1.34	42	.188
Hotel culture, including overall mission	.27	41	.786
Increased leisure time in Asia	.64	42	.524
Easing of travel restrictions around Asia	.72	42	.474
Growing acceptance of gaming as part of recreation	1.16	42	.252

### Expansion Plans

Table 12 indicates that at level of .05, there is no significant difference of the perceptions of casino investment in Taiwan between the hotels which have expansion plans and hotels which do not have expansion plans.

Table 13 indicates that at level of .05, there is no significant difference on the perceptions of the factors which will influence casino investment decision making between the hotels which have expansion plans and hotels which do not have expansion plans.

Table 12

t-Test of Perceptions of Casino Investments in Taiwan  
Between the Hotels Which Have Expansion Plans and the Hotels  
Which Do Not Have Expansion Plans

Variance	t-value	df	2-Tail Sig
1. The return on casino investment in Taiwan is likely to be high	.45	25.03	.660
2. The profitability of casino operations in Taiwan is likely to be high	1.17	18.75	.255
3. The degree of risk of casino investments in Taiwan is low	.58	41	.564
4. Overall, Taiwan has an excellent potential for casino investments	.37	41	.716

Table 13

t-Test of Eleven Factors Which Will Influence Casino  
Investment Decision Making Between the Hotels Which Have  
Expansion Plans and the Hotels Which Do Not Have Expansion  
Plans

---

	t-value	df	2-tail Sig
Earning expectations	.21	41	.833
Expansion plan	.31	41	.755
Transportation of casino site	.07	41	.942
Availability of land and labor	.22	41	.829
Management expertise	.25	41	.808
Chinese religious beliefs	1.87	41	.069
Impact of participating in gaming on hotel image	1.21	41	.234
Hotel culture, including overall mission	1.10	40	.280
Increased leisure time in Asia	1.97	41	.056
Easing of travel restrictions around Asia	1.69	15.38	.111
Growing acceptance of gaming as part of recreation	.31	41	.757

---



### Age

Table 14 indicates that at level of .05, there is no significant difference of the perceptions of casino investment in Taiwan between the key executives who are under fifty years old and the key executives who are over fifty years old.

Table 15 indicates that at level of .05, there is a significant difference on the perceptions of the factor, Chinese religious beliefs between the key executives who are under fifty years old and the key executives who are over fifty years old.

Table 14

t-Test of Perceptions of Casino Investments in Taiwan  
Between the Key Executives Who Are Under Fifty Years Old and  
the Key Executives Who Are Over Fifty Years Old

---

Variance	t-value	df	2-Tail Sig
1. The return on casino investment in Taiwan is likely to be high	.67	41	.506
2. The profitability of casino operations in Taiwan is likely to be high	1.16	27.43	.256
3. The degree of risk of casino investments in Taiwan is low	.21	42	.836
4. Overall, Taiwan has an excellent potential for casino investments	1.7	19.98	.105

---

Table 15

t-Test of Eleven Factors Which Will Influence Casino Investment Decision Making Between the Key Executives Who Are Under Fifty Years Old and the Key Executives Who Are Over Fifty Years Old

---

	t-value	df	2-tail Sig
Earning expectations	.66	42	.512
Expansion plan	.65	42	.518
Transportation of casino site	.40	42	.693
Availability of land and labor	.72	42	.476
Management expertise	.12	42	.907
Chinese religious beliefs	2.2	42	.033*
Impact of participating in gaming on hotel imagine	1	42	.324
Hotel culture, including overall mission	1.74	41	.089
Increased leisure time in Asia	1.48	42	.145
Easing of travel restrictions around Asia	1.25	42	.220
Growing acceptance of gaming as part of recreation	1.26	42	.213

\* SIGNIFICANCE AT .05=1.96 FOR A TWO TAILED T TEST

### Education

Table 16 shows the ANOVA tests for the comparison across the three level of educational attainment (high school or vocational school graduates, college or university graduates, and graduate degree) on the perceptions of Taiwan has an excellent potential for casino investments. The result of ANOVA indicates significant differences, at level of .05. The Newman-Keuls Multiple Comparison and Duncan Test further indicate that these differences exist between high school or vocational school graduates and college or university graduates and also between high school or vocational school graduates and graduate degree.

Table 17 shows there is no significant difference on the factor which will influence casino investment decision making across three level of educational attainment

Table 16

Analysis of Variance For the Key Executives' Perceptions Of  
Casino Investments In Taiwan Across Three Level of  
Educational Attainment

---

One Way Analysis of Variance		
	F Ratio	F Prob.
1. The return on casino investment in Taiwan is likely to be high	.1416	.8684
2. The profitability of casino operations in Taiwan is likely to be high	.0021	.9979
3. The degree of risk of casino investments in Taiwan is low	.3433	.7114
4. Overall, Taiwan has an excellent potential for casino investments	3.8808	.0286*

\* SIGNIFICANCE AT .05 FOR ONE WAY ANALYSIS OF VARIANCE

---

Table 17

Analysis of Variance of Eleven Factors Which Will Influence  
Casino Investment Decision Making Across Three Level of  
Educational Attainment

---

One Way Analysis of Variance		
	F Ratio	F Prob.
Earning expectations	2.0632	.1400
Expansion plans	.4495	.6411
Transportation of casino site	.1699	.8443
Availability of land and labor	.1063	.8994
Management expertise	.8125	.4508
Chinese religious beliefs	2.4949	.0950
Impact of participating in gaming on hotel image	.2878	.7514
Hotel culture, including overall mission	2.3837	.1052
Increased leisure time in Asia	2.1205	.1329
Easing of travel restrictions around Asia	2.2667	.1165
Growing acceptance of gaming as part of recreation	.4314	.6525

---

### Summary

This chapter presents the response rate, a profile of the respondents, and the results of statistical analysis of the relationship among the variables.

Hypothesis is partially supported. Among the eleven factors, one factor gets the significant difference. The factor is the culture of organization, including overall mission. The survey results show that the majority of respondents' perceptions of casino investments in Taiwan are positive. At the same time, there are 73% of the key executives are willing to invest in casinos in Taiwan and 13.7% of them are not willing to invest in casinos in Taiwan. The results also indicates that some demographic information may segment the respondents by perception.

## CHAPTER V

### SUMMARY AND CONCLUSION

#### Introduction

This chapter consists of three sections: first is the summary of findings, second is suggestions for Congressmen, the Taiwan Tourism Bureau and future research. and third is the limitations of the study.

#### Summary of Findings

The objective of the study is to identify and assess the key executives' attitudes toward casino investments in Taiwan. Questionnaire surveys were distributed to forty-one General Managers and six Associate General Managers of International Tourist Hotels. Forty-four completed questionnaires were returned with a response rate of 93.62%. The results of the survey have met the purpose of the study. Several conclusions can be drawn.

The hypothesis is partially supported. Of the eleven factors, one factor has a significant difference of the mean score between the key executives who are willing to invest in casinos in Taiwan and the key executives who are not willing to invest in casinos in Taiwan. The factor is the



culture of organization, including overall mission. All six key executives who are not willing to invest in casinos in Taiwan responded that the culture of the organization, including the overall mission, is very important when considering casino investments in Taiwan. Among these respondents: four of their hotels focus on the local market; the fifth hotel focuses on European guests and emphasizes elegant, delicate individual service. The sixth hotel just opened in 1993 and invested in hotel properties other than in Taiwan. Its mission statement is to establish the highest class hotel all over the world.

The survey results show that the overall key executives of International Tourist Hotels in Taiwan have positive perceptions of casino investment in Taiwan. However, it was determined that 73% of them are willing to invest in casinos in Taiwan and the 13.7% of the key executives are not willing to invest in casinos in Taiwan.

As the results show, the perceptions that Taiwan has an excellent potential for casino investments significantly differ from the key executives of International Hotel owned by local people and the key executives of Local Hotels owned by local people. In addition, there are significant differences for the perceptions of increased in leisure time available to the Asian market exists between the key executives of Joint-Venture Hotels and the key executives of International Hotels owned by local people and also between

the key executives of Joint-Venture Hotels and the key executives of Local Hotels owned by local people.

At the same time, there is also a significant difference between the key executives who are over fifty years old and the key executives who are under fifty years old on the perceptions of Chinese religious beliefs.

Finally, the level of educational attainment might segment respondents' perceptions that Taiwan has an excellent potential for casino investment. A statistically significant difference exists between the high school or vocational school graduates and college or university graduates; it also exists between the high school or vocational school graduates and graduate degree.

### Recommendations

#### Recommendations for Congressmen and Taiwan Tourism Bureau

Around January of 1994, three congressmen and the Taiwan Tourism Bureau entrusted the Department of Tourism of Providence University to conduct a project on the feasibility of legalized casino operations in Taiwan. There are four main directions: legislation of casino gambling; social impacts of casino gambling; economic impacts of casino gambling; as well as the attitudes toward casino gambling of the public, the government, and industry. The

results of this study provide the initial evidence that the hotel industry has positive perception of casino investments in Taiwan. The hotel industry also feels that it is very possible for Taiwan to legalize casino operations. However, only 73% of the key executives are willing to invest in casinos in Taiwan. According to the results of this study, the overall key executives agree that the return on casino investments in Taiwan is likely to be high; the profitability of casino operations is likely to be high, and Taiwan has an excellent potential for casino investments. On the other hand, although, the majority of the key executives agree that the degree of risk of casino investments in Taiwan is low, seven respondents feel the degree of risk would be high and fourteen of them are neutral. Therefore, the congressmen and Taiwan Tourism Bureau need to explore whether the degree of risk in investing in casinos in Taiwan is the main factor which prevent the key executives from investing in casinos in Taiwan. They also can utilize this information to examine other aspects related to legalization of casino gambling in Taiwan and to provide direction for further research about industry involvement. In addition, only eleven factors were found to influence casino investment decision making. Since the majority of key executives are willing to invest in casinos in Taiwan, it is necessary for the congressmen and Taiwanese Tourism Bureau to consider much more deeply and specifically the

regulations of casino investments in Taiwan, such as the restrictions of entering new jurisdictions, number of casinos, local betting, cost of minimum investment, size of casinos, and taxation.

#### Recommendations for Further Research

Because of the limitations, the findings of the study are restricted. The first suggestion for further research would be to diversify the research population. The study was delimited to the key executives of International Tourist Hotels. For further research, it would be desirable to broaden the study to include other possible industrial investors and undertake similar studies to ascertain their attitudes toward casino investments.

Secondly, due to the insufficiency of regulations and restrictions of casino investment in Taiwan, several essential factors which will influence casino decision making did not be used in this study. The factors that might affect willingness of investing in casinos include- number of casinos, if local people can bet? size of casinos, tax structures. Future researchers could do a similar investigation again when the government set the specific regulations and restrictions of casino investment in Taiwan.

The third suggestion for further research is to find out what are the reasons for the key executives' unwillingness of investing in casinos in Taiwan. Since the

results of this study indicates that every key executives agree that the profitability of casino operations in Taiwan is likely to be high, but only 73% of them are willing to invest in casinos in Taiwan.

The fourth suggestion for further research is to interview the six key executives who are not willing to invest in casinos in Taiwan. It would help to explore the exact reasons for their unwillingness to invest in casinos in Taiwan and find out whether it is caused by personal characteristics.

#### Limitations

Several points are discussed as limitations of the study. The first limitation is the sample used. Taiwanese Bank Law restricts banks from investing in the hospitality industry in Taiwan. And the Taiwanese Regulations of Institutional Investors requires that institutional investors must invest 70% of their capital in science projects. Therefore, in the study, the investigation was limited to the hotel industry: the key executives of forty seven International Tourist Hotels in Taiwan. The results of the study may not adequately reflect the perceptions of the general public and potential investors.

The second limitation concerns managerial knowledge of the casino business. The idea of casino gambling is very new

to Taiwan; so knowledge of casino gambling is virtually non-existent. Right now, there is not a common recognition about what the casino business is among each key executive. At the same time, the individual knowledge of casino business might influence their casino investment decision makings.

Therefore, the results may only provide vague perceptions and willingness about casino investment in Taiwan of the key executives of International Tourist Hotels in Taiwan.

The third limitation is the factors which will influence casino investment decision making used in the study. This study is the very pioneer for casino gambling in Taiwan and the idea of casino gambling in Taiwan for the central government is still very vague. So details about casino gambling in Taiwan have not been seriously considered and can not be used in the study. Therefore, in the study, the eleven factors are used, but they do not include the restrictions of entering new jurisdictions, cost of investment, and taxation which are also very important influential factors for casino investment decision making. Absence of these three essential factors may not be an ideally effective way to test hypothesis 4. Similarly, the results of the study indicates that the 73% of the key executives are interested in investing in casinos in Taiwan. If the government announced the specific casino gambling regulations about the restrictions of entering new jurisdictions, and regulations concerning cost of investment

and taxation, the perceptions and willingness of casino investment in Taiwan may change.

Also, seventy-three percent of the respondents are willing to invest in casinos in Taiwan, and only 13.6% of respondents are not willing to invest in casinos in Taiwan. When comparing the mean scores between these two groups for the factors which will influence the casino decision making, due to the unbalanced size of these two groups, the results may skew to the majority.

APPENDIX A  
INTERNATIONAL TOURIST HOTELS IN TAIWAN



## APPENDIX A

## INTERNATIONAL TOURIST HOTELS IN TAIWAN

1. Asiaworld Plaza Hotel
2. Astar Hotel
3. Brother Hotel
4. Ceasears
5. Chinatrust Hotel
6. Chung Tai Hotel
7. Emperor Hotel
8. Far Eastern Plaza Hotel
9. Fortune Dragon Hotel
10. Gallant Hotel
11. Gloria Hotel
12. Golden China Hotel
13. Grand Formosa Regent
14. Grand Hotel
15. Grand Hyatt Taipei
16. Holiday Garden Hotel
17. Hotel China Yangmingshan
18. Hotel Kingdom
19. Hotel National
20. Hotel Riverview Taipei
21. Hotel Royal Taipei
22. Hotel Taipei Miramar
23. Howard Plaza Hotel
24. Hua Wang Hotel
25. Imperial Hotel
26. Lai Lai Sheraton Hotel
27. Le Midi Hotel Chiton
28. Magnolia Hotel
29. Major Hotel
30. Plaza International Hotel
31. President Hotel
32. Rebar Holiday Inn Crowne Plaza
33. Summit Hotel
34. Sun Moon Lake Hotel
35. Taichung Evergreen Laurel Hotel
36. Taichung Park Hotel
37. Taipei Fortuna Hotel
38. Taipei Hilton
39. Taoyuan Holiday Hotel
40. Taoyuan Plaza Hotel
41. Ta Shee Resort
42. The Ambassador Hotel
43. The Ambassador Hotel-Kaohsing
44. The Grand Hotel-Kaohsing
45. The Ritz Hotel
46. The Sherwood Taipei
47. United Hotel

**APPENDIX B**

**Sample For the First Exploratory Study**

**The Leading Gaming Industries, Gaming Development  
Corporations, and Gaming Investment Analysis Corporations in  
the U.S.A.**

**APPENDIX B**

**The Leading Gaming Industries, Gaming Development  
Corporations, and Gaming Investment Analysis Corporations in  
the U.S.A.**

**GAMING INDUSTRIES**

- 1) Aztar Corporation
- 2) Bally Gaming International
- 3) Caesars World Inc.
- 4) Circus Circus Enterprises, Inc.
- 5) Grand Casino, Inc.
- 6) Hilton Hotel Corporation
- 7) Hollywood Casino Corporation
- 8) Mirage Resorts, Inc.
- 9) Promus Companies Inc.

**GAMING DEVELOPING CORPORATIONS**

- 1) Atlantic Management Associates, Inc.
- 2) Jazz Ville Casino

**GAMING INVESTMENT ANALYSIS CORPORATIONS**

- 1) C.J. Lawrence Inc.
- 2) Smith Barney Shearson Inc.
- 3) The Raymond James financial Center

## **APPENDIX C**

### **The First Exploratory Questionnaire**

## APPENDIX C

## The First Exploratory Questionnaire

Dear Sir :

March 17, 1994

I'm taking the liberty of writing to you for your kind assistance. I'm a graduate student at the William F. Harrah Hotel Administration College at University of Nevada-Las Vegas.

My area of study is in casino. I am conducting a research about hotel-casino investment for my graduate thesis using a survey method. However, there are very few related studies in current literature to assist in the development of my survey questionnaire. I've compiled a series of questions, which I believed are valuable to hospitality professionals.

I would very much appreciate it, if you could complete the attached questionnaire and fax same to me before March 20th. Your input will be of great benefit to me and I thank you in advance for your taking the time to help me in this matter.

My address and Fax # :

Shiang-Lih Chen

1600 E. University Ave. #207

Las Vegas, NV 89119

Fax #: **702-796-6966**

Looking forward to hearing from you ! Thank you very much !

Sincerely yours

Shiang-Lih Chen

Institution: \_\_\_\_\_

Position: \_\_\_\_\_

Age: 21\_30; 31\_40; 41\_50; over50\_

Sex: \_\_\_\_\_

Education: \_\_\_\_\_

**\*\*Please rank your answer to each question from 1-5 with #1 the least influential factor and #5 being the most influential factor\*\***

**TOPIC: WHAT ARE YOUR CONCERNS WHEN YOU MAKE HOTEL-CASINO INVESTMENT DECISIONS?**

	1	2	3	4	5
1) Company's growth, reinvestment, and expansion plans	-	-	-	-	-
2) Government policy					
a) ownership restriction	-	-	-	-	-
b) others _(please specify)_____					
3) The cost of investment					
a) Minimum cost of investment	-	-	-	-	-
b) current capital	-	-	-	-	-
c) cash-flow	-	-	-	-	-
d) short-term debt service	-	-	-	-	-
e) long-term debt service	-	-	-	-	-
f) tax structure	-	-	-	-	-
g) others_(please specify)_____					
4) The earning expectation of investment					
a) degree of risk	-	-	-	-	-
b) return on capital	-	-	-	-	-
c) profitability	-	-	-	-	-
d) competition	-	-	-	-	-

e) others(please specify)\_\_\_\_\_

5) The location of casino

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| a) availability of land                | - | - | - | - | - |
| b) accessibility                       | - | - | - | - | - |
| c) transportation system               | - | - | - | - | - |
| d) availability of labor               | - | - | - | - | - |
| e) availability of equipment suppliers | - | - | - | - | - |
| f) others(please specify)_____         |   |   |   |   |   |

6) Industry expertise

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| a) management depth & experience about casino | - | - | - | - | - |
| b) history of gaming business                 | - | - | - | - | - |
| c) knowledge of hotel-casino operation        | - | - | - | - | - |
| d) others(please specify)_____                |   |   |   |   |   |

7) Company philosophy about investing hotel-casino

- |                                |   |   |   |   |   |
|--------------------------------|---|---|---|---|---|
| a) social characteristic       | - | - | - | - | - |
| b) company culture             | - | - | - | - | - |
| c) company image               |   |   |   |   |   |
| d) company beliefs and mission | - | - | - | - | - |
| e) others(please specify)_____ |   |   |   |   |   |

8) Demands of gaming market

- |                                  |   |   |   |   |   |
|----------------------------------|---|---|---|---|---|
| a) trends(worldwide, nationwide) | - | - | - | - | - |
| b) growing customer acceptance   | - | - | - | - | - |

c) gaming as ultimate vacation value \_ \_ \_ \_ \_

d) increased leisure time \_ \_ \_ \_ \_

e) easement travel restrictions \_ \_ \_ \_ \_

9) If casinos are legalized in Taiwan will you be interested to  
invest hotel-casino there?

YES \_ NO \_ Maybe \_

10) Why will /won't you be interested to invest hotel-casino there?  
(please specify) \_\_\_\_\_



**APPENDIX D**

**The Results of The First Exploratory Study**

## APPENDIX D

The Results of The First Exploratory Study  
Median of Factors which will affect casino investment decision

Factor	Median
1 Return on capital	5
2 Company's growth, reinvestment & expansion plans	5
3 Management depth & experience about casino	5
4 Competition	4
5 Profitability	4
6 Degree of risk	4
7 Accessibility	4
8 Growing customer acceptance	4
9 Cash-flow	4
10 Increased leisure time	4
11 Trends (worldwide, nationwide)	4
12 History of gaming business	4
13 Knowledge of hotel-casino operation	4
14 Easement of travel restrictions	3.5
15 Company culture	3.5
16 Gaming as ultimate vacation value	3.5
17 Company image	3.5
18 Current capital	3.5
19 Minimum cost of investment	3
20 Availability of land	3
21 Availability of labor	3
22 Company beliefs and mission	3
23 Long-term debt service	3
24 Tax structure	3
25 Transportation System	3
26 Government policies-ownership restriction	3
27 Social characteristics	2.5
28 Availability of equipment suppliers	2
29 Short-term debt service	2

\*Scales 5= The most influential 1=The least influential

**APPENDIX D**  
**The Results of the First Exploratory Study**  
**Frequencies of the Gaming Industry's & Analysts' Values Scores by**  
**Factors which will affect casino investment decisions**

Factor	Values	Frequency	Percent(%)
=====			
1) Company's growth reinvestment, and expansion plans	1	1	14.3
	2	0	0
	3	1	14.3
	4	0	0
	5	5	71.4
		----	----
	Total	7	100.0
-----			
2) Government policy Ownership restriction	1	0	0
	2	1	14.3
	3	3	42.9
	4	2	28.6
	5	1	14.3
		----	----
	Total	7	100.0
-----			
3) The cost of investment a) Minimum cost of investment	1	1	14.3
	2	1	14.3
	3	4	57.1
	4	1	14.3
	5	0	0
		----	----
	Total	7	100.0
-----			
3-b) Current capital	1	0	0
	2	1	14.3
	3	2	28.6
	4	2	28.6
	5	1	14.3
	Missing	1	14.3
		----	----
	Total	7	100.0
-----			
3-c) Cash-flow	1	0	0
	2	1	14.3
	3	0	0
	4	4	57.1
	5	2	28.6
		----	----
	Total	7	100.0
-----			

3-d) Short-term debt service	1	2	28.6
	2	4	57.1
	3	0	0
	4	1	14.3
	5	0	0
	Total	7	100.0
<hr/>			
3-e) Long-term debt service	1	2	28.6
	2	1	14.3
	3	4	57.1
	4	0	0
	5	0	0
	Total	7	100.0
<hr/>			
3-f) Tax structure	1	1	14.3
	2	1	14.3
	3	3	42.9
	4	2	28.6
	5	0	0
	Total	7	100.0
<hr/>			
4) The earning expectation of investment			
a) Degree of risk	1	1	14.3
	2	0	0
	3	2	28.6
	4	3	42.9
	5	1	14.3
	Total	7	100.0
<hr/>			
4-b) Return on capital	1	1	14.3
	2	0	0
	3	0	0
	4	1	14.3
	5	5	71.4
	Total	7	100.0
<hr/>			
4-c) Profitability	1	0	0
	2	2	28.6
	3	1	14.3
	4	1	14.3
	5	3	42.9
	Total	7	100.0

4) Competition	1	0	0
	2	0	0
	3	2	28.6
	4	4	57.1
	5	1	14.3
		---	---
	Total	7	100.0
-----			
5) The location of casino			
a) Availability of land	1	0	0
	2	3	42.9
	3	1	14.3
	4	3	42.9
	5	0	0
		---	---
	Total	7	100.0
-----			
5-b) Accessibility	1	1	14.3
	2	0	0
	3	1	14.3
	4	5	71.4
	5	0	0
		---	---
	Total	7	100.0
-----			
5-c) Transportation system	1	0	0
	2	1	14.3
	3	3	42.9
	4	3	42.9
	5	0	0
		---	---
	Total	7	100.0
-----			
5-d) Availability of labor	1	0	0
	2	2	28.6
	3	3	42.9
	4	2	28.6
	5	0	0
		---	---
	Total	7	100.0
-----			
5-e) Availability of equipment suppliers	1	2	28.6
	2	2	28.6
	3	2	28.6
	4	1	14.3
	5	0	0
		---	---
	Total	7	100.0
-----			

## 6) Industry expertise

a) Management depth	1	0	0
& experience	2	0	0
about casino	3	0	0
	4	2	28.6
	5	3	42.9
	Missing	2	28.6
		---	---
	Total	7	100.0
-----			
6-b) History of	1	0	0
gaming business	2	1	14.3
	3	1	14.3
	4	2	28.6
	5	1	14.3
	Missing	2	28.6
		---	---
	Total	7	100.0
-----			
6-c) Knowledge of hotel	1	0	0
-casino operation	2	2	28.6
	3	0	0
	4	2	28.6
	5	1	14.3
	Missing	2	28.6
		---	---
	Total	7	100.0
-----			
7) Company philosophy			
about investing			
hotel-casino			
a) Social			
characteristic	1	1	14.3
	2	2	28.6
	3	1	14.3
	4	2	28.6
	5	0	0
	Missing	1	14.3
		---	---
	Total	7	100.0
-----			
7-b) Company culture	1	0	0
	2	1	14.3
	3	2	28.6
	4	3	42.9
	5	0	0
	Missing	1	14.3
		---	---
	Total	7	100.0

7-c) Company image			
1	0	0	
2	1	14.3	
3	2	28.6	
4	1	14.3	
5	2	28.6	
Missing	1	14.3	
	---	---	
Total	7	100.0	
-----			
7-d) Company beliefs and mission			
1	0	0	
2	2	28.6	
3	2	28.6	
4	0	0	
5	2	28.6	
Missing	1	14.3	
	---	---	
Total	7	100.0	
-----			
8) Demands of gaming market			
a) Trends (worldwide, nationwide)			
1	0	0	
2	1	14.3	
3	1	14.3	
4	4	57.1	
5	0	0	
Missing	1	14.3	
	---	---	
Total	7	100.0	
-----			
8-b) Growing customer acceptance			
1	0	0	
2	0	0	
3	1	14.3	
4	4	57.1	
5	1	14.3	
Missing	1	14.3	
	---	---	
Total	7	100.0	
-----			
8-c) Gaming as ultimate vacation value			
1	0	0	
2	1	14.3	
3	2	28.6	
4	3	42.9	
5	0	0	
Missing	1	14.3	
	---	---	
Total	7	100.0	
-----			

8-d) Increased leisure time	1	0	0
	2	1	14.3
	3	0	0
	4	5	71.4
	5	0	0
	Missing	1	14.3
	Total	7	100.0
-----			
8-e) Easement travel restrictions	1	0	0
	2	1	14.3
	3	2	28.6
	4	2	28.6
	5	1	14.3
	Missing	1	14.3
		7	100.0
-----			
9) If casinos are legalized in Taiwan will you be interested to invest hotel-casino there?			
	Yes	3	42.9
	No	0	0
	Maybe	4	57.1
	Total	7	100.0
=====			
*Scales	5= The most influential		
	1= The least influential		



APPENDIX E

The Second Exploratory Study Questionnaire

## APPENDIX E

## The Second Exploratory Study Questionnaire

Dear Sir:

April 2, 1994

I am a research assistant at the Department of tourism at Providence University. I am doing a research about the attitudes toward casino investment of hotel key executives.

After determined by American leading gaming industries, gaming development corporation, gaming analysis corporation twenty-six factors will influence casino investment decision making.

Due to culture and geographic differences, the factors may be different to Taiwanese hotel key executives. We are sure that you are one of a very few people who can help us to identify the factors which will influence casino investment decision making in Taiwan. Your reply is extremely important.

Once you have complete the questionnaire, please put it in the stamped envelop enclosed and mail to Dr. Bin-min Sung, Chairman of Department of Tourism at Providence University.

Sincerely,

Shiang-Lih Chen

Question: When you consider about casino investment in Taiwan  
what will influence your decision making?

=====		=====	
Factor		Yes	No
-----			
1	Return on capital	----	----
2	Company's growth, reinvestment & expansion plans	----	----
3	Management depth & experience about casino	----	----
4	Competition	----	----
5	Profitability	----	----
6	Degree of risk	----	----
7	Accessibility	----	----
8	Growing customer acceptance	----	----
9	Cash-flow	----	----
10	Increased leisure time	----	----
11	Trends(worldwide, nationwide)	----	----
12	History of gaming business	----	----
13	Knowledge of hotel-casino operation	----	----
14	Easement of travel restrictions	----	----
15	Company culture	----	----
16	Gaming as ultimate vacation value	----	----
17	Company image	----	----
18	Current capital	----	----
19	Availability of land	----	----
20	Availability of labor	----	----
21	Company beliefs and mission	----	----
22	Transportation System	----	----
23	Social characteristics	----	----

=====

## APPENDIX F

### The Results of the Second Exploratory Study

## APPENDIX F

## The Results of the Second Exploratory Study

Question: When you consider about casino investment in Taiwan what will influence your decision making?

=====		=====	
Factor		Percent(%)	
		Yes	No
-----			
1	Return on capital	100	0
2	Company's growth, reinvestment & expansion plans	91.7	8.3
3	Management depth & experience about casino	100	0
4	Competition	33.3	66.7
5	Profitability	100	0
6	Degree of risk	100	0
7	Accessibility	100	0
8	Growing customer acceptance	100	0
9	Cash-flow	25	75
10	Increased leisure time	91.7	8.3
11	Trends(worldwide, nationwide)	83.3	16.7
12	History of gaming business	91.7	8.3
13	Knowledge of hotel-casino operation	91.7	8.3
14	Easement of travel restrictions	83.3	16.7
15	Company culture	83.3	16.7
16	Gaming as ultimate vacation value	100	0
17	Company image	91.7	8.3
18	Current capital	91.7	8.3
19	Availability of land	100	0
20	Availability of labor	100	0
21	Company beliefs and mission	83.3	16.7
22	Transportation System	100	0
23	Social characteristics	100	0
=====			

**APPENDIX G**  
**The Final Questionnaire**

Dear Sir:

May 30, 1994

I am a research assistant at the Department of Tourism at Providence University. I am doing a research project about the attitudes toward casino investment of hotel key executives.

Recently, the Legislative Yuan is proceeding a bill for surrounding island districts. The Congressmen entrusted us with the study to facilitate the economic progress section of this Act. We have come up that to develop tourism is the best solution to inspire local economy and to operate casinos is one workable alternative. So, we are conducting the feasibility study of legalization casino in Taiwan. There are four fields in these research. They are Legislation of casino gaming, Social and Economic impact of casino gaming, as well as the attitudes toward casino gaming of public, government, and industry. According to the law and industry practical situations, hotel industry is the most capable to run casino business and casino operation will be hoped to retrieve hotel's recession. So, we have concluded that the hotel industry is the best operator and investor for casino business.

The attached questionnaire is designed to let you express your perception and opinion about casino investments. The result of this research will help us to better identify and assess the hotel industry's attitudes toward casino investments.

Your reply is extremely important to us because you work in one of the 47 International Tourist Hotels. And, we are sure that you are one of a very few people who can provide the information we need for the research. Once you have complete the questionnaire, please put it in the stamped envelop enclosed and mail to Dr. Bin-Min Sung, Chairman of Department of Tourism at Providence University.

Sincerely Your,

Shiang-Lih Chen

Thank you for agreeing to respond to our survey of hotel executives. Please answer each question according to your current experiences and feelings. We can assure you that your identity will not be associated with your replies and that all information will be treated in a completely confidential fashion.

---

#### Part I

The purpose of this part is to obtain your perception if casino investments in Taiwan. Please circle one number per item. 1=Strongly disagree(SD) 2=Disagree(D) 3= Neutral(N) 4= Agree(A) 5= Strongly Agree(SA)

---

Assuming casino gaming were to be legalized in Taiwan, please give us your opinion of each of the following statements about casino investments in Taiwan.

	SD	D	N	A	SA
1. The return on casino investments is likely to be high.	1	2	3	4	5
2. The profitability of casino investments is likely to be high		2	3	4	5
3. The degree of risk of casino investments is low.	1	2	3	4	5
4. Overall, Taiwan has an excellent potential for casino investments	1	2	3	4	5

---

#### Part II

The purpose of this part is to obtain your willingness to invest casinos in Taiwan. Please circle the number with which you agree. 1) Very unlikely (VU) 2)Unlikely(U) 3) Neither likely nor unlikely(NN) 4)Likely(L) 5) Very likely(VL)

---

	VU	U	NN	L	VL
1. There has been some amount of discussion of late about the possibility that Taiwan may legalize casino gaming. How likely do you think this will occur?	1	2	3	4	5
2. Would your organization support casino gambling in Taiwan?	1	2	3	4	5



3. If casino gaming were to be legalized in Taiwan in the near future, how likely would your organization invest in a casino property in Taiwan.
- |  |   |   |   |   |   |
|--|---|---|---|---|---|
|  | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|

### Part III

The purpose of this part is to identify the factors which will influence your casino investment decision making. The categories of response are 1=Very unimportant(VU) 2=Unimportant(U) 3=Neither important not unimportant(NN) 4=Important( I) 5=Very important(VI)

If your organization were thinking of investing in a casino property in Taiwan, how important would each of the following be in making this decision?

- |  | VU | SU | NN | I | VI |
|--|----|----|----|---|----|
| 1. Earnings expectations of casino operation   | 1  | 2  | 3  | 4 | 5  |
| 2. Current plans for expansion of your properties  | 1  | 2  | 3  | 4 | 5  |
| 3. Transportation facilities available to reach the islands where casino gaming would be legalized | 1  | 2  | 3  | 4 | 5  |
| 4. Availability of land and labor on the islands mentioned above                                   | 1  | 2  | 3  | 4 | 5  |
| 5. Level of your hotel's management expertise and experience with casino properties                | 1  | 2  | 3  | 4 | 5  |
| 6. Prevailing Chinese religious beliefs about the negative aspects of gambling                     | 1  | 2  | 3  | 4 | 5  |
| 7. Impact of participating in the gaming industry on your organization's image                     | 1  | 2  | 3  | 4 | 5  |
| 8. The culture of your organization including its overall mission                                  | 1  | 2  | 3  | 4 | 5  |

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 9. Increased in leisure time available to the Asian market | 1 | 2 | 3 | 4 | 5 |
| 10. Easing of travel restrictions around Asia              | 1 | 2 | 3 | 4 | 5 |
| 11. Growing acceptance of gambling as part of recreation   | 1 | 2 | 3 | 4 | 5 |

#### Part VI

The remaining questions are for statistical purposes only. As we said at the beginning, all responses will be kept in strictest confidence and your identity will never be associated with your answers.

1. What categories dose your organization belong to?
  - 1- International hotel owned by local people -----
  - 2- Joint-venture hotel -----
  - 3- Local hotel owned by local people -----
2. What is your position with your organization? Is it...
  - 1-General manager -----
  - 2-Associate general manager -----
3. Currently, dose your organization have expansion plans?
  - 1-Yes\_\_ 2-No \_\_
4. Your age? 1)Under 30\_\_ 2)31-40\_\_ 3)41-50\_\_ 4)52-60\_\_ 5)Over 61\_\_
5. Your sex or gender?
  - 1-Male \_\_ 2-Female\_\_
6. Please check the category which best represents your highest level of educational attainment.
  - 1-High school or vocational school

graduate	-----
2-College graduate	-----
3-University graduate	-----
4-Graduate work but with no degree	-----
5-Graduate degree such as M.B.A., etc	-----
6-Doctoral degree such as Ph.D., etc	-----

Thank you very much for your co-operation and time in  
answering these questions.

親愛的

總經理：

目前我們正在進行發展賭博性娛樂事業之研究，這個研究是由交通部觀光局所委託，並為立法院陳癸淼委員大力支持（此課題亦為陳委員的問政項目之一）。經初步研究顯示，旅館業是最合適的未來合法賭博性娛樂事業的投資及經營管理者。所謂觀光賭場應是屬於一娛樂綜合體，也就是除了提供賭博的活動外，還必需具備娛樂設施，例如會議廳、遊樂場及歌舞秀，甚至大型購物商場。世界著名賭城 Las Vegas 規定觀光賭場必需提供至少 200 個房間，酒吧及餐廳，因此，旅館業當然是最佳人選的投資及管理者。另一方面，賭博性娛樂事業可吸引大量的觀光客以及提昇住房率，例如，1992 年 Las Vegas 吸引了兩千一百九十萬的觀光客，而在同年的上半年，Las Vegas 的住房率高於全美國平均住房率的 23.9%。同時值得注意的是東方賭客，尤其是來自日本，台灣及香港，在全球的觀光賭場中均享譽盛名。所以，投資此項事業可能會是旅館業新景氣的一個契機，例如：Las Vegas 希爾頓飯店的全部營業獲利中，70% 是由 casino 來的。這次的問卷調查是希望能知道您對投資賭博性娛樂事業的看法。您的意見及回覆將會對我們評估分析旅館業對此項事業的態度給予極大的幫助。

非常感謝你的幫助，為利於作業進行，請您儘快填寫此份問卷，並儘速寄回為荷！

敬祝

萬事如意

靜宜大學觀光系副教授兼系主任  
宋秉明 博士

美國內華達大學拉斯維加斯分校  
餐旅館學院

陳湘莉 研究生

文化大學觀光事業研究所

曾紫玉 研究生 敬上

1994.5.30

又，我們已完成「賭博性娛樂事業的發展趨勢及階段性策略之研擬」之研究報告，若您有興趣請電話聯絡靜宜大學觀光系蘇或周助教，我們樂於免費寄上。

第一部分的問題是關於您對在台灣投資賭博性娛樂事業的意見，請圈選 1-5 任一號碼

假設台灣已能合法化經營賭博性娛樂事業，對於下列 4 項您的意見如何？

	非常 同意	同意	沒意見	不同意	非常不 同意
1. 在台灣發展此項事業的投資報酬率高	5	4	3	2	1
2. 在台灣發展此項事業的營業獲利率高	5	4	3	2	1
3. 在台灣發展此項事業的風險性低	5	4	3	2	1
4. 整體而言，對於投資此項事業，台灣是個有潛力的市場	5	4	3	2	1

第二部分的問題是關於您對台灣投資賭博性娛樂事業的投資意願，請圈選 1-5 任一號碼

	極可能	有可能	沒意見	不可能	極不可能
1. 近來合法經營賭博性娛樂事業被廣泛地討論，您認為在台灣合法經營此事業的可能性如何？	5	4	3	2	1
2. 您的旅館對於對台灣合法經營賭博性娛樂事業，表示支持的程度如何？	5	4	3	2	1
3. 倘若，台灣允許賭博性娛樂事業之經營合法化，您的旅館投資此項事業的可能性如何？	5	4	3	2	1

第三部分的問題是關於影響投資娛樂性賭博事業之因素請圈選 1-5 任一號碼

假若您的旅館正考慮在離島地區投資賭博性娛樂事業，下列各項因素對影響您投資決定的重性如何？

	非常 重要	重要	沒意見	不重要	極不重要
1. 賭博性娛樂事業的期望獲利率	5	4	3	2	1
2. 您旅館目前的投資擴展計劃	5	4	3	2	1
3. 離島地區的交通便利性及易達性	5	4	3	2	1
4. 離島地區的土地及勞力取得的可能性	5	4	3	2	1
5. 您旅館對於賭博性娛樂事業的管理知識及經驗	5	4	3	2	1
6. 中國人信仰觀念中對賭博負面的印象	5	4	3	2	1
7. 加入賭博性娛樂事業對您旅館形象的影響	5	4	3	2	1
8. 您旅館的公司文化以及經營理念	5	4	3	2	1
9. 亞洲地區休閒時間的增加	5	4	3	2	1
10. 亞洲地區觀光旅遊限制的放鬆	5	4	3	2	1
11. 普遍性地對賭博性娛樂事業的接受性提昇	5	4	3	2	1

第四部分的問題是關於您個人的基本資料，其目的僅在統計分析之用，絕對保密！

1. 您的旅館是屬於 ①中外合資的旅館\_\_\_\_  
②由本地人投資的連鎖旅館\_\_\_\_  
③由本地人投資的單一旅館\_\_\_\_
2. 您的職位是 ①總裁\_\_\_\_ ②副總裁\_\_\_\_  
③總經理\_\_\_\_ ④副總經理\_\_\_\_
3. 近年來您旅館是否有正在及（或）再投資另一旅館的計劃  
①是\_\_\_\_ ②否\_\_\_\_
4. 您的年齡 ①30以下\_\_\_\_ ②31-40\_\_\_\_ ③41-50\_\_\_\_  
④51-60\_\_\_\_ ⑤61以上\_\_\_\_
5. 您的性別 ①男\_\_\_\_ ②女\_\_\_\_
6. 您的最高學歷 ①高中、高職\_\_\_\_ ②五專、三專、二專\_\_\_\_  
③大學\_\_\_\_ ④碩士\_\_\_\_ ⑤博士\_\_\_\_

非常感謝您的撥冗，請清鬆一下並請您的秘書代勞將此問卷裝入回郵信封寄回靜宜大學觀光系，謝謝您！

## **APPENDIX H**

### **Approval Forms**





**TO:** Shiang-Lih Chen

**FROM:** Dr. William E. Schulze, *Wm. Schulze* Director  
Research Administration

**DATE:** 23 November 1994

**RE:** Status of human subject protocol entitled:  
"International Tourist Hotels: Investment Attitudes"

---

The protocol for the project referenced above has been reviewed by the Office of Research Administration, and it has been determined that it meets the criteria for exemption from full review by the UNLV human subjects committee. Except for any required conditions or modifications noted below, this protocol is approved for a period of one year from the date of this notification, and work on the project may proceed.

Should the use of human subjects described in this protocol continue beyond a year from the date of this notification, it will be necessary to request an extension.

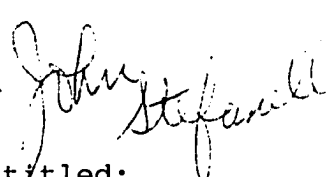
Office of Research Administration  
4505 Maryland Parkway • Box 451037 • Las Vegas, Nevada 89154-1037  
(702) 895-1357 • FAX (702) 895-4242



M E M O R A N D U M

DATE: November 23, 1994

TO: Dr. William E. Schulze, Director  
Research Administration

FROM: Dr. John Stefanelli, Associate Dean 

SUBJECT: Shiang-Lih Chen  
Status of human subject protocol entitled:  
"International Tourist Hotels: Investment  
Attitudes"

---

The protocol for the project referenced above has been reviewed by the William F. Harrah College of Hotel Administration, and it has been determined that it meets the criteria for exemption from full review by the UNLV human subjects committee.

William F. Harrah College of Hotel Administration  
Office of the Dean  
4505 Maryland Parkway • Box 456013 • Las Vegas, Nevada 89154-6013  
(702) 895-3161 • FAX (702) 895-4109

## BIBLIOGRAPHY

- Bard, S. M.(1992). Chicago lodging operators approve of casino project. Hotel and Motel Management,207(10). June, 54.
- Beagle, J.(1993). Casinos play monopoly. Gaming & Wagering Business, April, 15-16.
- Blackjack Confidential Magazine. (1994, April). About casino win rates. Blackjack Confidential Magazine, pp. 16.
- Browning, G.(1994). Preemptive strike. The National Journal, 26(18), 1000.
- Building Design & Constructions. (1993). Hotel companies catch gaming fever: Firms are betting on casinos to increase revenues and occupancy rates. Building Design & Constructions, April, 7.
- Cabot, N.A., Thompson, W.N. & Tottenham, A. (1993).International Csino Law. Las Vegas: Cabot, N.A., Thompson, W.N. & Tottenham, A.
- Caesars World Inc. (1993). Caesars World 1992 Annual Report. CA: Caesars World, Inc
- Cherng, Y.J. (1993). Customer Compatibility in Resturants. Las Vegas: University of Nevada, Las Vegas.
- Circus Circus Enterprise Inc.(1994). Circus Circus Annual Report. Las Vegas: Circus Circus Enterprise Inc.
- Doocey, P. (1994). Region to see casino expansion, new on-line venues; China is the big prize. Gaming & Wagering Business,7(1), 48-49.
- Eadington, W.R. (1980). The Evolution of Corporate Gaming In Nevada, Nevada: University of Nevada-Reno

- Eadington, W. R. (1992). Recent National Trends in the Casino Gaming Industry and Their Implications for the Economy of Nevada, Nevada: University of Nevada-Reno
- Executive Yuan.(1990). Report Of The Origins And Solutions Of Everybody Happy Lottery. Taipei: Taiwan Executive Yuan
- Forst, D. (1993). The easy joyride will end. Gaming Industry Eleventh Annual Study Of Financial Results & Reporting Trends U.S. Gaming Industry (pp. 24). Saul F. Leonard Company Inc.
- Forst, D. (1994). All is clam. New Jersey Casino Journal, April, 39.
- France, M. (1993). Global market place.Hotels, May, 27.
- Gill, B. (1991). The other side of paradise. Business Journal of New Jersey, 8 (6), 23.
- Hamilton, W. R. (1993). Winning gambling ballot issues. Campaigns & Elections, December
- Hellman, P. (1994). Casino craze, towns turning to gambling to raise revenues. Travel-Holiday, 177 (2), 80.
- Hilton Hotels Corporation. (1993). Hilton Hotels Corporation 1992 Annual Report. CA: Hilton Hotels Corporation
- Hilton Hotels Corporation. (1994). Hilton Hotels Corporation 1993 Annual Report. CA: Hilton Hotels Corporation
- Hsu, C. P. (1991). The Research of the Relationship Between Economic Development and Monetary Games. Commercial Vocational Education Quaterly, 47 (12), 57-59.
- Kilmelman, J. (1993). Leisure-Entertainment. Financial World. January, 73.
- Las Vegas Convention & Visitors Authority, (1993). Las Vegas Marketing Bulletin. Nevada: Las Vegas Convention & Visitors Authority
- Lee, A. & Lewis, S. (1993). Mississippi stakes all on riverboat gambling; floating casinos; including article offering city planning tips. Planning. 59 (12), 8.
- Lee, D. R. (1991). Betting On Betting. New York: First Boston.

- Marica, P. (1994, March 20). Local resorts cater to Far Eastern high rollers. Las Vegas Review-Journal/Sun, p15E
- Mirage Resorts (1993). Mirage Resorts 1992 Annual Report. Las Vegas: Mirage Resorts Inc.
- Migdal, D. (1993). Big cities: A sure bet? Meetings & Conventions. 28 7, 54.
- Muller, M.G. (1991). Lack of supply creates opportunity. Gaming Industry Eighth Annual Study Of Financial Results & Reporting Trends U.S. Gaming Industry (pp. 19). Saul F. Leonard Company Inc.
- Nevada Gaming Commission and State Gaming Control Board (1993). Nevada Gaming Commission Regulation. Nevada:
- Nevada Gaming Commission and State Gaming Control Board
- Palermo, D. (1994, May 29). Showboat casino looking for day-trippers down under, Las Vegas Review-Journal/Sun, p15E
- Palermo, D. (1994, August 10). MGM cuts deal with China. Las Vegas Review-Journal/Sun, P8D
- Popkin, J. & Hetter, K. (1994). America's gaming craze. U.S. News, March, 42-46.
- Post, T.J. (1992). As venues increase, officials predict a new image for gambling. Travel Weekly, 51 (24), 32.
- Promus Companies Inc. (1992). 1991 Annual Report. Tennessee: Promus Companies Inc
- Promus Companies Inc. (1993). 1992 Annual Report. Tennessee: Promus Companies Inc.
- Rohs, J.J. (1993). The continuing explosion. Gaming Industry Eleventh Annual Study Of Financial Results & Reporting Trends U.S. Gaming Industry (pp. 24). Saul F. Leonard Company Inc.
- Rohs, J. J. & Pinsk, S.M. (1994). Gaming Industry Update, New York: Wertheim Schroder & Co. Incorporate.
- Rushmore, S. (1990). Hotel Investments. Boston: Warren, Gorham & Lamont, Inc.
- Sekaran, U. (1992). Research Methods For Business. New York: John Wiley & Sons. Inc.

- Shaw, R. (1993). Gaming on the rise. Hotel And Motel Management, 208 (3), 19.
- SMA, C. (206 B.C.). Han History. Taipei: Chen Cheng Publications
- State Gaming Control Board. (1993). Nevada Gaming Abstract. Nevada: Carson City, Nevada: State Gaming Control Board. Securities and Economic Research Division.
- Steif, W. (1994). Hoteliers anticipate addition of casinos. Hotel and Motel Management, 209 (3), 4.
- Stiles, R.B. (1992). Hon-Kong & Taiwan Outbound. EIU Travel & Tourism Analysts, 1, 67.
- Sturm, P.W. (1978). Casino-Corporate Style, Forbes, January, 29.
- Taiwan Tourism Bureau. (1993). Report of International Tourist Hotels Operation Analysis For 1992. Taipei: Taiwan Tourism Bureau.
- Tanzer, A. (1994). Numbers fever. Forbes, May, 58.
- Tseng, S.Y. (1994). A Research of Impacts of Developing Gambling Business In Taiwan. Taipei: Chinese Culture University
- Turner, W.B. (1993). Leisure Industry Research Mirage Resorts. New York: The Raymond James & Associates Inc.
- Turner, W.B. (1993). Riverboats Lead Success Story. Gaming Industry Eleventh Annual Study Of Financial Results & Reporting Trends U.S. Gaming Industry (pp. 23). Saul F. Leonard Company Inc.
- Vallen, G.K. (1993). Gaming In The U.S.-A Ten Year Comparison. The Cornell Hotel And Restaurant Administration Quarterly, 34 (6), 51-58.
- Vignola, M.L. (1992). Entering The Mainstream. New York: Salomon Brothers.
- World Tourism Organizations (1994). Compendium Of Tourism Statistics, 1987-1992. World Tourism Organization
- Wolff, C. (1993). Bet on this. Lodging & Hospitality, April, 36-40.

- Wu, C.H.(199).Development Of Taiwanese International Tourist Hotels. Taipei: Chinese Culture University
- Wu, W.S. (1988). Flower match games in Taiwan. The Journal Of History, 1, 62-64.
- Wu, W.S. (1988). Lottery in Japanese colony times. The Journal Of National Taiwan Normal University, 33, 283-299.
- Yeh, S.G.(1992). Report Of International Tourist Hotels Operation Analysis For 1991. Taipei: Taiwan Tourism Bureau.
- Yoshihashi, P. & Getler, W. (1994, April 7). Casino shares dive on vote in Missouri. The Wall Street Journal. PC1(E) Col 6.