



Tourism, growth and environment: analysis of non-linear and moderating effects

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ABSTRACT

This paper examines the non-linear effect of tourism on environmental degradation in 31 African countries. It also determines the moderating effect of tourism on the impact of economic growth on environmental degradation. It employs Pedroni, Johansen-Fisher and Westerlund panel cointegration tests to investigate the cointegration relationship between the variables. It uses the Fully Modified Ordinary Least Squares, dynamic system Generalized Method of Moments and Augmented Mean Group. These techniques enable us to account for various economic and econometric issues such as cointegration, heterogeneity, endogeneity, dynamism and cross-sectional dependence. This study reveals a cointegration relationship between the variables. It shows that tourism has a U-shaped non-linear effect on environmental degradation in African countries. Specifically, at early stage, tourism diminishes environmental degradation, but aggravates it as tourism increases. Besides, this study shows that tourism adversely moderates the impact of economic growth on environmental degradation. This paper makes significant contributions to the extant literature by unveiling the non-linear and moderating effects of tourism on the environment. The implication is that tourism is a significant determinant of environmental degradation, hence, effort to mitigate it should incorporate tourism. It may be necessary for African countries to emphasize green tourism in order to attain sustainable development.

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Economic growth; environmental degradation; sustainable development; tourism

Introduction

The importance of tourism development in accelerating economic growth and development has been stressed in theoretical literature. For instance, the tourism-led growth hypothesis posits that tourism has the capacity to facilitate economic growth because it provides income (foreign currency earnings) and employment opportunities, stimulates the development of infrastructure, and improves balance of payments. Some studies have provided empirical evidences to support the tourism-led growth hypothesis in different countries (Dritsakis, 2012; Fahimi, Saint Akadiri, Seraj, & Akadiri, 2018; Santamaria & Filis, 2019). However, the impact of tourism on economic growth is not uniform across countries, probably due to the differences in the level of tourism and economic development. Thus, some empirical studies found insignificant impact of tourism on economic growth (Kasimati, 2011; Katircioglu, 2009). Another strand of literature has contended that tourism development is driven by economic growth. They argued that as an