

They arrive with new information

Tourism flows and production efficiency in the European regions

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Abstract

It is well known that firms productivity is influenced by information spillovers generated either from other firms located nearby or by direct contacts with final demand or by foreign demand in the case of traded products.

In this paper we investigate a new channel of efficiency enhancing information spillovers: tourism flows. The idea is that tourists, in general, have preferences for high quality goods and differentiated products which are revealed by buying local products in the tourism destination places, thus transmitting relevant pieces of information to the local firms. The latter, in turn, exploit them generating a positive impact on the efficiency level of the local economy.

More specifically we examine, within a spatial dynamic model, the effects of tourist flows on regional total factor productivity, controlling also for other intangible factors such as human, social and technological capital. We apply the analysis to 199 European regions belonging to 15 member countries of the EU15 plus Switzerland and Norway.

The econometric results show the positive impact of tourism flows on regional efficiency levels and the presence of spatial spillovers.

Keywords: tourism, information, total factor productivity, European regions

JEL: L83, D83, O33, R10

Acknowledgments: The research leading to these results has received funding from the European Community's Seventh Framework Programme (FP7/2007-2013) under grant agreement n° 216813.

We thank Francesca Alberti, Giuliana Caruso and Barbara Dettori for valuable assistance in preparing the database. We have benefited from fruitful discussions with Francesco Pigliaru.