



# Common unofficial language, development and international tourism

Luke Emeka Okafor\*, Usman Khalid, Terence Then

School of Economics, University of Nottingham, Malaysia Campus, Faculty of Arts and Social Sciences, Malaysia



## HIGHLIGHTS

- Common unofficial language has a significant positive impact on international tourism flows.
- Common unofficial language is a more important determinant of international tourism in Europe.
- Common official and unofficial languages promote international tourism in other regions, such as America, Asia etc.
- Regardless of the levels of development of different countries, common unofficial language promotes international tourism.
- Landlocked variable is income and region dependent.

## ARTICLE INFO

### Article history:

Received 21 October 2017

Received in revised form

2 January 2018

Accepted 9 January 2018

### Keywords:

Tourism  
Gravity model  
Language  
Development  
Region

## ABSTRACT

We employ a gravity framework to examine whether the use of common unofficial language promotes international tourist flows while considering the influence of the levels of development and regions in the underlying relationship. The empirical analysis is based on a panel data set of bilateral tourism flows among 200 countries over the period 1995 to 2015. Results show that common unofficial language is a significant determinant of international tourist flows after controlling for common official language and other classical determinants of tourist flows. This finding holds irrespective of the levels of development of different countries. Further, we show that a common unofficial language is a more significant determinant of international tourist flows than a common official language in Europe. Policies that create an enabling environment for multilingual societies to emerge in a country would help to boost international tourism.

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## 1. Introduction

The tourism industry is growing at an unprecedented rate with 1.2 billion tourists crossing international borders in the year 2016. The international tourism receipts grew by approximately 15% per year from US\$ 264 billion in 1990 to US\$1, 260 billion in 2015. The World Travel and Tourism Council (WTTC) estimates that travel and tourism account for 10.2 percent of global GDP and employs 292 million people, which is 1 in 10 jobs on the planet. International tourism accounts for 7% of the world's exports in goods and services, ranking third in worldwide export after fuels and chemicals, but ahead of food and automotive products (World Tourism Organization, 2017a). This clearly underscores the importance of international tourism as a major source of income and cross-

country linkages.

Several factors have contributed to growth in international tourism such as urbanisation, increasing population, higher education level, the availability of leisure time, rising levels of income and decreasing costs of travelling (Jud, 1974). The literature is replete with studies that explore the determinants of demand for tourism and tourist flows (Crouch, 1994; Li, Song, & Witt, 2005; Lim, 1997, 1999; Song & Li, 2008). In nearly all tourism demand studies to date the focus has been on economic factors explaining differences in tourism flows; primarily income as captured by GDP per capita, changes in relative prices, transportation costs and exchange rates (Lim, 1997; Zhang & Jensen, 2007). Although income, prices and other economic variables play a vital role in determining the demand for tourism, tourism literature identifies a handful of other variables that potentially affect the demand for tourism. Amongst these variables, social variables such as cultural proximity and common language are at the top of the list.

Language plays an important role in international tourism, as it may enhance the pleasantness of a vacation, or it can act as a

\* Corresponding author. School of Economics, University of Nottingham, Malaysia Campus, Faculty of Arts and Social Sciences, Jalan Broga, 43500 Semenyih, Selangor, Malaysia.

E-mail address: [Luke.Okafor@nottingham.edu.my](mailto:Luke.Okafor@nottingham.edu.my) (L.E. Okafor).

barrier. Similar to several aspects of consumer demand, attitudes and beliefs may also influence tourism demand (Vietze, 2012). Therefore, tourists being consumers would prefer to visit a certain destination where they believe they can easily derive satisfaction without much effort. To this end, language proximity plays a key role as sharing a common language would decrease the transaction costs of international tourism. Cross-cultural interaction is an integral part of international tourism. The tourist must integrate into a culturally distinct environment in which he or she will react with different degrees of comfort and enthusiasm (Kastenholz, 2010). Therefore, the satisfaction derived from the tourism experience is very much contingent upon the cross-cultural interaction, which is potentially facilitated by cultural and language proximity (Kastenholz, 2010).

Evidence on the link between common unofficial language and international tourism is scant. While most previous studies include common language as one of the relevant determinants of tourist flows, limited attention has been paid to the role played by common unofficial language. A quick glance at the dyadic data reveals that only 17.4% out of the 50176 country pairs share an official language. This means that typical tourist choices are limited if the decision to travel is based on a pair of countries sharing a common official language. In this scenario, a common unofficial language could influence the decision to visit a place or holiday resort thereby increasing the choice set. Against this backdrop, it is important to assess the role played by common unofficial language in determining the international tourist flows.

An isolated analysis of common unofficial language per se, however, may grossly simplify the mechanisms at work. It is likely that countries in different parts of the world and at various levels of development may have different drivers of tourist flows. Therefore, a tourist might choose a certain destination based on the level of economic development of a country or geographical location of a country. We therefore assess the role of common unofficial language in determining international tourist flows in different parts of the world and for countries at different levels of development. As pointed out earlier, the literature analyzing the impact of common unofficial language on tourist flows is sparse. There is no evidence that any previous study has explored the impact of common unofficial language on international tourism while considering the influence of the levels of development and geography in the underlying relationship.<sup>1</sup>

The purpose of this study to examine whether the use of common unofficial language promotes international tourist flows while considering the influence of the levels of development and regions in the underlying relationship. Our contributions to the strand of literature that relates to international tourism are fourfold. First, we show that international tourists are not only strongly attracted to destinations that share the same common official language with their originating countries, but also to destinations that share the same common unofficial language.

Second, we demonstrate that this result holds irrespective of the levels of development of different countries. Third, we show that a common unofficial language is a more important determinant of international tourism compared to common official language in Europe. Several European countries do not share a common official language, and this potentially explains why common unofficial language provides a significant boost to tourism in Europe compared with common official language. Lastly, the results show that the effect of landlocked variable is income and region dependent. For instance, landlocked variable has a negative impact on

international tourism in high-income countries, especially European countries, whereas its impact on upper middle-income, lower middle-income and low-income countries or regions apart from Europe is mixed.

Several studies have analyzed the determinants of bilateral tourism. Eilat and Einav (2004) show that political risk is a crucial determinant of tourism, while the exchange rate is a crucial driver of tourism in advanced economies. Gil-Pareja, Llorca-Vivero, and Mart'inez-Serrano (2006, 2007) use gravity framework to analyse the role of embassies and common currency on tourism flows. They find that embassies and consulates have a substantial positive impact on tourism flows. Further, they show that common currency; namely, euro provides a significant boost to international tourism.

In general, several studies examine the link between tourism flows and a range of variables. For instance, Santana, Ledesma, and Pérez (2010) and Santana, Ledesma, Pérez, and Cortés (2010) examine the impact of different exchange rate regimes on tourism flows. Fourie and Santana (2011) employ a gravity equation to estimate the effect of mega-events on international tourism, whereas Fourie and Santana (2013) analyzes the effect of cultural affinity and ethnic reunion on international tourism using a gravity model. Other studies have used a gravity model to explore the implications of taxes and transport infrastructure on tourism (see, for example, Durbarry (2008); Khadaroo & Seetanah, 2008). Similarly, Neumayer (2010) uses gravity framework to assess the impact of visa restrictions on international tourism flows. In addition, Vietze (2012) analyzes the effect of the religious association on U.S. tourist arrivals, while Massidda and Etzo (2012) evaluate the impact of several variables such as price differences, expenditure, cultural activities and crime rates, among others, on domestic tourism in Italy.

The rest of this paper is structured as follows: Sections 2 and 3 explain the methodology used in this research, which encompasses the choice of econometric models, and the description of dependent and independent variables used in the empirical analysis. Section 4 discusses the findings of the paper. Section 5 concludes the paper.

## 2. Data and methodology

### 2.1. Theoretical rationale

Gravity models have been used extensively in empirical work, particularly in the field of international trade (Gil-Pareja, Llorca-Vivero, & Mart'inez-Serrano, 2007; Khadaroo & Seetanah, 2008; Tinbergen, 1962). International tourism is a form of international trade in services and thus, an augmented gravity approach is an appropriate methodology to adopt (Khadaroo & Seetanah, 2008).

The gravity model of international trade is built upon Newton's law of universal gravitation as follows:

$$F = G \frac{m_1 m_2}{r^2} \quad (1)$$

$F$  represents the gravitational force between two masses, being directly proportional to the first mass ( $m_1$ ) and second mass ( $m_2$ ), and negatively proportional to the square of the distance between the masses ( $r^2$ ).  $G$  is the gravitational constant.

An analogy to international trade would be that the amount of trade between two economies is directly proportional to the economic sizes and inversely proportional to the distance between them. The gravity equation below includes an error term,  $e_{ij}$ , which is log-normally-distributed as follows:

<sup>1</sup> The only study that uses common unofficial language as a determinant of tourist flows is Culiuc (2014).

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