MULTINATIONAL CORPORATIONS, CO-EVOLUTION, AND SUSTAINABLE TOURISM IN AFRICA

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Abstract

Co-evolution as an approach to tourism sustainability has been under-researched in the tourism literature, which has mainly focused on the more natural evolutionary principles. Relevant questions about the co-evolutionary process remain understudied, especially in the case of multinational companies (MNCs) involved in tourism that coevolve with local authorities in developing African countries. This paper delves into the co-evolutionary process in order to identify the main challenges and key factors that condition the reciprocal interactions that give rise to co-evolution between local authorities and foreign MNCs in Africa. We apply a qualitative methodology based on a single and in-depth case study to examine the relationship between a Spanish hotel chain and local authorities in an African country. We find that a co-evolutionary approach based on cooperative interactions between tourism MNCs and local authorities may contribute towards guaranteeing sustainable tourism. Our findings also show how differences in negotiating methods can be one of the strongest challenges that co-evolution faces in Africa. Also, as co-evolution is a time-consuming and complex process in these countries, some qualities of the actors involved such as learning capabilities, patience and readiness to deal with unforeseen conditions are of high relevance for the successful culmination of the process.

Key words: Co-evolution, MNC, multinational firms, developing economies, sustainable tourism.

Introduction

Literature on the internationalization of the developed-economy tourism industry towards developing economies commonly analyses the challenges that such activity entails for the parties involved – the foreign tourism business and the local community – from two distinct perspectives. First, some research papers have focused on the challenges faced by foreign companies generally (e.g., Santangelo & Meyer, 2011) or on tourism businesses in particular (Quer, Claver, & Andreu, 2007) when entering and competing in institutionally weak economies. Second, many authors have analysed the damage in terms of social, cultural, and environmental sustainability generated by foreign tourism companies in the environments and societies of local communities (e.g., Tosun, 1998). These works, focused on either one of the two parties, risk being biased and could be insufficient in scope to respond to the challenges posed by such internationalization for both parties.

Previous research works show evidence of controversial relationships between foreign businesses and local actors. On the one hand, MNCs can be blamed for the breakdown of relations with local authorities because of some questionable methods of operation (Poirier, 1997) and due to their relative superiority in terms of power. On the other hand, prior literature has also highlighted as major challenges facing foreign MNCs those related to host government intervention that affect both market-based and nonmarket-based competition, and the relationship with local government authorities (e.g., Luo, 2001).

As these discrepancies have been well-established over time, it is only fairly recently that governments and international organizations have been leaving these conventional views and started exploring the opportunities presented by a sustainable, 'pro-poor' tourism development (Fortanier & Wijk, 2010). The successful implementation of sustainable tourism could benefit both local communities and foreign MNCs as it would make it possible for these two parties to achieve their objectives in the long term. On the other hand, the lack of sustainable tourism may allow MNCs and local communities to take advantage of resources currently available at tourist destinations but compromise the ability of future generations to meet their own needs (WCED, 1987).

So, given that challenges for both parties coexist and that opportunities for sustainable tourism may emerge from a successful interaction between developed-economy tourism MNCs and local authorities in developing African countries, this study focuses on the processes and factors that condition such interactions. In this respect, co-evolutionary theory can represent a framework to address this topic because it studies the reciprocal influences between managerial decisions and the environment over time (Child, Rodrigues & Tse, 2012), so allowing researchers to study how the interactions between the parties involved in a given controversy give rise to a settlement that solves the controversy. In particular, the settlement may aim at providing a positive economic, social, and environmental performance for the local developing country – i.e., sustainable tourism (Swarbrooke, 1999) – and consequently a good level of profitability for the foreign company in the long term.

However, this approach to sustainable tourism has been under-researched. In particular, the scant literature based on co-evolution has focused on tourism development paths (e.g., Brouder & Fullerton), or traditional rural businesses that condition the evolution of rural tourism (Kim & Jamal, 2015). According to the evolutionary principles that guide these works, tourism companies' actions and practices, such as innovation and its transference between stakeholders, drives evolution over time (Brouder & Eriksson, 2013). However, in contexts of adverse economic performance, companies in the tourism industry may have an incentive to actively promote changes in the environment that benefit them and so enhance their competitiveness (García-Cabrera & Durán-Herrera, 2014). In addition, companies may become involved in competing interactions to prevent undesired changes (Khavul, Chavez & Bruton, 2013) attempted by host governments to combat their economic problems, if they believe these changes may negatively affect them. So, in contrast to evolutionary principles, the co-evolutionary approach has emerged to show the bi-directional influence between companies' managerial decisions and local authorities in the environment because deliberate actions aimed at influencing the other party' decisions are possible (Ahlstrom and Bruton, 2010). For example, García-Cabrera and Durán-Herrera, (2014) examine the coordinated action by tourism MNCs that share similar objectives to exert influence over local authorities at the time they evolve and change as an answer to authorities' decisions.

Despite these ideas being established by previous literature, exactly how co-evolutionary processes happen, and in particular what the key factors that allow tourism MNCs successfully coevolve in developing countries are, remains unknown. Certainly a better understanding of these processes would enable researchers to make useful contributions to the areas of tourism MNCs' management and public policy (García-Cabrera & Durán-Herrera, 2014).

Following these suggestions, our paper delves into the co-evolutionary process in order to examine how the reciprocal influences between local authorities in developing countries and tourism MNCs take place. Specifically, the objective set for this study is to analyse the co-evolutionary process between tourism MNCs and local authorities as a path to enhancing sustainable tourism in developing countries. In particular, we try to identify the key factors for these tourism MNCs to successfully co-evolve in Africa. In doing so, this research intends to answer the following questions: (1) what are the specific challenges tourism MNCs face to successfully operate in an African country?; (ii) what are the specific problems faced when interacting with local authorities in a developing country?; (iii) what are the mechanisms used by tourism MNCs to interact with and exert influence over the local authorities and their possible effects?; and (iv) what are the key factors to successfully co-evolve in Africa?

In order to answer these questions, we provide evidence from a top five Spanish hotel chain (in terms of numbers of rooms abroad) establishing itself in a given country in Africa, which is one of the fastest-growing markets for tourism among the highly tourism-based economies, according to the International Monetary Fund (IMF). Thus, this is a relevant research setting because we are focusing on a hotel chain – one of the major players in the tourism industry – running operations in an African country. Specifically for Spanish hotel chains, hotels in Africa can be considered question mark businesses, in the terminology of the Boston Consulting Group's matrix (Gémar-Castillo & Jiménez-Quintero, 2013), thus key markets in terms of global positioning.

We will proceed in the following manner: we start by briefly outlining the theoretical issues of the study by conceptualizing sustainable tourism and discussing the role of MNCs from developed economies as a vehicle for achieving or harming such sustainability in developing economies. Once the relevance of these companies for sustainable tourism is recognized, we highlight their general exposition to multiple advantages and challenges when operating in developing economies. We end the theoretical background by clarifying the concept of co-evolution, discussing it as a potential path to reaching sustainable tourism in Africa and by briefly examining what is known about co-evolutionary processes. As this theoretical body leaves out an explanation of how the co-evolutionary process between a tourism MNC from a developing economy and the local authorities in a developing country happens and what the key factors to successfully co-evolve in Africa are, we used a qualitative methodology based on a case study in order to contribute some new theoretical issues to the tourism literature. Next, the methodological design is clarified. We successively address the first three research questions in The Case section. Later on, we examine the peculiarities of the interactions between the tourism MNC and the developing African country in order to understand the process. Then, in the Conclusion section, we address the last research question of this paper and contribute a set of key factors required to successfully coevolve in Africa. We conclude with some limitations of our study and recommendations for future works.

Theoretical Background

MNCs as a vehicle for sustainable tourism in developing countries

Sustainable development involves three related objectives: achieving economic growth, social justice, and environmental protection. These objectives aim at meeting 'the needs of the present without compromising the ability of the future generations to meet their own needs' (WCED, 1987, p.43). These basic ideas and principles of sustainable development have been applied to tourism by using two different approaches (Saarinen, 2006).

First, some authors use a tourism-centric approach to conceptualise sustainable tourism. For example, according to Swarbrooke (1999, p.13), sustainable tourism can be defined as "tourism which is economically viable but does not destroy the resources on which the future of tourism will depend, notably the physical environment and the social fabric of the host community". Second, other authors use a more general approach by referring to sustainable development in tourism (Butler, 1999), which involves the ideology of sustainability in the tourism industry (Saarinen, 2006). Accordingly, sustainable development in tourism should involve the three aforementioned objectives as dimensions when developing discussions and practices referred to any tourist destination: economic, social, and environmental dimensions.

According to Fortanier and Wijk (2010), the social and economic dimensions of sustainability, in the form of local employment and alleviating of poverty, are likely the main contribution of the international tourism industry to sustainable development of developing countries. In particular, extensive literature on international business (IB) has highlighted the relevance of MNCs, and tourism

MNCs by their potential contribution towards enhancing the conditions of these countries (e.g., London & Hart, 2004; Prahalad, 2004).

MNCs are corporations that operate within a network structure that spreads over their internal affiliates and external agents (Dunning & Lundan, 2008), thus going beyond their own foreign production facilities to include all their value-creating activities, on which they have a significant influence (e.g., foreign sourcing of inputs, production, marketing, and distribution activities).

Accordingly, when a hotel chain decides to enter a foreign market it can consider any of the following entry modes (García de Soto-Camacho & Vargas-Sánchez, 2015): franchises, management contracts, rental contracts, partial or majority ownership (joint ventures), and total ownership and management of the new establishments (either greenfield or acquisition). Regardless of who the owners of the hotels are, the MNC usually establishes a subsidiary in the host country to manage the business, thus becoming a new member of the network. Also, very often hotel chains enter new markets by means of contractual formulas such as franchising or management contracts in the face of great uncertainties. This is so because these are non-equity entry modes that create the option of abandoning the market if the conditions are worse than expected, minimizing losses for the chain. However, it is essential for the company to realise that exercising this option may harm its reputation, and reduce the prospect of it gaining access to that market in the future and obtaining the advantages of the multinational operation (García de Soto-Camacho & Vargas-Sánchez, 2015).

In addition, as networks (Dunning & Lundan, 2008), MNCs, whatever combination of equity and non-equity entry modes have been applied, usually enjoy a relevant social position because of their size and contribution to economic growth in the industries and countries where they operate, especially when the least developed African countries are considered.

In the particular case of tourism, hotels, airlines, and tour operators are said to represent the three main activities (and pillars) of the industry. This industry has witnessed a high growth of companies from developed countries that has led to the emergence of relevant MNCs with powerful international brands (UNCTAD, 2007). In the face of this, developing countries in Africa have weak local industries, these countries being dependent on foreign companies. Since MNCs control the tourism industry, these corporations are extremely relevant for these economies. Indeed, MNCs can condition the diversification of developing countries, so offering new possibilities of wealth and growth, as long as tourism is introduced to complement rather than replace existing primary and extractive industries (Tao & Wall, 2009). All these contributions affect the economic dimension of sustainable development. Also, tourism MNCs could contribute to the transfer of knowledge, technology, and innovation that generates improved human capital formation and the development of local industries (Saffu et al., 2008). These allocations also positively affect sustainable development regarding social and economic facets within the tourism industry.

However, these positive expected outcomes are not always found. According to Fortanier and Wijk (2010), the servicing of large groups of foreign guests by international hotels sometimes engenders the establishment of luxurious resorts that on occasion harm the way of life of local residents – e.g., lack of coordination with local communities; adverse effects on local culture. Besides, reliance on foreign imports and staff by foreign hotels is also of little help to the host economy. In particular, those authors observed that foreign hotels in Mozambique, Tanzania, and Ethiopia, rather than contributing to local human capital via training, preferred to hire well-trained employees from existing local hotels. In other words, foreign companies tend to crowd out local businesses from the labour market by hiring the best-trained employees from local businesses, thus weakening the incipient local industry and eroding the absorption of the knowledge transferred. Also, tourism MNCs may cause other severe damage in developing countries, negatively conditioning the growth of their economies in the long run (Liu & Wall, 2006). For example, damage to the environment; loss of political sovereignty against the economic power of foreign companies and the dependence on foreign capital; deterioration of the balance of payments since company earnings are usually repatriated; and, in social terms, inadequate distribution of economic earnings – e.g., foreign tourists buy hardly any products or services from the local industry. Thus, sustainable development setbacks with economic, social, and environmental losses may be also caused by tourism MNCs.

Of course, MNCs' are expected to be socially responsible (United Nation Social and Economic Council, 2003). Socially responsible MNCs can make social contributions such as training, safe and healthy working conditions in factories or pay attention to the environmental impacts of operations, so showing a commitment to the sustainable development of these tourist destinations. However, Brida, Carrera and Accinelli (2008) analysed the incentives for hotel chains to make environmentally friendly investments and found out that the level of investment of these companies to improve the environmental quality of a tourist destination will mainly depend on tourist demand and the aggregate income. So, tourism MNCs may act as a vehicle for sustainable development of developing countries, but this behaviour is not always guaranteed. Obviously, in cases where the present needs of tourism MNCs outweigh the sustainable use of host country resources, the future will be uncertain for both parties, the country and the MNC.

Doing business in Africa: opportunities and challenges for developed-economy MNCs

Developing economies are characterized by high levels of uncertainty in the business environment, volatility and rapid developments in consumer demand, sometimes unstable political systems, relatively weak legal systems and the important role of social networks in exchange (Choi, Kim, & Kim, 2010). In these settings, institutional uncertainty is created by companies' expectation that the institutional rules governing businesses could change in ways that businesses themselves cannot predict (Henisz, 2000).

Acemoglu and Robinson (2012) differentiate two types of institutions: (1) the extractive institutions, where a small group of individuals concentrate power and opportunities and do their best to exploit the rest of the population; and (2) the inclusive institutions, in which the rule of law applies and many people take part in the process of governing. Inclusive institutions, according to these authors, provide justice, the enforcement of contracts, and education, so supporting innovative actions by companies, economic success, and growth. Obviously, countries with inclusive institutions show higher economic development and living standards than countries with extractive institutions. The existence of extractive institutions is more common in developing countries such as in Africa, where problems such as corruption and poor infrastructure are more frequent (Mahajan, 2009). This can increase the cost of doing business and is certainly a big challenge for companies from developed economies not used to these weak and extractive institutions and under conditions of poor structures.

Specifically, a comprehensive approach to measuring inclusive institutions is the one developed by Kaufmann, Kraay and Mastruzzi (2010) for the Worldwide Governance Indicators. They build on defining governance as (p. 4): «the traditions and institutions by which authority in a country is exercised». This includes the areas and dimensions of governance showed in table 1.

Table 1. *Areas and dimensions of governance to evaluate inclusive institutions*

Areas	**Dimension of governance**	**Dimension's Definition**
Processes by which governments are selected, monitored and replaced	Voice and accountability	Extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media
	Political Stability and Absence of Violence/Terrorism	Likelihood of political instability and/or politically-motivated violence, including terrorism
Capacity of the government to effectively formulate and implement sound policies	Government effectiveness	Quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies
	Regulatory quality	Ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development
Respect of citizens and the state for the institutions that govern economic and social interactions among them	Rule of law	Extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence
	Control of corruption	Extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests

Source: Kaufmann, Kraay and Mastruzzi (2010)

Although Africa provides specific – sometime unknown and risky – conditions for competition, it also offers potential benefits to foreign companies. For example, market opportunities may compensate for the high costs of transaction and transformation, because early movers may have greater advantages in institutionally underdeveloped economies than in more advanced countries

(Isobe, Makino, & Montgomery, 2000). Actually, Chan, Isobe and Makino (2008), analysing 6,985 foreign affiliates in 38 host countries, found a negative effect of the level of institutional development on the performance of those affiliates, i.e., foreign affiliates in institutionally less developed economies outperformed those in more developed ones.

So in our particular case, for tourism companies from developed economies entering developing economies in Africa, it is important to realize that companies entering can take advantage of business opportunities, but will also face important challenges. According to Phillips, Tracey, and Karra (2009, p. 345) this «represents a profound challenge to even the most well-resourced and institutionally skilled MNCs. Success, at least in the short run, is unlikely although the rewards for successful companies are often large».

Co-evolution and conditions to co-evolve

The evolution of tourism destinations and industries has received increasing attention within the tourism literature (Brouder & Eriksson, 2013), which has recently incorporated co-evolution as a key concept towards a better understanding of tourism evolution (Ma & Hassink, 2013). Co-evolutionary theory suggests that companies and their environments influence each other over time (Child, Rodrigues & Tse, 2012) because there exists a bi-directional influence between companies' managerial decisions and the institutional environment (Madhok & Liu, 2006). That may be true, although the evolution of a company usually exerts a weaker influence on the evolution of the environment than the reverse (Pajunen & Maunula, 2008).

Although co-evolution is receiving increasing attention by academics in the tourism literature, how the interactions take place between the parties throughout the process has received scant attention by the previous literature (García-Cabrera & Durán-Herrera, 2014). As a consequence, the key factors in successful co-evolution are unknown. However, after reviewing extant literature, Battilana Leca and Boxenbaum (2009) identified two main categories of conditions that affect co-evolutionary processes, which are cornerstones for studying these processes: (1) field-level conditions, which provide instability to the environment and make it easier to change; and (2) actor-level conditions, which provide companies with resources to exert influence over the environment. While, the existence of inclusive or extractive institutions in a country can be considered field-level conditions, tourism MNCs' characteristics such as their economic power, social responsibility and the profitability reached in the host developing country can be linked to the actor-level conditions needed to co-evolve. We discuss this below.

With respect to field level conditions, tourism MNCs may be more likely to exercise influence over the environment and reach a given change in cases where extractive institutions dominate, mainly if MNCs have high economic resources and low ethical standards. For example, in tourist destinations where extractive institutions dominate, MNCs may be tempted to use their relevant power to influence local authorities in order to take advantage of these weak institutions. They may use the external exchanges to contribute to their own enrichment and that of the few other powerful actors that preserve the weak conditions existing in the country (Acemoglu & Robinson, 2012). As a consequence, the growth of the tourism industry in the developing African countries has sometimes stressed inequalities in such countries. This usually results from the fact that tourism MNCs make trade relations with the elite in the developing countries – probably the more cultured section of the population. Thus, these elites benefit from the resources generated by the tourism industry whereas local businesses and the rest of the community hardly participate in the business at all in order to enhance their economic living conditions.

In cases where there exists a strong imbalance between powerful tourism MNCs and the authorities in developing economies but there is inclusive institutions, social, economic, and political actors in these countries must find a way to deal with MNCs to get them to be a real vehicle for sustainable development. In fact, past experiences of developing countries which initially relied on MNCs suggest that MNC advantages can diminish once the host country has acquired experience and reached a certain level of education so that locally owned and operated hotels can work successfully towards achieving performance results comparable to those of foreign hotels (UNCTAD, 2007). Thus, well-developed institutions are a prerequisite for positive effects from tourism MNCs operating in developing economies, at least in sub-Saharan Africa (Fortanier & Wijk, 2010).

With respect to the actor's level conditions needed to co-evolve, previous literature has highlighted some co-evolutionary capabilities (Madhok & Liu, 2006) such as companies' flexibility to act and react when changes in the environment take place and the ability to mobilize the internal resources and external supports to respond to them. Also, a company's ideology, such as social responsiveness and how it is prone to using its economic power bases to influence authorities, are of relevance. Indeed, a company's ideology may affect the MNC's intention to exert influence over the government or to cooperate with it instead (García-Cabrera & Durán-Herrera, 2016). In addition, MNCs also require social and negotiating skills to interact with local authorities since by themselves and as single actors they may fail to reach the attempted changes in the environment (Wright & Zammuto, 2013).

Methodology

Research method

We applied a qualitative methodology based on a case study. In particular, we gathered information from a single and relevant case in order to reach a qualitative and deep comprehension of the phenomenon under study.

In order to choose the appropriate research method for our empirical work, we took into account previous studies on co-evolutionary processes. Except for the work of Fatas-Villafranca, Sánchez-Choliz, & Jarne (2007), qualitative research was used in all cases (e.g., Ahlstrom & Bruton, 2010; Child, Rodrigues & Tse, 2012; Khavul, Chavez & Bruton, 2013; Krug & Hendrischke, 2008; Wright & Zammuto, 2013), also when tourism industry is analysed (e.g., Brouder & Fullerton, 2015; García-Cabrera & Durán-Herrera, 2014; Kim & Jamal, 2015). Authors state that qualitative methodologies are especially recommended in non-mature research fields (Ahlstrom & Bruton, 2010) where the constructs, the relationship between them, or the mechanism by which the relationships take place are not yet well understood (Christensen & Raynor, 2003), as is the case in the study of co-evolutionary processes.

In order to apply the qualitative methodology based on a case study, we combine existing ideas in theory and field data from our empirical work, as authors suggest when studying co-evolution (e.g., Child, Rodrigues & Tse, 2012; Khavul, Chavez & Bruton, 2013).

Research context

We analysed the case of a multinational Spanish hotel chain which decided to enter a given African country in 2005, going through a complex and conflicting interaction with local authorities. The names of the chosen MNC – hereafter to be referred to as HC (for Hotel Chain) – and the country are omitted to preserve the anonymity of informants and the parties involved, HC and the African authorities.

This case was identified and approached as part of an Unamuno project. We partook in the 2014 call with a project that had the following objectives, among others: (1) identify and analyse the institutional factors that define an entrepreneurial ecosystem ideal for creating quality companies in the tourism sector and especially for attracting foreign investment to that sector; and (2) determine the impact of foreign and local entrepreneurship in the economic, social, and environmental sustainability of the territory. We chose this country because it is one of the fastest-growing tourism markets among the highly tourism-based economies, according to the IMF. Its inbound tourism expenditure as a percentage of exports was, on average, 58.4% in the period 2011-2013 (World Bank, 2015). Domestic tourism is very low, around 10 percent in the last 5 years. Non-resident tourists come from all over the globe but around 80% are from Europe, especially from The United Kingdom, Germany, France, Portugal and The Netherlands - specific markets with more than 10% of market share in 2014- (World Tourism Organization, 2015).

As part of the Unamuno project, we travelled to the developing country under study to collect the necessary information. We met with public consultants established in that country who had supported Spanish companies and had intermediated in relationships and conflicts that have risen with local authorities. Those consultants suggested to us that we further study the case of this particular hotel chain as it represents a clear model of what happens in the country. They had had a conflict regarding input VAT which had not been refund; a conflict that can be considered as very common in developing countries where budgetary constraints are such that implementing a refund mechanism for MNCs is often not feasible (Charlet & Buydens, 2012). As the company had operated in the country for 9 years at the time the empirical research was carried out (years 2005 to 2014), this case is characterised by lengthy experience in the relationship between the MNC and local authorities, where many interactions have taken place. In addition, the co-evolutionary process for a specific controversy between the parties is almost ended and there is sufficient awareness about the case to allow us to study the process in depth.

HC was founded in the 50s by a Spanish family as a small holiday business. Today the third generation of that family still manages the company. HC has experienced substantial growth since its inception. It started its internationalization in the 90s towards Caribbean countries mainly as owner-operators. By the end of that decade they started international expansion as managers and franchisors of some hotels in Africa and the Eastern Mediterranean coast. The company had grown to over 100 hotels in 16 countries by the end of 2014, which led to its ranking among the largest hotel chains in the world as measured by room counts (Hotels, 2015). Most of the chain's hotels occupy an outstanding location on the best beaches in the World and offer a recognised All Inclusive 24-Hour Service. In particular, HC has established three hotels of four and five stars in the African country under study. Therefore, guests have medium-to-high and high purchasing power. This contrasts to the countries characteristics in terms of poor infrastructure, recreational alternatives, and a certain level of insecurity. Indeed, The Overseas Security Advisory Council of The United States (2015) advises that the country has certain crime threats. The majority of crimes in the country tend to be those for financial gain – pickpocketing, burglary, armed robbery – that are fueled, at least in part, by a high unemployment rate and the growing drugs trade. Armed attacks occurred with some regularity in the capital city and resort areas on the coast. As a result, guests spend most of the time within the hotel where they enjoy many services – e.g., sports facilities, discos, bars, restaurants, entertainment activities, etc.

Fieldwork and data collection

As we examine the relationship between a foreign MNC and local authorities in a developing country and the mechanisms by which the relationships take place, we considered that mediators in the controversy between the parties, rather than companies' managers or local authorities that are part of the clash, could offer more objective and aseptic and, therefore, more valid information for the purposes of this research. Interviewing these experts may assure the acquisition of an objective description of the case. In addition, consultants are valued and appropriate informants for obtaining the empirical evidence since they have a richer body of information because of their more extensive experience due to the fact that they have advised, mediated, and, on many occasions, accompanied various Spanish companies during their operations in the focus developing country.

The field work took place in May and September 2014 and followed four stages. We first identified the Spanish consultants located in the African country that supported Spanish companies and played the role of mediator in relationships and conflicts that arose with local authorities. With that aim, we contacted public agencies in Spain with offices in the country. We also contacted members of the local government in the African country. Two consultants that provided the mediating services were identified.

Secondly, we invited these experts to participate in the study. Both of them accepted and we made an appointment for conducting interviews in September 2014. So, we gathered information from key experts from two Spanish public agencies that helped HC by interacting with local authorities to solve their conflicts. In particular, experts participating in this study are Spanish consultants with extensive experience of facilitating business internationalization to Africa and particularly to the focal country. Table 2 offers details about these consultants that participated in this study.

Table 2. *Composition of the sample*

Participants	A	B
Organization description	Trade and economic promotion agency of the Government of a particular Spanish region* in the given African country.	Institutional representation of the Government of a particular Spanish region* in the given African country.
Services offered	• Funding • Specialized technical advice • International tendering search and advice • Direct and reverse trade missions • Home partner search for collaborative arrangement in foreign markets	• Mediate in the conflicts • Support Spanish companies • Identification of potential partners • Scheduling of meetings with local businesses • Customized information on foreign markets and trade opportunities • Database with business opportunities in this country for Spanish companies
Interviewed expert	External promotion manager	Head of the Department

* This region has a relevant role as a political, economic, and logistical platform to Africa.

Thirdly, we travelled to the developing country and met and interviewed the consultants. As we analysed the full experience of HC in the given country from its initial establishment in 2005 to 2014, we conducted face-to-face interviews in order to gather information about: (i) challenges to successful operation in the African country; (ii) specific problems faced when interacting with local authorities; (iii) the mechanisms by which the relationships between the hotel chain and local authorities were taking place and answers received by local authorities.

Finally, the compiled information was categorized according to the above threefold structure and in line with the first three research questions of this study. The last research question, related to the key factors for successful co-evolution in Africa, will be discussed in the Conclusions section.

The case: The relationship between HC and local authorities

Challenges to successfully manage operations in the African country

Although this African country does have quite inclusive institutions, especially when compared to the rest of the sub-Saharan countries, the challenges faced by HC in their endeavors to operate successfully therein are numerous and diverse (Table 3). Such challenges affect not only to this company, but also any other hotel chain established in that country. In the opinion of expert B "when developed countries' agencies have carried out campaigns to encourage investment in developing economies, in many cases these campaigns can be considered as misleading advertising, highlighting only the positive aspects and hiding the difficult ones that undermine the profitability of the businesses".

Table 3. *Challenges faced by HC when operating in the given African country by dimensions of governance*

Dimensions of Governance	**Country's rank in 2005**	**Country's rank in 2014**	**Specific problem encountered by HC**
Voice and accountability	Over 63	Over 76	---
Political Stability and Absence of Violence/Terrorism	Over 69	Over 59	---
Government effectiveness	Below 48	Over 55	• Insufficient basic health services • Electrical grid (frequent power outages) • Transport infrastructure (incommunicado, bridge collapse) • Inefficient air transport • Unsatisfactory education system (lack of qualified work force)
Regulatory quality	Below 46	Over 52	• Lack of qualified suppliers • Discriminatory tariffs (merchandise price revision, increase import costs) • Delays by customs officers • Discriminatory taxes (input VAT not refunded)
Rule of law	Over 59	Over 72	• Likelihood of crime and violence
Control of corruption	Over 65	Over 79	---

*Percentile rank among all countries. Ranges from 0 (lowest) to 100 (highest) rank. The exact percentile is omitted to preserve anonymity of country's authorities.
Source: Kaufmann, Kraay and Mastruzzi (2010)

The existing challenges include, firstly, the lack of trusted suppliers that provide the necessary inputs (fruits, vegetables and high-value-added quality products like aperitifs or drinks) so that the hotel can offer what European or American customers expect from a four or a five-star resort, especially when the guests have already been hosted by the same chain in other parts of the world.

Initially, in order to meet this challenge, HC decided to import all the necessary inputs from its country of origin, relying on trusted suppliers. This way of proceeding meant new challenges for the company. For example, there are precarious transport conditions in the country, affecting maritime transport, as well as travel over land and in the air. This has led on many occasions to imported perishable goods arriving rotten. In addition, at the port of entry they faced other problems of relevance. In this respect expert B warns: "They leave containers locked on the docks until the customs inspector checks to see if the price declared on the bill of landing is correct, and only when the company agrees to pay a tax according to the price dictated by the inspector, does the company get the green light for entry of the container". This creates serious problems since the inspector often rejects the actual price of purchase in Spain: either the company accepts the higher price dictated by the inspector (which increases import costs as they must pay ad-valorem tariffs), or else they try to provide proof of the real price paid for the goods with commercial invoices, which often leads to lengthy negotiations with customs officers. In this latter situation, customs authorities will not be in any hurry. The container may spend many days at the port and the company must pay the daily fee established for the maintenance of containers, which again will increase the cost of imports. Nowadays, HC produces or buys many of the inputs they need in the African country in order to avoid the problems with imports.

Air transport problems also generate other challenges of relevance to tourism MNCs established in the country. For example, flights delays are common, as well as long queues to enter the country. When delays affect the departure of flights and early morning hours are reached, flights are frequently cancelled, generating a problem with many tourists who are difficult to relocate for the night. This not only involves economic costs for the hotel chain, but also means disappointed guests and bad publicity that will not favour the attraction of more tourists to the country, making it more difficult for hotels to guarantee good occupancy rates. As a result, HC and other tourism MNCs have requested privatisation of the air sector, or at least the permission for foreign airlines operating in the country to facilitate air transits from the capital to the resort areas. However, the idea of generating competition for their own airline has lead local authorities to reject any of these possibilities.

Regarding land transport, it must be highlighted that in some cases there is only one way to access a resort. This caused serious problems to HC when a bridge collapsed on the only access road to one of its hotels, leaving it incommunicado (e.g. no fresh food, guests wishing to check out but unable to leave the resort). There was no assumption of responsibility by local authorities, probably overwhelmed by the problem and without the means to solve it. Therefore, the company had to organise a boat to allow arrivals and departures by sea, via a nearby accessible dock.

Poor infrastructure also affects hospitals located outside the capital of the country, and particularly in the resort areas. For example, in one of the areas where HC has a hotel, the existing hospital is equivalent to a small outpatients' clinic in Spain, where, for instance, there is no means for oxygen therapy. This represents a serious problem for the provision of care for tourists who may become ill during their stay in the country. Additionally, HC often suffered power outages due to the low quality and capacity of the power plant in the area.

Another problem was one associated with the lack of a qualified work force to operate in the sector, although it has been solved over the years due to the positive attitude of local population. In the words of expert A: "people have a desire to learn and are clever, so they quickly assimilate what is requested of them".

A latter problem of relevance is related to indirect taxation. Specifically, HC had problems with input VAT not being refunded by the African country's government, which resulted in financial problems for the chain, as we will analyse later.

Specific problems faced by HC when interacting with local authorities

Interaction with local authorities is highly complex. First of all, we should highlight that in contrast to the very low level of qualifications of the blue collar workers, there is a well-educated, highly trained elite comprised of locals that left the country to study in Europe, Asia and/or the USA. In the opinion of the expert A: "they speak numerous languages, have a lot of knowledge and are, in general, well prepared". These are the people who occupy the leading positions in the national and local governments of the country.

For Spanish managers, it is really difficult to negotiate and reach agreements with that elite. Given the high level of experience of Spanish companies in the tourism industry, it is not a challenge for them to know the real, basic, local resources that must be developed in order to initially make the sector in the African country explode, and then gradually overcome existing needs in the country, which suffers from high levels of poverty, lack of education, poor infrastructure, etc. As far as HC’s managers and those of other tourism MNCs established in the country are concerned, the development of the basic infrastructure needed to run the tourism sector and the socio-economic development of the country can occur in parallel, in a way that will benefit both the country’s population and the tourism MNCs implanted there. However, in the opinion of expert B, "Spanish managers attend meetings with local authorities and raise the problems, but all they receive are good intentions and finally nothing is done". Expert A believes that "managers insist so vehemently on discussing the problems that local authorities tend to think that if Spaniards have that much interest, it must be because they expect to reap great benefits, and so they distrust them... so Africans think that they should leave the issue for a while".

Additionally, the negotiation style and methods employed in this developing country are very different from those common in occidental developed countries in general, and in Spain in particular. Negotiations tend to be very slow, with little advance and on numerous occasions do not reach a conclusion, with no explicit closing of them. "They cover their backs at each meeting, while Spaniards put all their proposals on the table, being so naive", says expert B.

According to this way of proceeding in negotiations, local authorities usually avoid offering information about their needs or what they would be willing to offer, and evade assuming any agreement as a result of the meeting. They will then entice the other party to a subsequent meeting under the promise of assessing all proposals and delivering a pronouncement at the next meeting. Of course, during the meeting many questions are formulated under the guise of understanding the proposal of the Spanish managers and they are invited to improve, detail, or reformulate some proposals. It is common, however, that local authorities arrive at the next meeting with notebooks with blank pages, starting the meeting again by giving the floor to the Spanish managers so they can present their new and more elaborated proposal, which again will be questioned. In this way, very little progress is made with the negotiations. In the case that local authorities do not perceive something of real interest to them, they will promise to put the proposal to a higher authority that eventually will make a final decision. However, in these cases no response should be expected, as this elevation to a higher authority usually involves a mere proposal file. Actually, it is their way of saying no to an agreement. HC has experienced firsthand this form of negotiation with local authorities and has gradually learned to understand these processes.

Finally, expert A agreed with and endorsed a reflection of expert B: "many entrepreneurs remain in the country because they have made an investment, otherwise they would have left; they are exhausted". Other entrepreneurs, however, have been capable of finding a way to adapt and have found formulas for business success in this African country, despite the difficult relations and negotiation processes with local authorities.

The controversy with input VAT: mechanisms used by HC for handling the controversy and answers received from local authorities over time

Although the relationship between HC and local authorities was not easy going in the early years in the country, conflicts were exacerbated when local authorities changed the way of managing funds from Value Added Tax (VAT). HC started to face serious problems to get input VAT refunded from the African government. This has caused a growing government debt with HC and important financial problems for the company. HC officially complained, but the Government permanently avoided the conflict. For example, it took months to respond to a request for a meeting to negotiate a solution, and afterwards there was a cancellation of the meeting when the executives from the parent company had already travelled to the country to negotiate. Expert A highlighted how this disturbed the Spanish executives because they had travelled for nine hours to attend the meeting and the reason offered for cancellation was that executives had arrived late to the meeting, which was precisely originated by the transport problems in the country. In a new attempt to arrange a meeting, HC asked Spanish institutional representatives for mediation, but again the African authorities avoided the meeting. Expert B highlighted that this was considered impolite behaviour towards institutional representatives of a friendly developed country that provides development aid and cooperation funds.

The real cause of the problem, which is not due to corruption but rather the financial needs of the country, is not addressed in the conflict; in which a party claims the right, and the other, aware of this right, uses the delay to avoid giving an adequate response. The IMF warns that local authorities are often tempted to use input VAT refunds as a way of solving cash flow necessities that exist in developing economies, and sometimes just to comply with their own financial goals. But obviously, as highlighted by both experts, this generates problems to the affected foreign companies, HC in our case.

In a new attempt to solve the problem, HC proposed to the country's authorities renouncing the input VAT if they would use those funds to improve airport infrastructure in the country in areas of interest to the company due to the location of their hotels. This is the first approach towards a mutually beneficial cooperation. However, the government rejected this proposal, as HC would be interfering in the political decision-making and the priority setting in the host country, which is considered inadmissible for the national government. As expert A highlighted, “Because of poverty, long distance movements of people within the country is almost non-existent”. During the process, the government improved the electrical grid, and power outages that negatively affected both the local population and the businesses located in the country were overcome.

The unsuccessful negotiation with respect to VAT provoked a fall in HC’s performance in the African country. Eventually, HC became aware of its mistake in handling the controversy: HC should have identified the needs of the population and the concern of the local authorities as a prelude to dialogue with them about where to invest the VAT funds, or made donations that would benefit the chain and the country. For example, the hotel chain decided to donate medical equipment to various health centres in the country. These health centres serve both locals and foreign tourists. HC’s hotels have their own medical services but, in case of guests requiring hospitalization, they can use the services of the beneficiary centres. Such a gesture by the company has been appreciated by the Minister of Health, who has expressed the desire to continue to collaborate with the company in the future.

Although at the time of our empirical work, 2014, it had not yet been implemented, a new sign of collaboration by government was the pass of a Transport Political Letter approving the privatization of the airport industry, a historical demand of the company. However, little seems to have advanced with respect to getting input VAT refunded.

Anyway, it is the increasing institutional cooperation that has allowed actors to align their positions to resolve the conflict. Cooperation is resulting in co-evolution with both parties making changes in their attitude toward the other. Also, co-evolution in this developing African country seems to require different actors to share a common purpose: the need to pay attention to the economic and social development in the country, but also to the company's challenges to operate in the country. Nowadays, some problems persist in the relationship between HC and local authorities, but cooperation seems to be the way to successfully face them.

Understanding the co-evolutionary process between a developed-country tourism MNC and a developing African country

In order to answer the last research question related to the identification of the key factors for successful co-evolution in Africa, we will first examine the specific characteristics of the co-evolutionary processes that are present in this case where a tourism MNC from a developed country with hotels located in a developing

African country interacts with local authorities to coevolve in relation to a particular controversy. This allows us to develop a deeper comprehension of the process, which is needed to identify the key factors to deal with co-evolution in Africa. In particular, after analysing the case of HC, this paper identifies some peculiarities in the interplay between the tourism MNC and the local authorities.

First, our case shows that the tourism MNC acting in the African economy is unlikely to promote any change in the environment if they are taking advantage of institutions. However, if they are facing problems, they will have incentives to modify the conditions in the environment. This is revealed by the problem with infrastructure and, in particular, with input VAT. Also, if the MNC tries to make changes to the local conditions which break the status quo established by local authorities, it will likely face opposition from the dominant interests of actors in the field (Dunning & Lundan, 2008). In our case, the opposition took the form of authorities ignoring the problems and delaying meetings and potential agreements. At this point it must be highlighted that after years of common interactions and bargaining processes through which the MNC asked for the improvement of tourism-related infrastructure and the government used its conventional static and closed way of negotiating, none of the parties seem to have learned about how to interact with the other in order to reach easier and earlier settlements to the controversies.

However, over time, as the tourism MNC was becoming increasingly aware of how the existing status quo regarding input VAT was hindering the organization, the need for a change became urgent. A conflict between the MNC and local authorities appeared absolutely evident. According to Lewin (1947), we can expect that the more necessary and urgent the change is perceived to be by the MNC in order to restore an efficient exchange with the environment, the more it will be motivated to initiate that change. Here MNCs' capabilities to co-evolve, such as the ability to negotiate with local authorities in this developing country, and their ideology and commitment to sustainable tourism, may condition the way in which the companies engage in the change. Also, learning capabilities and alertness could influence the change, because MNCs, over the years in the country, could have learned how deal with local authorities. This is relevant because companies' performance could be negatively affected by the dis-synchronization in the evolution of the MNC and conditions in the environment (Madhok & Lui, 2006). The cumulative government debt with HC increasingly harmed its profitability, but the company was unable to modify the approach under which it analysed the problem and sought the solution.

Meanwhile, the government persisted in its refusal to discuss the conflict. They believe that foreign companies are making a lot of money at the expense of the country, and the country has urgent needs that cannot be afforded. This is a commonly held belief and practice in other developing countries. Learning capabilities of local authorities, which are of high value for the country, as discussed above, are seemingly non-existent with respect to negotiating processes with HC, as they maintain their way of doing things. Local authorities know that being patient is a good way to reach their objectives. Developed-countries' MNCs are usually in a hurry to report economic profits to shareholders, and in these types of countries with high possibilities of great profitability, pressures for earnings are high; so, managers need to solve the problems quickly.

Being conscious of the need for change, the MNC tried to search for new models of relationship with local authorities that allow them to make efficient external transactions. But, this step requires finding a proper solution that may resolve the external conflict that matches both the company's interests and those of local authorities. This is not easy because it is a developing country with weak institutions, in terms of regulatory quality (e.g., they can ignore their obligation of refunding input VAT) but with relatively inclusive institutions, as table 3 above shows (they do not accept commissions and they look for sustainable development for the country). Specifically, the MNC had to decide either to adapt in order to better fit the conditions in the environment, to leave the country and relocate activities as a consequence of the restructuring process, or to co-evolve by leading internal and external changes. There are relevant factors that determine this decision, such as the amount invested in the African country or the risk of harming its reputation, which will be relevant restrictions in the tourism industry, particularly when hotel companies have used equity modes of entry. Experts A and B warn about it.

Also some characteristics of the MNC and the host country are significant. For example, MNC's economic and social resources provide the strength to exert power over other actors in the field (Child, Rodrigues & Tse, 2012). Additionally, there are factors that condition how effectively the power resources are used within a relational framework, such as, social skills to mobilize supports in the environment, discursive abilities to present causes, or skilful negotiation (Child, Rodrigues & Tse, 2012). In our case, the tourism MNC turned to its country-of-origin authorities so that they could put pressure on local authorities. HC found this support, but local authorities' attitude persisted. From their perspective, foreign companies take advantage of their resources, cheap labour, etc. to do business and make lots of money at their expense, and are not sensitive to their problems; they do not share their earnings. Also, MNCs' ideologies and awareness of the host country's needs are relevant (e.g., commitment to sustainable tourism) because these qualities can increase internal incentives to co-evolve with the environment.

Concerning the country, the type of dominant institutions and the level of economic development – both related to the existence of inclusive and extractive institutions (Acemoglu & Robinson, 2012) – can affect the MNC's choice. African developing countries commonly have weak institutional environments

(Choi, Kim, & Kim, 2010), for example, poor regulative frameworks and corruption, and they have a high interest in tourism MNCs to help boost their economies. Consequently, the greater the relative power of MNCs compared to local authorities, the greater a MNC's intention to exert influence over the environment is expected to be (García-Cabrera & Durán-Herrera, 2016). In our case study, the MNC was initially, to some extent, insensitive to the country's needs, albeit local authorities seemingly did not favour the local population in making use of the VAT which was not refunded in the eyes of the MNC.

After choosing an option to solve the problem, the foreign hotel must implement it. Again, the MNC's economic and social resources, performance, and ideology are of great importance and determine the chosen mechanism to implement the idea (either cooperative or competitive interactions with the environment). The greater the relative power of MNCs compared to host country's authorities, the greater the negative effect of current conditions in the environment on MNCs' interests, and the less socially conscious MNCs are, the greater the use of competitive interactions by MNCs (García-Cabrera & Durán-Herrera, 2016). This happens because MNCs are aware of their economic relevance to the local economy, the lack of local regulative guarantees, and the existence of support from certain local authorities.

At this point, the MNC continuously questions and assesses how the process evolves (García-Cabrera & Durán-Herrera, 2016). This is especially relevant when non-cooperative interactions are being used; given that the government also tries to implement its own ideas to solve the conflict. In this case, local authorities ignore the problem even though they are aware of the legal reason to assist the MNC; however, from their perspective, there are moral reasons to assist them. The evaluation can, at any point in the process, lead the MNC or the local authorities to modify either their ideas about the change or the mechanisms of implementation. For example, after using competitive interactions without any positive outcome, and the hotel chain's performance drops as a consequence of the imbalance between the MNC and local authorities' decision, the foreign hotel chain was forced to move towards cooperative interactions and look for a new solution which could be agreed upon. Thus, MNCs and local authorities seem to use a process of trial and error and continuous evaluation (and rectification if necessary), as suggested by García-Cabrera and Durán Herrera (2016), until a solution that is congruent with the MNC and with the local authorities is found, and a final settlement to the dispute emerges. So, again it is clear that the ability to learn from failure is relevant (Wright & Zammuto, 2013). In our case, the international hotel chain modified its strategy on several occasions in order to solve the problem (e.g., directly asking for the refund of VAT, asking for help from country-of-origin authorities, and asking for the investment of input VAT in specific infrastructures in the company's self-interest); local authorities also made decisions about investments in infrastructure that were necessary both for the local community and foreign companies (e.g., a new power plant).

Also, institutional cooperation seems to require a common motivation for the parties in the conflict (Krug & Hendrischke, 2008). This common motivation did not exist for years in our case because the company was focused only on its problems, and local authorities completely overlooked HC's problems. In this case, only after finding a common motivation – e.g., after poor local conditions became a company's concern and local authorities showed some gestures toward the company (a new power plant, transport letter) – should the both parties be able to start cooperating through a more conventional relational framework.

Finally, after a solution to the conflict is found, it must be expected that the change process ends. The new practices and policies are reinforced and stabilized in the environment in order for the change to be accepted as the new norm, hence preventing actors from returning to the old way of doing things. Thus, the environment becomes stable again with a new balance between environment and companies' interests.

As with the case we have put forward, tough challenges involving the process of co-evolution in African countries where weak institutions coexist with inclusive institutions can be expected to be time-consuming and complex. Coherently, developed-economy tourism companies must be patient and prepare to coexist with uncertain and unforeseen conditions in developing countries for a period of time.

Conclusions

This paper argues that tourism MNCs interact with their environments in the host countries where they operate and that this interaction must be understood as a co-evolutionary process in which companies have an effect on institutional change, i.e. affect their environments, but in turn are also affected by them.

Previous literature illustrates that relationships between developed-countries MNCs and authorities in developing countries sometimes give rise to unbalanced changes. A negative co-evolutionary process may give rise to new conditions that can interfere with and hinder IB activities, thus increasing transaction costs and reducing a country's attractiveness to foreign tourism companies. As a result, this co-evolution can negatively condition MNCs' location choices and promote their decision to divest from a country. From a sustainable tourism perspective, a negative co-evolution can also facilitate MNCs' operations in the country in the short term, but harm economic progress and social rights of the population in the long term. So, negative co-evolution will likely erode one party's interests to the benefit of the other party. These arguments correspond with the dominant vision that confronts the interests of each party.

However, after studying the case of a Spanish tourism MNC established in an African country, we have reached conclusions that provide a different perspective. Our work finds that co-evolution can end successfully and, as a consequence, the potential imbalance between the tourism MNC and the African local authorities reach equilibrium. In particular, a positive co-evolutionary process can emerge. It will give rise to new conditions in the environment that can be facilitators of sustainable tourism in terms of economic activity and social progress, resulting in local authorities' satisfaction with the new balance and the MNC's decision to stay in that country.

Also, our work shows that cooperation, rather than competition, between tourism MNCs and political actors in African countries is expected to culminate in positive and successful co-evolution. But this cooperation is rather difficult to reach. Our work identifies two categories of key factors that condition the successful culmination of the co-evolutionary process. First, and related to the country, the inclusive versus extractive nature of institutions must be highlighted. In particular, the more inclusive and stronger the institutions are, the more tourism MNCs can expect to find an institutional framework suitable for cooperation with local authorities. In addition, the activities involved in the co-evolutionary process, such as negotiating, result in co-evolution being a time-consuming and complex process in these countries. In particular, the better the opportunities to obtain high levels of profitability (and therefore the pressures to reach it), due to the low level of economic development in the country, the more tourism MNCs can expect to become involved in a time-consuming and complex process of co-evolution promoted by local authorities.

Second, and related to the actors involved, the existence of some relevant co-evolutionary capabilities are of high relevance. In particular, tourism MNCs' learning capabilities, patience, and readiness to deal with unforeseen conditions in the African country are of high relevance for the successful culmination of the process. So, it can be expected that the more the MNC has these capabilities, the easier and the sooner it will start to successfully interact with local authorities in order to achieve a positive co-evolution. In addition, MNCs' social responsibility can play a relevant role in the process. Indeed the more socially responsible the company is, the earlier the understanding with local authorities will be reached as they both will likely share a common vision about sustainable tourism. Also, local authorities must use their learning capabilities to develop awareness about the need to offer credibility and trust to foreign companies. This should contribute towards attracting foreign companies that look for developing countries with less political and economic risk in which to make their investments. In particular, although the slow and tedious negotiating methods and ways of addressing the co-evolutionary process can result in the improvement of a country's conditions, they have a secondary, eroding effect. International and comparative public indicators about governance in these countries, which usually ranks low, may discourage the investment of other companies that lack the sufficient resources to contribute to the development of the countries. Thus, the more learning capabilities local authorities have, the greater the likelihood they will positively co-evolve with foreign MNCs; and the higher the country's position according to public indicators about governance, the more capacity they will have to attract foreign investment.

This work has some practical implications. First, as a result of this analysis, we can propose that co-evolutionary processes based on the cooperation between the parties may be a potential path to reaching sustainable tourism in developing African economies, especially when inclusive institutions exist in these countries. Thus, we recommend foreign tourism companies find new ways to cooperate with local authorities in African countries in order to get everyone committed to changes that guarantee a form of sustainable tourism that will be positive for both parties. Also, we recommend local authorities in developing African countries boost the development of their institutions and focus especially on those of an inclusive nature, as they can help them to interact with powerful, foreign MNCs. Second, both foreign managers and local authorities should show readiness to acquire the necessary co-evolutionary capabilities such as learning and negotiating capabilities, among others. Third, training programmes, meetings, and actions undertaken to promote investments from developed economies to developing countries in Africa should not be based on misleading advertising that is focused exclusively on highlighting the size of the market in these countries or the opportunities for earnings due to their lower level of development. These initiatives should be focused on highlighting the challenges that managers will face both in terms of infrastructure and in ways of negotiation, and, above all, on the capabilities that have to be developed to operate successfully in these places.

Limitations and recommendation for future works

The main limitation of this study concerns the generalisability of its results. The methodology used here makes it impossible to make any type of inference to larger populations of tourism companies entering developing countries and their interaction with local authorities. Nevertheless, as García-Cabrera and García-Soto (2009) state, case studies can, through 'analytical generalisation', extend the previous theoretical considerations that can subsequently be empirically tested. Consequently, our first recommendation is to carry out new studies using methodologies permitting the generalisation of the results of this research.

In addition, although we studied the companies' interactions with local authorities for a long period of time, the historical information collected from the experts depended on their memories. So, some biases were inevitable because the participants knew the results of the co-evolutionary process. Therefore, future research could start the fieldwork at earlier stages of the co-evolutionary process.

This would allow the collection of information through direct observation, even accompanying the foreign tourism MNC in the process, if possible. The use of this technique for gathering information would also make longitudinal studies possible, which would shed new light on the co-evolutionary process.

Finally, future research could usefully investigate the relevance of the tourism company's country of origin, as well as the specific developing country, to the co-evolutionary process. For example, in cases where the company comes from Portugal, France, or England (as examples of other developed countries with colonial relations with certain developing countries in Africa), or from China, Brazil, or India (as examples of emerging countries), would the same controversies emerge? Would local authorities use the same approach to focus on the problem?

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