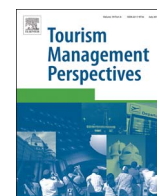




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Tourism as an important impetus to promoting economic growth: A critical review

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ABSTRACT

This article reviews reasons why tourism is an impetus to promoting economic growth from perspectives of the measurement of its economic impacts, contributions to poverty reduction, the efficiency and productivity, and impacts of several external economic factors. To achieve this, a critical review was performed by selecting 346 papers from 11 tourism-related journals, published during 2000–2014. Main findings are summarized. First, previous studies confirmed tourism's positive economic impacts in most, but not all, circumstances. Second, through channels of prices, earnings, and government revenues, tourism can contribute to reducing poverty. Third, labor, capital, technology, environment, expenditures, revenues, and several external economic factors are key determinants of tourism efficiency and productivity. Additionally, to address how the issue has been researched, we perform an overview of primary data analysis techniques used in earlier studies. Finally, some policy considerations are proposed to promote tourism development, reduce poverty, improve tourism efficiency, and strengthen tourism competitiveness.

1. Introduction

Tourism refers to the activity of visitors who take a trip to a main destination outside of their usual environment, for less than a year, for any main purpose related to business, leisure, or other personal purposes, other than to be employed by a resident entity in the country or place visited (IRTS, 2008). Over the last several decades, there has been a substantial expansion in tourism, especially international tourism. According to UNWTO Tourism Highlights (2014), international tourist arrivals increased by 5% worldwide in 2013, reaching a record 1.087 billion arrivals, while international tourism receipts increased by 7.5%, achieving a record US\$1.159 thousand billion in revenue. In 2013, the primary purpose of inbound tourism was 'leisure, recreation, and holidays', accounting for nearly 52% of all international tourist arrivals, followed by 'visiting friends and relatives, health, and religion', occupying around 27%, and then 'business and professional', accounting for 14%. By attracting international tourists, tourism contributes significantly to a destination's economic growth by accumulating foreign exchange earnings, providing employment opportunities, and improving infrastructure, among other reasons. Consequently, tourism has been widely regarded as an important impetus to promoting export trade and economic growth in many countries. However, the empirical

studies have shown inconsistent results regarding the overall impact of tourism on economic growth. As a result, considerable attention has been devoted to tourism-related research from an economic perspective.

Tourism's economic impetus can be analyzed from the following perspectives. First, the economy is likely to be impacted by tourism receipts in direct, indirect, and induced ways. The direct effects usually involve changes in 'sales, employment, tax revenues, and income levels' due to the immediate impacts from tourist spending. The indirect effects are generally changes in 'prices, quality and quantity of goods and services, property and other taxes, and social and environmental impacts'. These effects are widely observed in tourism-related industries. The induced effects are often related to changes in household spending, a result of the additional income generated from tourist spending (Khan, Seng, & Cheong, 1990; Stynes & Arnold, 1997; Brida, Pereyra, & Devesa, 2008). Second, tourism's critical roles in accumulation of capital, alleviating poverty, and improving social welfare have aroused the interest of an increasing number of researchers (Deller, 2010; Lee, 2009; Scheyvens, 2007; Scheyvens & Russell, 2012). Third, tourism's efficiency and productivity shed light on the allocation of economic resources in order to reduce costs in tourism-related sectors, improve the performance of the tourism industry, and maintain a high

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level of tourism competitiveness (Chen, 2007; Dwyer, Forsyth, & Spurr, 2007; Goncalves, 2013; Hong, 2009). Finally, in the context of globalization, a country's tourism industry will interact with external economic factors. For example, the causal relationship between foreign direct investment (FDI) and international tourism was addressed by Fereidouni and Al-mulali (2014). As important exports of services, tourism demand is sensitive to exchange rates (De Vita, 2014; Tang, 2013) and global economic conditions (Boukas & Ziakas, 2013; Meng, 2014; Okumus & Karamustafa, 2005).

For the first time, a systematic review was undertaken to address tourism as an important impetus to promoting economic growth. This study contributes to the existing literature in a variety of ways. First, tourism's economic effect is reviewed among different income groups. Some potential explanations for tourism's negative impact on the economy are provided. Second, several efficient channels exploring tourism's position in accumulation of capital, alleviating poverty, and improving social welfare are reviewed. Third, key determinants of tourism efficiency and productivity are identified, together with some influencing external economic factors.

With this aim, the paper is divided into eight sections. Section 2 describes the collection of relevant papers and the review process. Section 3 reviews tourism's economic impacts, and Section 4 focuses on tourism's role in reducing poverty. Section 5 identifies key determinants influencing tourism efficiency and productivity. Section 6 reviews the impacts of FDI, exchange rate, and economic and financial crises on tourism. Section 7 shows the data analysis techniques, and Section 8 contains the conclusion and discussion.

2. Data collection and review process

To investigate how and why tourism is seen as an important impetus to promoting economic growth, this study undertook a systematic and thorough overview of the previous studies from an economic perspective. All of the reviewed papers were from academic journals. Related working papers, conference papers, research notes and comments, etc., were not included in this paper. Chosen from journals related to 'Hospitality, Leisure, Sport & Tourism' in the SSCI (Social and Science Citation Information, 2013¹), 11 journals dating from 2000 to 2014 were reviewed for this paper and were shown in Table 1. As we focused on the perspective of tourism's economic implication, other tourism-related topics like ethical tourism, history of tourism, and tourist safety and security were not considered. As a result, these journals yielded 335 papers. After searching 'tourism and economic implications' in Google Scholar, another 11 papers were also chosen for inclusion, bringing the total number of collected papers to 346. As shown in Table 1, the journal with the largest number of applicable papers was 'Tourism Economics', with 91 papers, followed by 'Tourism Management', with a frequency of 40; 'International Journal of Tourism Research', with a frequency of 34; and 'Annals of Tourism Research' and 'Journal of Travel Research', both with a frequency of 33. Fig. 1 shows the publication year distribution of the papers. The number of relevant papers increased from 43 in the years 2000–2002 to 79 in the years 2006–2008 to 91 in 2012–2014, representing a steady increase of 111.63%.

First of all, according to the main topics addressed in each paper, all papers were classified: 'Economic contribution and inter-industry linkage (ECL)'; 'Poverty reduction, social welfare, employment, and capital (PWC)'; 'Efficiency, productivity, and competitiveness evaluation (EPC)'; 'FDI, exchange rate, and trade/globalization (FEG)'; 'Economic/financial crises and uncertainty (ECU)'; and 'Other, including tourism characteristics, and policy (OTHER)'.

Second, considering the fact that the popularity of tourism-related topics in a country might be influenced by its income level, a comparative analysis was conducted based on the income levels of the

investigated countries. We followed the World Bank's income level classification system of high-income, middle-income, and low-income countries. Only papers that dealt with a single country's data were considered. Papers without empirical data, or global/regional comparisons were excluded. China's data also included data from Hong Kong, Macao, and Taiwan. As a result, 275 of the 346 papers were collated and assigned to the given income groups. As shown in Figs. 2, 56% (155 of 275) of the papers were performed in high-income countries, 40% (110 of 275) were performed in middle-income countries, and only 4% (10 of 275) were performed in low-income countries. Table 3 shows the distribution of research topics across income groups. ECL was the most popular research topic in each income group, while the rest of the topics varied by group. The high-income group had a relatively equal distribution of research topics, while the middle-income group paid more attention to PWC, accounting for about 18.18% (20 of 110) of the papers. The low-income group also favored PWC.

Third, by identifying the primary research methods and data analysis techniques, the papers were categorized as follows: 'Survey, interview, or questionnaire approach (SIQ)'; 'Economic, mathematic, or statistical modelling (EMS)'; 'Case study (CS)'; 'Conceptual, content, qualitative, descriptive, or comparative analysis (CCQD)'; and 'Literature review (LR)'. Fig. 3 shows the distribution of papers by research method. Of the 346 papers, 203 (58.67%) used the EMS method, 74 (21.39%) employed the CCQD method, 45 (13.01%) applied the CS method, 18 (5.20%) utilized the SIQ method, and only 6 (1.73%) adopted the LR method. This information helped to better understand how the tourism-related research was conducted.

3. Estimating tourism's economic impacts

Because of tourism's potential contributions to economic growth, efforts have been made to measure the economic impacts of different forms of tourism. The existing research included studies in sports tourism (Daniels, Norman, & Henry, 2004; Li & Jago, 2013), rural tourism (Fleischer & Tchetchik, 2005; Park, Lee, & Yoon, 2014), ethnic tourism (Theerapappisit, 2009), park tourism (Ma, Bao, & Ryan, 2009; Mayer, 2014; Saayman & Saayman, 2006), conference, convention, and exhibition tourism (Hanly, 2012; Lee, Lee, & Yoon, 2013), religious tourism (Saayman, Saayman, & Gyekye, 2014), festival tourism (Clarke & Hoaas, 2007; Saayman & Rossouw, 2011), casino gaming tourism (Benar & Jenkins, 2008; Wan, 2012), and heritage tourism (Dredge, 2004), among others.

However, the previous literature has yielded inconsistent conclusions. Table 4 shows the distribution of empirical conclusions regarding tourism's effect on economic growth. An inspection of Table 4 reveals that nearly 69.27% (124 of 179) of papers confirmed a positive economic impact, about 8.94% (16 of 179) suggested a negative effect, and around 10.62% (19 of 179) found a weak or unclear impact. These results show that, in most circumstances, tourism has the potential to promote economic growth. These results hold across different income groups.

Particular attention should be paid to negative economic impacts. Table 4 shows that there were twelve papers on negative economic impacts in the high-income group, three papers in the middle-income group and one paper in the low-income group. Table 5 presents a summary of papers addressing negative impacts of tourism. After reviewing these 16 papers, we could explain the sources of negative impacts from the following three perspectives. First, when a shocking event occurs, tourism might have a negative impact on the economy. For example, economic growth was negatively affected by the foot-and-mouth disease outbreak (Blake, Sinclair, & Sugiyarto, 2003; Smorfitt, Harrison, & Herbohn, 2005), terrorist attacks (Pambudi, McCaughey, & Smyth, 2009; Zhang & Lee, 2007), critical events, like the Iraq War and SARS (Dwyer, Forsyth, Spurr, & VanHo, 2006), and others. Second, inefficient tourism policies and environment factors will have a negative economic impact. For instance, a carbon tax on the

¹ <http://science.thomsonreuters.com/cgi-bin/jrnlst/jlresults.cgi?PC=SS&SC=MW>.

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