Short communication

Do hotel chains stimulate globalisation?

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ABSTRACT

The paper contributes to the literature on globalisation by empirically investigating the impact of hotel chains' presence in a country on a country's level of globalisation. Hotel chains' presence is modelled by the number of hotels affiliated to hotel chains, the number of rooms in affiliated hotels, the share of affiliated hotels in the total number of hotels, and the share of rooms in affiliated hotels in the total number of rooms in the country, while globalisation is modelled by the composite, economic, social and political globalisation indices. The impact is measured through a set of 16 cross-section regression models with data for 132 countries. The findings show that the presence of hotel chains in a country does not influence a country's level of globalisation, regardless how chains' presence and the level of globalisation are measured. Tourism policy implications, limitations and directions to future research are also discussed.
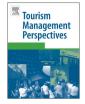
1. Introduction

Globalisation is a multi-layered, multi-dimensional and highly contested phenomenon (Lechner, 2009; Steger, 2013). Waters (2001: 3) defines globalisation as "a social process in which the constraints of geography on economic, political, social and cultural arrangements recede, in which people become increasingly aware that they are receding and in which people act accordingly". Therefore, globalisation decreases the real and perceived economic, political and cultural boundaries between nations and leads to greater interconnectedness between them. Of course, as a social phenomenon, globalisation is not perceived unilaterally. Some authors consider it as mostly beneficial for the societies (Bhagwati, 2007); they see globalisation as an instrument to solve social and economic development problems, stimulate technology transfer, job creation and improved living standard for local populations. Others are more critical towards it (Rodrik, 2011; Stiglitz, 2003) and emphasise the negative consequences of globalisation like unfair trade laws, cultural homogenisation, exacerbated inequalities among countries, and diminishing national sovereignty. The epitome of the globalisation process is the transnational corporation (TNC) "with headquarters in one country and operating wholly or partially owned subsidiaries in one or more other countries" (Dwyer, 2014: 197).

Researchers identify various factors that stimulate globalisation like the falling economic and political barriers between nations, political liberalisation, international trade, integration of world financial markets, international travel and tourism, demography and migration,

global environmental problems, the new information and communication technologies and other factors that increase the interconnectedness of individuals, firms and institutions on global a scale (Cavusgil, Knight, Riesenberger, Rammal, & Rose, 2015; Dwyer, 2015; Hjalager, 2007; Ietto-Gillies, 2011; Waters, 2001; Wild & Wild, 2015). The TNCs are often specifically mentioned as key drivers of globalisation (see for example Dwyer, 2014; Ietto-Gillies, 2011; Schuh, 2007). The main argument for this statement is the fact that TNCs, including TNCs in tourism and hospitality, increase the international interconnectedness of individuals, firms and institutions through their involvement in the international movement of goods, services, capital and people. On the other hand, the economic and political liberalisation, improved transportation networks, common currencies (e.g. the euro), synchronised legislation in supranational blocs (e.g. the EU), removal of barriers to international travel and the global market visibility provided by information technologies, facilitate tourism companies' involvement in international operations and their entry into new cross-border markets. As an outcome the tourism TNCs expand and new ones are created. This raises three questions:

- ✔ *Do tourism TNCs stimulate globalisation*?, i.e. are tourism TNCs the drivers of globalisation of countries?
- ✔ *Are tourism TNCs the product of globalisation*?, i.e. does globalisation facilitate the expansion of tourism TNCs?
- ✔ *Are the globalisation and the growth of tourism TNCs mutually nurturing processes*?, i.e. does globalisation help the growth of tourism TNCs, which stimulate the globalisation process that facilitates their further expansion?

This paper aims to provide an answer to the first question: whether tourism TNCs may be considered as drivers of globalisation. More

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specifically, the paper investigates empirically whether the market presence of hotel chains in a country influences its level of globalisation. Other issues of globalisation remain beyond the scope of this paper.

2. Methodology

In order to measure the impact of a hotel chains' presence in a country on its level of globalisation we developed a series of 16 regression models. Table 1 presents the concepts and variables in the regression models and the respective primary data sources.

Similar to previous research (Ivanov & Webster, 2013a, 2013b) the level of globalisation of the country is measured by four indices based on KOF Index of Globalisation (2015) developed by Dreher (2006): one composite index (KOF_c) and three sub-indices that measure the level of economic (KOF_e), social (KOF_s) and political globalisation (KOF_p). The sub-indices are calculated with the help of a set of variables elaborated upon in Table 2. The composite index KOF_c is the weighted average of the sub-indexes with the following weights: 36% for KOF_e, 38% for KOF_s and 26% for KOF_p. The market presence of hotel chains within a destination is modelled by four variables: the number of hotels affiliated to hotel chains (ln$ChainHotels$), the number of rooms in affiliated hotels (ln$ChainRooms$), the share of affiliated hotels in the total number of hotels (MS_{hotels}), and the share of rooms in affiliated hotels in the total number of rooms in the country (MS_{rooms}). Geographic dummy variables (based on the United Nations' classification of world regions) are used to capture any geographic variations in the level of globalisation of countries. Dummy variables denote a country's status as least developed or as a member of OECD in order to see whether the level of development of a country influences its level of globalisation. The absolute values of some variables (mentioned in Table 1) were transformed into natural logarithmic form in order to avoid skewness of results in favour of countries with large tourism/hotel industries (USA, France, Spain, Germany, China, etc.), large populations (China, India, etc.) and economies (USA, China, Japan, etc.), or high GDP per capita (Luxemburg, Qatar, Norway, etc.). The descriptive statistics of the variables are presented in Table 3. The final data set includes 132 countries listed in Table 4 for which data are available for all the variables in the regression models. The 16 specific regression models used to measure the impact of hotel chains presence on globalisation can

Table 2
KOF Index of Globalisation.

Sub-index	Indicators
Economic globalisation	1. Trade (percent of GDP)
	2. FDI (percent of GDP)
	3. Portfolio investment (percent of GDP)
	4. Income payments to foreign nationals (percent of GDP)
	5. Hidden import barriers
	6. Mean tariff rate
	7. Taxes on international trade (percent of current revenue)
	8. Capital account restrictions
Social globalisation	9. Telephone traffic
	10. Transfers (percent of GDP)
	11. International tourism
	12. Foreign population (percent of total population)
	13. International letters (per capita)
	14. Internet users (per 1000 people)
	15. Televisions (per 1000 people)
	16. Trade in newspapers (percent of GDP)
	17. Number of McDonald's restaurants (per capita)
	18. Number of Ikeas (per capita)
	19. Trade in books (percent of GDP)
Political globalisation	20. Embassies in country
	21. Membership in international organisations
	22. Participation in UN Security Council missions
	23. International treaties

Source: KOF Index of Globalisation (2015).

be presented in the following general form:

$$KOF_c, KOF_e, KOF_s \text{ or } KOF_p = b_0 + b_1.(\text{ln}ChainHotels, \text{ln}ChainRooms, MS_{\text{hotels}} \text{ or } MS_{\text{rooms}})$$
$$+ b_2.(\text{ln}Hotels \text{ or } \text{ln}Rooms) + b_3.\text{ln}TourArr + b_4.TourArr\% + b_5.\text{ln}GDP + b_6.\text{ln}PPL$$
$$+ b_7.\text{ln}GDPcapita + b_8.AF + b_9.AS + b_{10}.EU + b_{11}.LA + b_{12}.NA + b_{13}.OC + b_{14}.LDC$$
$$+ b_{15}.OECD + \varepsilon_i.$$

$$(1)$$

where ε_i is the error term which is assumed to be normally distributed with a mean of zero. Each of the 16 regression models uses one of the KOF indices (KOF_c, KOF_e, KOF_s or KOF_p) as the dependent variable and one of the hotel chain presence measures (ln$ChainHotels$, ln$ChainRooms$, MS_{hotels} or MS_{rooms}) as the explanatory variable. When the chain presence is measured by a hotel-based variable (ln$ChainHotels$ or MS_{hotels}),

Table 1
Factors, variables, and primary data sources.

Factors	Variable	Abbreviation	Primary data source
Dependent variables			
Level of globalisation of the country	Composite globalisation index	KOF_c	2015 KOF Index of Globalisation
	Economic globalisation index	KOF_e	
	Social globalisation index	KOF_s	
	Political globalisation index	KOF_p	
Independent variables			
Market presence of hotel chains	*Ln* Number of chain affiliated hotels	ln$ChainHotels$	Smith Travel Research (STR) database
	Ln Number of rooms of chain affiliated hotels	ln$ChainRooms$	
	Share of affiliated hotels in the total number of hotels in the country	MS_{hotels}	Authors' calculations based on STR reports on the number of affiliated hotels and hotel rooms, and the
	Share of rooms in affiliated hotels in the total number of hotel rooms in the country	MS_{rooms}	total number of hotels and hotel rooms
Size of the hotel industry	*Ln* Total number of hotels and similar establishments in 2013	ln$Hotels$	World Tourism Organisation's Compendium of
	Ln Total number of rooms in hotels and similar establishments in 2013	ln$Rooms$	Tourism Statistics (2015), National Statistical Offices and/or Tourism Authorities
Size of tourism sector	*Ln* Number of inbound tourist arrivals in 2013	ln$TourArr$	World Tourism Organisation's Compendium of Tourism Statistics (2015)
Importance of tourism for the economy	Inbound tourist arrivals as percent of population	$TourArr\%$	Authors' calculations
Economy size	*Ln* GDP in US$ in 2013	lnGDP	United Nations
Population size	*Ln* Midyear population size in 2013	lnPPL	United Nations
Economic wealth of local population	*Ln* GDP per capita in US$ in 2013	ln$GDPcapita$	Authors' calculations
Geographic region	Dummy variables for geographic regions	AF, AS, EU, LA, NA, OC	Breakdown of world regions adopted from United Nations' classifications
Least developed country	Dummy variable	LDC	United Nations
OECD country	Dummy variable	$OECD$	OECD