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Governance, tourism and inclusive growth in Africa

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Abstract

The use of GDP per capita as a measure of economic growth has been recently subject to a wide criticism by many economists. It has been observed that while some countries have experienced economic growth in recent years, income inequality and poverty continue to be exacerbated. Recently, SDG 8 has been geared to promote inclusive growth. Considering this fact, this study expands the literature by examining the relationship between tourism development and inclusive growth for a panel of 44 African countries over the period 2000-2020. Further, the study also adds to the literature by examining the moderation of governance quality on the tourism-inclusive growth nexus. The investigation is made using the GMM as an estimation technique. The result indicates that tourism and governance quality appear to promote inclusive growth. Moreover, the results indicate that good quality of institutions or governance could complement tourism development to promote inclusive growth, as positive synergies are apparent from the role of governance in moderating the incidence of tourism on inclusive growth. Policy implications are discussed.

Keywords: Governance, tourism, inclusive growth, Africa

1. Introduction

The objective of this study is to examine the role of governance in moderating the relationship between tourism and inclusive growth[1]. Tourism development has been seen as a key factor that could contribute to the achievement of Sustainable Development Goals (SDGs) (Adeniyi et al., 2021; Dossou et al., 2023). Supporting the argument, Pan and Dossou (2020) pointed out the positive contribution of tourism to economic growth. Further, the authors have documented that it has the power to generate new jobs and stimulate cultural change (Ngoc & Hai, 2022). According to available statistics (World Tourism & Travel Council), the tourism industry accounts for global GDP by 10.3% which was equivalent to US$9.6 trillion in 2019. Moreover, its contribution to global jobs creation was 10.3%.[2]However, in recent years, the tourism industry has been hardly hit by the ongoing COVID-19 pandemic due to restriction imposed by many governments to contain the virus(Shao et al., 2022; Xu et al., 2022). The restriction due the ongoing COVID-19 has negatively affected trade and investment due to the increased of barriers. Moreover, Shao et al. (2022) argued that supply chain has been weakned and therefore limited the interdependence among countries.

In recent years, several studies have focused on the implication of tourism as it has contributed to improve economic growth in many developing countries, according to Nunkoo et al. (2020). According to the authors, four hypotheses have been deducted from the previous studies. First, based on the endogenous growth theory, some studies have revealed that tourism contributes to economic growth (Ehigiamusoe, 2020; Saboori et al., 2022). As explained by Saboori et al. (2022), economic growth depends on many internal factors, namely high productivity, technology intensive and large-scale sectors which are related to research and development (R&D). For instance, tourism boots economic growth through jobs creation (Nguyen et al., 2020). Further, Folarin and Adeniyi (2019) have documented that tourism enhances economic growth through human development. Similarly, Enilov and Wang (2021)have argued that through the tourism-led growth hypothesis, destination countries are expected to increase their foreign currency earnings. In the same vein, Albaladejo et al. (2022)have documented that international investment can be increased due to the increases of international tourist flows which contribute to economic growth. Second, many studies have pointed the positive contribution of economic growth to tourism development (conservation hypothesis)

[1] In the narratives of the study, governance entails, political governance (i.e., consisting of political stability and no violence as well as voice and accountability), economic governance (i.e., entailing government effectiveness and regulatory quality) and institutional governance (i.e., consisting of corruption-control and the rule).
[2]https://wttc.org/research/economic-impact

(Ehigiamusoe, 2020; Oh, 2005). According to the authors, the expansion of economic growth is expected to promote tourism development. For example, it has been noted that promoting economic growth can contribute to improve infrastructural development, which plays a crucial role in promoting tourism development (Xu et al., 2022). Moreover, through economic growth, the security system can be improved. According to Ehigiamusoe (2020),the improvement of the security system can contribute to promote tourism development. This argument has been empirically corroborated by Khalid et al. (2020) who have investigated the security' role in tourism development. Third, a myriad of studies have pointed out a bidirectional relationship between tourism and economic growth (Ehigiamusoe, 2021). Finally, some studies have found no impact of tourism on economic growth (Saboori et al., 2022).

It is important to note that per capita GDP has been used to measure economic growth in most of studies(Fayissa et al., 2007; Enilov & Wang, 2021; Pan & Dossou, 2020; Sahni & Nsiah, 2020). However, very recently, per capita GDP has been widely subject to a criticism as a measurement of economic growth. For instance, in a recent discussion at World Forum Economic in Davos, the former International Monetary Fund (IMF) head Christine Lagarde, Nobel prize-winning economist Joseph Stiglitz and MIT professor Erik Brynjolfss on have pointed out the failure of per capita GDP to evaluate the health of an economy.[3]Some examples were provided by the panel. According to them, GDP is linked to both positive and negative externalities. For instance, post-disaster (earthquake) can contribute to increase GDP of a country. Moreover, it has been argued that GDP accounts for goods that have been officially declared in organized market, while it does not account home production and black market activity. Similarly, it has been documented that inflation can be influenced by the increase of GDP, but it cannot affect wealth as it measures the total production.[4]Furthermore, the cost of depleting natural resources is not considered in per capita GDP. A recent study by Konou and Mensah (2022)and Guo et al. (2022) argued that personal income and personal consumption are not considered in per capita GDP. This could be corroborated by the fact that while the USA has been viewed as the largest economy in the world, income inequality continues to persist.[5]A similar remark is apparent in Africa where many studies have pointed the expansion of economic and income inequality in recent years (Xu et al., 2021). Moreover, it has been observed that while China is performing in terms of growth rate, income inequality is increasing

[3]Why GDP fails as a measure of well-being - CBS News
[4]Why GDP is not a perfect measure of well being (ukessays.com)
[5]https://www.mckinsey.com/industries/public-and-social-sector/our-insights/the-case-for-inclusive-growth

(Zhang & Zhang, 2021). Further, the authors argued that externalities and unpaid housework ae not being taken in per capita GDP. Similarly, per capita GDP is not good to measure economic growth because its calculation does not include the quality of education and the health of children. It follows that, the underlying shortcoming of GDP per capita outline the perspective that, GDP per capita it is not very inclusive compared to human development which is based on additional components of health and education. Hence, the inclusive development component adds two additional dimensions to the income component already captured by GDP per capita. The health and education dimensions of human development reflect inclusivity because health and education are public goods that are relevant for inclusive human development and socio-economic wellbeing.

However, Nobel prize-winning economist Amartya Sen has emphasized the crucial role of education in promoting economic development.[6] According to famous economist, education describes the human being we are. Moreover, he has continued by arguing that education and security could contribute to transform the life of people. This fact has been nurtured by the United Nations Development Programme (UNDP) which has considered three essential factors, namely living standard, education and health to calculate human development index (HDI), which is an important factor in measuring inclusive growth(Adeleye et al., 2020). According to Adeleye et al. (2020), inclusive growth is a growth that increases wealth as well as well-being. Inclusive growth is a growth that has the power to create equal opportunities, reduce inequality and create decent working conditions (Ofori et al., 2022).According to Adeniyi et al. (2021), economic leakage can be reduced by inclusive growth through promoting domestic ownership and solidifying the network among domestic suppliers. Overall, inclusive growth is growth that profits all groups namely social, religious, ethnic and gender, which contribute to economic development (Adeniyi et al., 2021). Following the above developments, this study tries to examine the influence of tourism development on inclusive growth which has been neglected in the tourism economics and economic development literature.

Meanwhile, we have argued that the influence of tourism development on inclusive growth depends on the quality of governance or institutions. However, studies focusing on the influence of governance quality the tourism-inclusive growth nexus are sparse. According to North (1990), institutions can be defined as the "rule of the game in a society". Based on these theories, Acemoglu et al. (2004) have pointed the positive effect of good institutions on economic

[6]https://www.indiatoday.in/information/story/happy-birthday-amartya-sen-top-quotes-by-indian-nobel-laureate-1737519-2020-11-03

development. According to Appiah-Otoo et al. (2022), a business environment can be underpinned by a well-established institution which promotes tourism development(Sou & Vinnicombe, 2021), which by extension could contribute to induce inclusive growth. Furthermore, good governance or institutions have been found to reduce uncertainty(Appiah-Otoo et al., 2022). According to Nguyen et al (2020a), reducing uncertainty could enhance tourism development which has the power to induce inclusive growth through the generation of new jobs. As economic integration has f facilitated tourism development, Francois and Manchin (2013) documented that institutional improvement could liberalize trade, which by extension could promote inclusive growth through the reduction of income inequality and alleviation poverty. Moreover, the betterment of institution has been seen to induce infrastructural development and thereby promote tourism development. Corroborating this argument, Dossou et al.(2023) posit that infrastructural development could play a significant role in tourism development which by extension can induce inclusive growth through income distribution (Nguyen et al., 2021). Improvement in the quality of institutions seems to enhance economic freedom, which is expected to promote competiveness in the tourism sector(Saha et al., 2017). As such, it has the power to propel economic and inclusive growth through improved wages and social welfare. Similarly, it has been argued that sustainable growth and poverty reduction can be enhanced due to the positive interaction between institutional quality and tourism development (Dossou et al., 2021).

However, poor institutions have been seen to undermine tourism development, which could directly have an adverse impact on inclusive growth. For instance, as corruption stems from poor governance, increasing corruption could undermine tourism development and economic development. This fact has been empirically corroborated by Xu et al. (2022) who unveiled that a high level of corruption has undermined tourism development, which in turn has negatively affected economic growth in 30 African countries. Recently, it has been noted that political instability appeared to have a detrimental effect on tourism development (Athari et al., 2021), which in turn seems to undermine economic and inclusive growth. Similarly, it has been argued that tourists try to avoid countries in which the quality of governance is poor (Ghalia et al., 2019). In the same vein, Xu et al. (2022)have documented that tourism development could be undermined by the rise of corruption coupled with political instability, which is expected to retard economic and inclusive growth. This fact has been corroborated by Osinubi et al.(2021) who noticed that corruption and insecurity (terrorism) reduce the positive contribution of tourism to economic growth in Nigeria. Similarly, poor governance has been seen to have a

detrimental effect on infrastructural development, which by extension could undermine tourism development and economic growth(Ofori et al., 2022). A country where autocracy is promoted can lead to lack of freedom of movement, which by can negatively affect the tourism sector as tourists are unlikely to visit it. The above arguments compel us to expand the tourism economics literature by examining the impact of governance quality on the tourism-inclusive growth nexus.

Africa has been selected to examine the moderating role of governance quality on the tourism-inclusive growth nexus. First, despite the performance of Africa in terms of economic growth, income inequality has been exacerbated in recent years (Xu et al., 2021). Among 19 most unequal countries in the world, ten have been found to be in Africa (Ujunwaet al., 2021). According to the report issued by International Monetary Fund (IMF), unemployment is a major determinant of income inequality.[7] Confirming this fact, Metu et al. (2020) argued that Africa has the highest rate of unemployment compared to other developing nations, namely Asia and Latin America. Moreover, although poverty has been reduced across the globe, the opposite tendency is apparent in Africa (Agyei & Idan, 2022). This has been corroborated by Agyei and Idan (2022) who argued that despite the expansion of economic growth in sub-Saharan African countries, poverty and income inequality continue to grow. This evidence has been supported by Lagos and Wang (2022) who have argued that poverty seems to be worsening in Least Developing Countries (LDCs). Similarly, the ongoing COVID-19 pandemic has exacerbated poverty and income inequality(Ofori et al., 2022). According to Ridderstaat et al. (2022), the ongoing COVID-19 pandemic has nullified the recent years' poverty reduction gains. Considering the above argument, it is imperative to implement a policy toward promoting inclusive growth as suggested by Ofori et al. (2022) and Ofori and Asongu (2021). Second, the integration of people and culture has enhanced tourism development in Africa. According to Ehigiamusoe (2020), international tourism receipts increased by 370% during the period 1995 and 2017. Moreover, international tourism arrivals have increased in Africa during the same period. However, according to Figure 1, tourism development in Africa has been seen at low rate compared to Asia and Latin America. Such tourism underdevelopment in the continent (Africa) can be attributed to the rise of terrorism and political instability. According to Xu et al. (2022) and Osinubi et al. (2021), the tourism industry has been hardly hit by terrorism and political violence. Moreover, Okafor and Chikalipah (2021)have documented that terrorism has negatively affected the agriculture sector which has been found to promote tourism

[7]https://www.imf.org/en/News/Articles/2020/01/29/na012820six-charts-on-south-africas-persistent-and-multi-faceted-inequality

development. Hence, there is a need to improve tourism development in Africa through formulating an appropriate policy in order to enhance inclusive growth. Third, Africa has been characterized by low quality of governance which leads to a high corruption rate, political instability and lax regulation(Pan et al., 2022; Xu et al., 2022). It has been posited that bad governance retards Africa's development (Acemoglu & Robinson, 2010). This fact has been corroborated by Figure 2, which shows that the mean of all governance indicators are below zero. Combining these arguments, it is imperative to investigate the moderating impact of governance quality on the tourism-inclusive growth nexus.

Figure 1. International tourism, receipts, 2002-2019

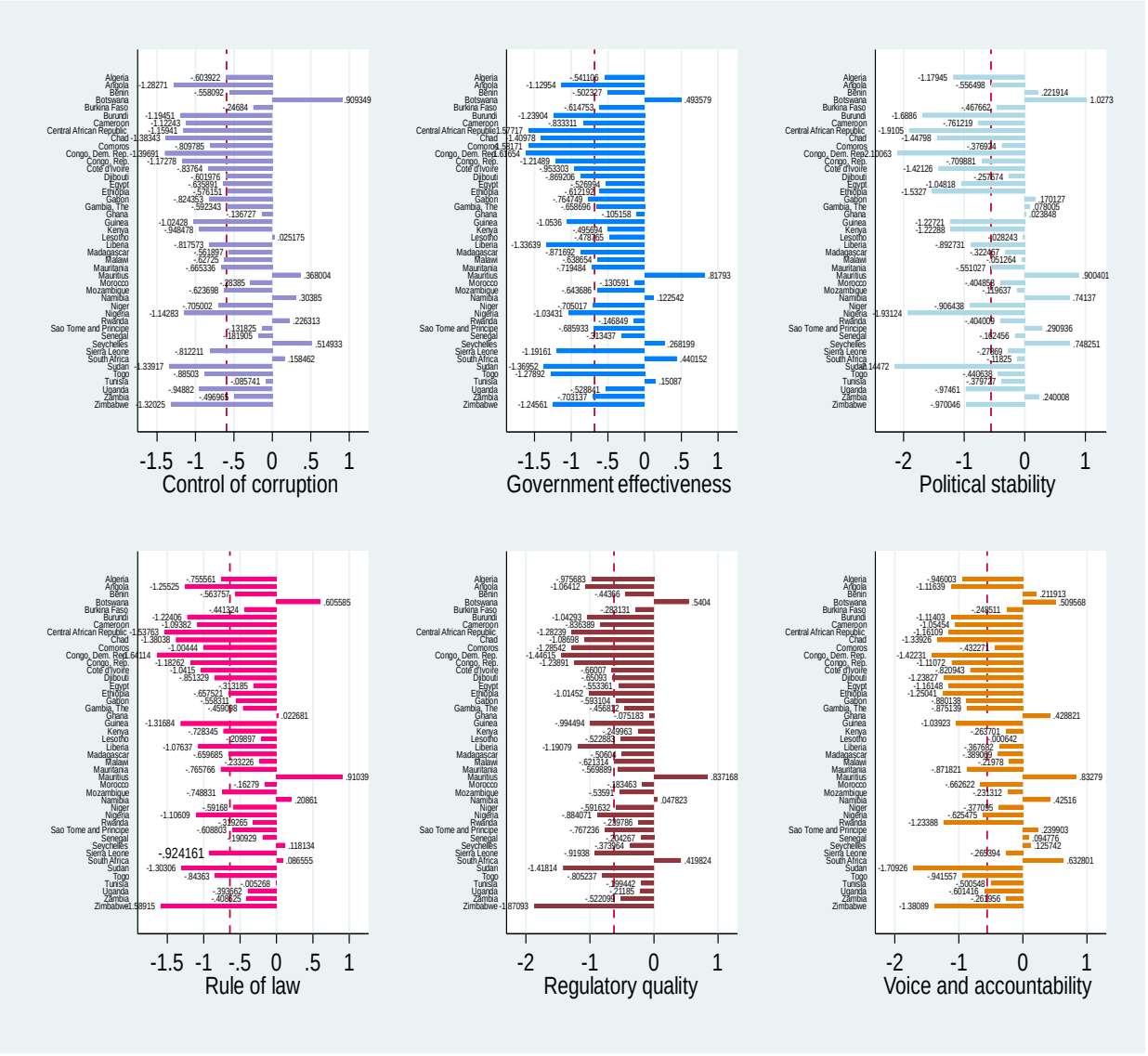

Figure 2. Average within-country governance quality indicators in Africa, 2002–2020

Source: Authors' computation based on data set from World Governance Indicators (WGIs).

The economic development and tourism economics literature have been advanced by examining the moderating impact of governance quality on the tourism development-inclusive growth nexus. Therefore, many contributions have been made to expand the tourism economics and economic development literature. First, while the influence of tourism development on inclusive growth has literally been investigated in recent years, the empirical investigation is very scanty (Adeniyi et al., 2021).A recent exception is Adeniyi et al. (2021) who assessed the relationship between tourism development and inclusive growth fora panel of 45 African countries over the period 1995-2019. However, our study differs from their study in several ways. First, they use GDP per person to proxy inclusive growth, while in this study, we use the

human development index (HDI) to proxy inclusive growth because it takes into account some dimensions of the delivery of public goods such as health and education. Accordingly, beyond the remit of income, the delivery of public commodities such as health and education services are taken into account in the index (Asongu, 2017, 2018). The HD is used because of the theory developed by Nobel prize-winning economist Amartya Sen who emphasized the role of the education and health systems in economic development. Recently, using the HDOI as proxy for inclusive growth, Adeleye et al. (2020) examine the impact of the trade-ICT nexus on inclusive growth. However, the use of the HDI in the tourism economics literature is very scant. Second, although our study is in line with Adeniyi et al. (2021), they have failed to investigate the moderation of governance quality on the tourism development-inclusive growth nexus. Moreover, while the impact of governance quality on economic growth has been extensively examined (Acemoglu et al., 2004; North & Douglass, 1989), studies on the governance quality-inclusive growth are sparse (Ofori & Asongu, 2021; Ofori et al., 2023). In other word, we argued that the influence of tourism development on inclusive growth could be contingent on the quality of institution or governance. Therefore, we extend the literature by investigating whether governance quality could enhance inclusive growth through promoting tourism development. We incorporate the quality of institutions or governance in the model because of its importance in promoting economic development, as supported by extant studies which have provided insights into the relevance of tourism in inclusive development and importance of governance in promoting tourism development (Akama & Keiti, 2007; Nelson, 2012; Synman, 2012; Adeniyi & Folarin, 2021; Balsalobre-Lorente et al., 2021; Buzinde & Caterina-Knorr, 2022; Adedoyin et al., 2022; Dossou et al., 2023).

2. Literature review

2.1 Theoretical linkage between tourism and inclusive growth

Three channels, namely, the: price channel, earnings channel and tax revenue channel can be used to explain the linkage between tourism and inclusive growth (Folarin & Adeniyi, 2019; Odhiambo, 2022).Considering the price channel, the promotion of tourism development can affect prices in the destination countries. Corroboratively, Odhiambo (2022) has argued that the increase of tourism development could contribute to boost prices related to food and services. As poverty alleviation is part of the process of inclusive growth, the rise of food prices due to tourism development could undermine poverty alleviation and inclusive growth.

2.2 Theoretical linkage between governance quality and inclusive growth

The utilitarian social welfare theory could be used as an appropriate theory in explaining the link between governance quality and inclusive growth. The theory explains how governments could improve people's social welfare. This theory has improved the social welfare function by expanding and including all factors that are required to improve a state's economic growth through providing employment opportunities, improving income distribution, and alleviating poverty (Agyei & Idan, 2022). According to the authors, governments through institutional reform have the power to take income (income tax) from the winners and redistribute to the poor through infrastructures building (roads, school and hospital), which by extension, could improve the lives of these losers. The theory supports the view of Acemoglu et al. (2004) and North and Douglass (1989) who argued that development outcomes depend on good quality of institutions.

2.3 Empirical studies

2.3.1The linkage between tourism and inclusive growth

Tourism can either promote or undermine inclusive growth. Beginning with the positive effect of tourism development on inclusive growth, tourism development can affect inclusive growth through several channels. For instance, tourism can induce inclusive growth through international investments. According to Odhiambo (2022) through forward and backward relationships, foreign direct investment is expected to promote tourism development, which by extension could contribute to reduce poverty and income inequality and therefore could also contribute to induce inclusive growth. This can be corroborated by the argument of Kim and Kang (2020) who postulated that the involvement of international investments in the tourism sector through improving tourism sites and recreational facilities could contribute to provide new job opportunities, improve income distribution, alleviate poverty and thereby induce inclusive growth.

Moreover, tourism has been viewed as an important tool to promote economic integration and globalization which appear to generate jobs, reduce poverty and income inequality (Lagos & Wang, 2022). As such, it will directly induce inclusive growth. Further, the authors continue by documenting that such process might be realized if tourism can stimulate economic diversification which is reliable to structural transformation and tertiarization (Sheng, 2011). During such process, tourism may contribute to improving social welfare, job opportunities, reduce income inequality and alleviate poverty. Recent papers have tried to corroborate this

thought. For instance, Song et al.(2018) have pointed out the social character of globalization which seems to improve job opportunities and induce inclusive growth. Similarly, tourism can positively affect globalization through international financial development, which in turn could contribute to reduce asymmetric information and transaction costs, which by extension, could alleviate poverty and promote inclusive growth. Overall, this argument has been corroborated by Chiu et al. (2020) who argued that economic and social integration depend on the attractiveness of international tourist flows which seem to provide job opportunities for the local communities. As foreign direct investment occurs from globalization, Dossou et al. (2023) argued that improvement in the hotel sector could contribute to providing job opportunities, enhancing social welfare, alleviating poverty, improving income distribution and promoting inclusive growth.

In the same vein, Dossou et al. (2023) document that tourism could help to reduce gender inequality. According to Ofori et al. (2023), the implication of women into the formal economic activities such the tourism industry seems to reduce gender inequality and thus could promote inclusive growth. This fact has recently been corroborated by Bolukoglu et al. (2023) who argued that through horizontal segregation, tourism is expected to provide jobs opportunities for the women, which could contribute to propelling inclusive economic growth. Empirically, this fact has recently been confirmed by Phuc (2022) who used a panel of 111 economies and found that international tourism arrivals improve gender equality through improved job opportunities, education for the women and better exercise of rights.

Tax revenue has been seen as an important channel through which tourism can induce inclusive growth. It has been argued that taxes from the tourism sector are expected to promote inclusive growth (Ofori et al., 2021). It has been revealed that, a well-developed tourism sector could help the government to collect sales tax and value added tax which could indirectly contribute to reduce income inequality and alleviate poverty through infrastructural development (roads, seaports and airports). These taxes also could be used to build hospitals, which could contribute to reduce health inequality and promote economic development.

However, tourism can negatively affect inclusive growth. Recently, it has been argued that tourism can undermine inclusive growth due to some global events (Dossou et al., 2023). For instance, Nguyen et al. (2020) have argued that economic uncertainty seems to harm tourism development, which by extension could contribute to undermining inclusive growth. As explained by Demir and Gozgor (2018), economic uncertainty increases the cancelation of travel plans which could directly and negatively affect the tourism sector and retard inclusive

growth. According to United Nations World Tourism Organization, the 2009 global economic crisis has caused a decline in international tourism arrivals,[8] which in turn has increased the number of jobless and poor. Very recently, Akdağ et al. (2022) have pointed several uncertainty factors, namely terrorism, political risk, political uncertainty, and corruption, which could negatively affect tourism development and thereby reduce inclusive growth. Moreover, Dossou et al. (2023) have documented that severe acute respiratory syndrome (SARS) has negatively affected the tourism sector, which has led to an increase in unemployment, income inequality, undermining poverty alleviation. As a result, economic and inclusive growth has also been undermined. Very recently, the ongoing COVID-19 pandemic has negatively affected tourism development, which has led to an increase in unemployment, income inequality and poverty. In the same vein, inclusive growth can be unfavourably affect if the profits collected from the tourism sector are repatriated (Dossou et al., 2023). According to the authors, the repatriation of the profits from the tourism sector could retard economic growth, which by extension could mitigate income distribution and inclusive growth.

2.3.2The linkage governance quality and inclusive growth

The quality of institutions or governance can either improve or undermine inclusive growth. Beginning with the positive effect of governance quality on inclusive growth, it has been documented that economic growth can be boosted by prudent economic governance (Ofori & Asongu, 2021).Moreover, based on the institutional literature, institutional quality has been found as one of most important elements of economic growth(Salman et al., 2019).According to Acemoglu and Robinson (2010), the imposed contextual control of the public can be achieved as institutions are well regulated by rule of law if fully implemented. General speaking, institutional quality and policies implemented by domestic institutions are correlated with each other in order to propel socio-economic activities. Recently, Dossou et al. (2021)and Oforiet al. (2021) documented that the setting of legal and cultural framework is expected to promote economic growth and improve inclusive growth through poverty and income inequality reductions. Similarly, the security of property rights can be observed due to the promotion of good economic governance. Confirming this fact, Salman et al. (2019) have argued that a structured government has the power to articulate and impose policies and regulations that encourage the private sector to invest more and promote inclusive growth through the provision of job opportunities and improvement of income distribution. This has been exemplified by

[8]https://www.unwto.org/archive/global/publication/economic-crisis-international-tourism-decline-and-its-impact-poor

Kouadio and Gakpa (2022)who have argued that securing property rights can encourage foreign investments and promote economic growth, reduce unemployment and income inequality, alleviate poverty, improve social welfare, promote human capital development and thus improve inclusive growth. In the same vein, Kouadio and Gakpa (2022) have pointed out that the most relevant governance instruments through which inclusive growth can be sustained is rule of law and control of corruption. According to the authors, anti-corruption is imperative to reduce unemployment and poverty, improve income distribution and promotes inclusive growth. It has been documented that both formal and informal institutions can propel inclusive growth through increasing productivity (Agyei & Idan, 2022). Moreover, the authors continue by saying that through good institutions capital flows can facilitate and promote economic and inclusive growth. Moreover, it is believed that good institutions or governance can enhance entrepreneurial activities, which by extension, can improve job opportunities and promote inclusive growth (Autio& Fu, 2015; Bosma et al., 2018).

However, inclusive growth can be undermined by poor quality of governance. For instance, unproductive activities can be observed in an economy if the quality of institutions or governance is poor (Kouadio & Gakpa, 2022). As result, it can undermine economic development and thus reduce inclusive growth. High levels of corruption undermine economic and inclusive growth owing to poor governance (Xu et al., 2022). The authors further argued that a high level of corruption has been found to increase economic uncertainty, which negatively affect economic and inclusive growth. These arguments have been supported by Ogbonna et al. (2022) who postulated that the rise of uncertainty due to corruption can undermine property rights protection, which could lower the attractiveness of foreign direct investment and retard inclusive growth.

3. Model specification, data and estimation strategy

3. 1 Model specification

The empirical approach of Adeleye et al. (2020)and Agyei and Idan (2022) has been borrowed to specify the baseline of this study. Thus, the baseline can be written as follows:

$$\text{inclugrowth}_{it} = \delta_0 + \delta_1 \text{inclugrowth}_{it-1} + \delta_2 \text{FDI}_{it} + \delta_3 \text{TOP}_{it} + \delta_4 \text{FD}_{it} + \delta_5 \text{ICT}_{it} + \varepsilon_{it} \quad (1)$$

Where: *inclugrowth* is inclusive growth, which is the human development index; $inclugrowth_{it-1}$is the lag of inclusive growth; *FDI* is foreign direct investment as a percentage of GDP; *TOP* is trade openness, which is the sum of exports and imports of goods and services

divided by GDP; *FD* is financial development, which is domestic credit to private sector; *ICT* is information and communication technology, which is proxied by internet penetration; i is country (44); t =21 (2000-2020) and ε_{it} is the error term.

Given the importance of tourism development and quality of governance in achieving sustainable development goals (SDGs) through promoting inclusive growth (SDG 8), it is important to expand the tourism economics and economic development literature by investigating the impact of tourism development and governance quality on inclusive growth. The baseline can be thus extended as follows:

$$\text{inclugrowth}_{it} = \delta_0 + \delta_1 \text{inclugrowth}_{it-1} + \delta_2 \text{FDI}_{it} + \delta_3 \text{TOP}_{it} + \delta_4 \text{FD}_{it} + \delta_5 \text{ICT}_{it} + \delta_6 \text{tour}_{it} + \delta_7 \text{Gov}_{it} + \varepsilon_{it} \quad (2)$$

Where: tour is tourism development, which is international tourism receipts and Gov is governance quality, which is control of corruption, political stability, government effectiveness, rule of law, regulatory quality and voice& accountability.

It has been noticed that economic development cannot be achieved in the absence of good governance. This has been theoretically corroborated by Acemoglu et al. (2004) and North (1990) who posited that improvements in the quality of governance improves economic prosperity. Very recently, the tourism economics literature has been expanded by showing the positive relationship between governance quality and tourism development(Ghalia et al., 2019; Nguyen, 2021; Nguyen, 2021). However, these studies have failed to examine the joint impact of tourism and governance quality on inclusive growth. Therefore, the present study expands the tourism economics literature by assessing the moderation of governance quality on the tourism-inclusive growth nexus. Thus, Equation (2) can be modified by adding the interaction terms of tourism development and governance quality.

$$\text{inclugrowth}_{it} = \delta_0 + \delta_1 \text{inclugrowth}_{it-1} + \delta_2 \text{FDI}_{it} + \delta_3 \text{TOP}_{it} + \delta_4 \text{FD}_{it} + \delta_5 \text{ICT}_{it} + \delta_6 \text{tour}_{it} + \delta_7 \text{Gov}_{it} + \delta_8 (\text{tour} \times \text{Gov})_{it} + \varepsilon_{it} \quad (3)$$

Where: $\text{tour} \times \text{Gov}$ is the interaction between tourism and governance quality.

Considering the equation 3, the marginal effect of tourism can be determined as follows:

$$\frac{\partial \text{inclusgrowth}_{it}}{\partial \text{tour}_{it}} = \delta_6 + \delta_8 \text{Gov}_{it} \quad (4)$$

Gov_{it} is the average value of governance quality. It is important to note that the GMM technique has a number of advantages, notably, it: (i) controls for the unobserved heterogeneity in terms

of time fixed effects and (ii) accounts for the simultaneity or reverse causality dimension of endogeneity (Tchamyou, 2019).

3.2 Justification of control variables

3.2.1 Foreign direct investment

The positive influence of foreign direct investment (FDI) on economic growth has been translated into socio-economic development (income inequality and poverty) in recent years (Xu et al., 2021).It has been documented that FDI is expected to increase the host country's saving and investment, which could help improve income distribution through jobs creation (Mehic et al., 2013). Several studies has confirmed this fact (Xu et al., 2021). However, FDI has been found to increase income inequality due the technology brought by foreign investment into the host countries (Kaulihowa & Adjasi, 2018). Due to the mixed relationship between FDI and income inequality, the sign of the impact of FDI on inclusive growth would be hard to predict.

3.2.2 Trade openness

It is important to account for trade liberalization in our model. Trade openness can be explained by structural transformation, which can either increase or decrease income inequality. According to Kuznets (1955), at the early stage of industrialisation, primary sector (agriculture) is expected to produce less jobs. As such, it will contribute to increasing income inequality. Whereas, when the process of structural transformation of a country from agriculture to industrial sector starts, it will contribute improve wage and income distribution through reducing unemployment. The argument of Kuznets has been empirically supported by Khan et al. (2020). Following the above argument, trade can either improve or undermine inclusive growth (Agyei & Idan, 2022).

3.2.3 Financial development

Sustainable economic growth can be achieved if a financial system is developed(Bist, 2018). According to the author, financial development can lead to economic growth through increasing saving, investment and promoting technological innovations. Recently, the effect of financial development on economic growth has been translated into socio-economic development. Therefore, recent studies have extended the economic development literature by investigating the impact of financial development on poverty and income inequality (Kapingura, 2017; Naceur & Zhang, 2016; Ofori et al., 2022). Some studies maintain that financial development

dampens income inequality and poverty through reducing information and transaction costs. Further, Acheampong et al. (2021) argue that financial development can contribute to poverty reduction through economic growth and some of the benefits of economic growth are jobs creation and provision of tax revenues for funding pro-poor projects. However, other studies have demonstrated that financial underdevelopment leads to the exacerbation of income inequality and poverty (Ofori et al., 2022). As explained by the authors, the misleading policies of financial system are expected to worsen income inequality and poverty. Considering the above arguments, financial development may have an ambiguous effect on inclusive growth (positive or negative).

3.2.4 Information and communication technology (ICT)

Theoretically, Sen (2010) has pointed out ICT factors (e.g., mobiles telephones) as a freedom-enhancing. According to Dzator et al. (2023), it has been argued that information technology can contribute to improve income distribution and poverty reduction due to its power to foster social inclusion. Also, inclusive growth can be promoted through the positive influence of ICT on income distribution. Furthermore, Dzator et al. (2023) document that ICT has been used during the COVID-19 pandemic to improve access to healthcare. Similarly, the positive effect of ICT on education has been seen during the COVID-19 pandemic (Ofori et al., 2022). In the same vein, ICT has been used to improve social inclusion during the COVID-19 pandemic. However, ICT has been documented to widen income inequality thereby undermining inclusive growth. For example, as it has the power to increase returns on wealth, Dzator et al. (2023) posited that ICT can undermine inclusive growth through increasing income inequality and poverty rate. Moreover, the authors argued that the advent of new technologies could result in wage stagnation, which by extension could contribute to heightening income inequality and poverty.

3.3 Data

A panel of 44 African economies over the period 2000-2020has been used for this study (see Appendix). The sample and the period of this study are informed by the availability of data. The data related to governance quality indicators were taken from the World Governance Indicators of the World Bank. Further, the World Development Indicators of the World Bank is the source of the following variables: tourism, financial development, ICT, trade openness and FDI. It important to note that the justification of the dependent and independent variables

of interest is provided in the theoretical and empirical literature in Section 2.1, Section 2.2 and Section 2.3 while the justification for the control variable is provided in Section 3.2.

3.4 Estimation procedure

System GMM instead of OLS is preferred as an estimation technique to examine the moderation of governance quality on the tourism-inclusive growth nexus. According to Omri et al. (2022), OLS is expected to be biased and inconsistent when used to analyse panel data. Moreover, the authors argued that OLS does not have the power to control the problem of endogeneity. Similarly, according to Nickell (1981), OLS seems to have an unobserved time-invariant country effects. Therefore, system GMM has been used for this investigation. Two specifications have been used to check the consistency of system GMM. These two specifications are the Hansen and AR (2) tests.

4.Empirical results and Discussion

4.1Descriptive statistics and correlation matrix

Tables 1 and 2 show respectively, the descriptive statistics and correlation matrix. The results show that from 2000 to 2020, the average value of human development index (inclusive growth) was 0.494. This means that there is high school exclusion, substantial income inequality and a high poverty rate. According to Figure 3, Seychelles and Niger have respectively, recorded the highest and the lowest values. Moreover, the mean value of international tourism receipts (log) and international tourism arrivals (log) were19.05 and 13.00, respectively. This aligns with the argument of Adeola and Evans (2020) who argued that tourism development in Africa still remains low compared to other developing nations, namely Asia and Latin America. Further, the sign of all governance indicators is negative, meaning that Africa is still dealing with poor governance issues(Ouedraogo et al., 2021).

Table 1. Descriptive statistics

Variable	Mean	Std. Dev.	Min	Max
Inclusive growth	0.494	0.12	.252	0.8
Tour (log)	19.05	2.020	11.51	23.38
Tour 1 (log)	13.00	1.74	7.97	16.53
Control of corruption	-0.6	0.57	-1.57	1.23
Government effectiveness	-0.68	0.60	-1.84	1.05
Political stability	-0.56	0.85	-2.69	1.20
Rule of law	-0.64	0.59	-1.85	1.07
Regulatory quality	-.625	0.56	-2.23	1.12
Voice and accountability	-0.56	0.65	-1.85	0.94
Foreign direct investment	4.533	8.18	-11.19	103.33
Information and communication technology	12.76	16.59	0.01	84.12
Financial development	22.05	24.52	0.49	142.42
Trade openness (log)	4.13	0.22	2.94	4.48

Note : Tour=International tourism receipts; Tour1=international tourism arrivals

Table 2 unveils the correlation matrix. As shown in Table 2, the correlation between inclusive growth and tourism is positive and statistically significant, meaning that tourism development might be used to promote inclusive growth in Africa. Moreover, the results show that governance quality is positively and significantly correlated with inclusive growth. It means that the quality of institutions or governance might be an important factor to improve income distribution, alleviate poverty and promote inclusive growth.

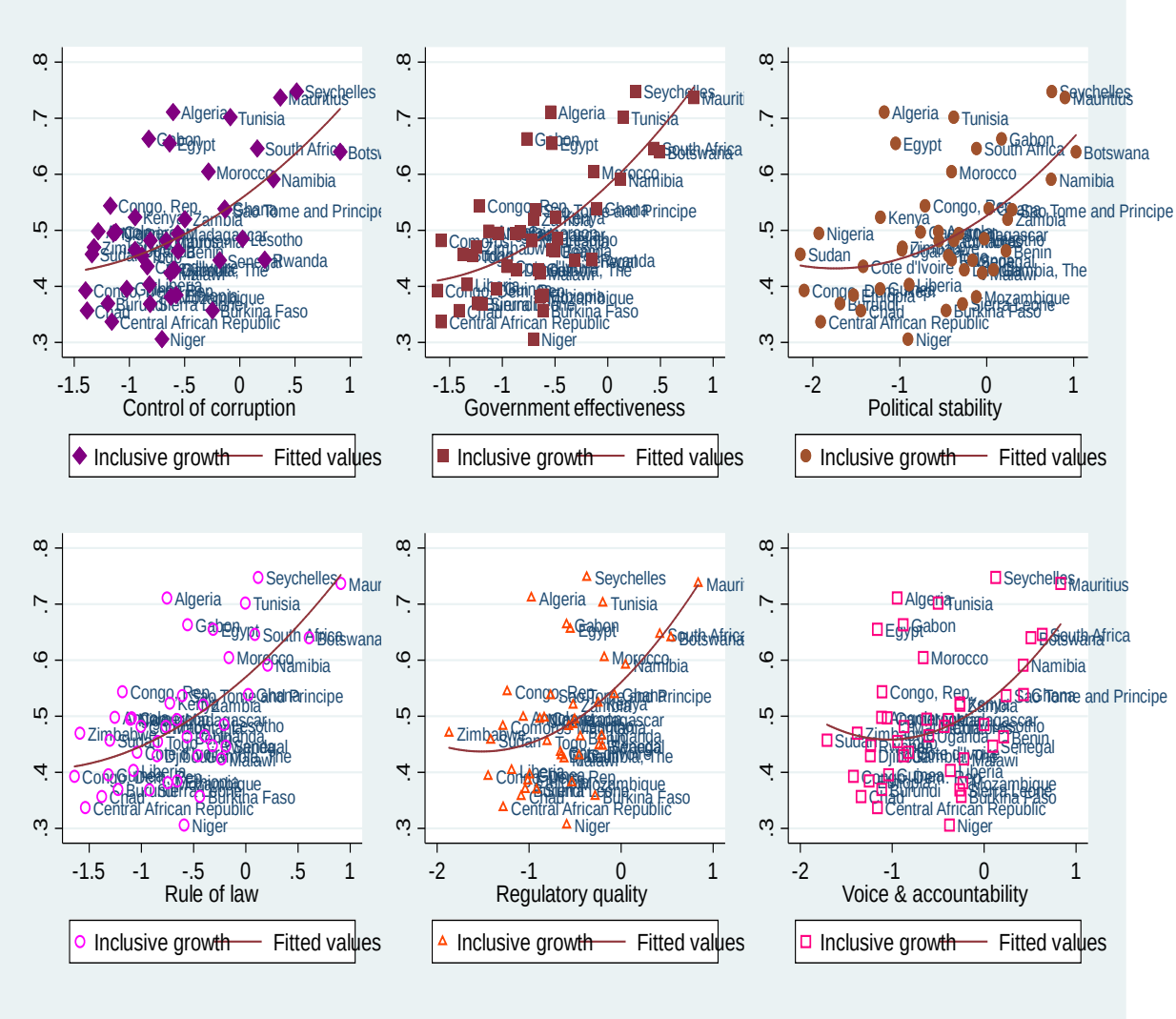

Figure 3. The relationship between inclusive growth (human development index) and governance quality in African countries, 2000-2020

Sources: Authors' computation based on data set from World Governance Indicators and United Nations Development Programme.

Table 2. Correlation matrix

	1	2	3	4	5	6	7	8	9	10	11	12	13
(1)Inclusive growth	1												
(2)logtour	0.609***	1											
(3)logtour1	0.459***	0.751***	1										
(4)Control of corruption	0.527***	0.437***	0.262***	1									
(5)Government effectiveness	0.642***	0.649***	0.513***	0.854***	1								
(6)Political stability	0.471***	0.281***	0.121*	0.719***	0.651***	1							
(7)Rule of law	0.573***	0.550***	0.354***	0.867***	0.907***	0.761***	1						
(8)Regulatory quality	0.530***	0.602***	0.408***	0.803***	0.889***	0.626***	0.901***	1					
(9)Voice and accountability	0.516***	0.525***	0.360***	0.686***	0.758***	0.620***	0.796***	0.761***	1				
(10)Foreign direct investment	0.0212	-0.135**	-0.130*	0.0576	0.00538	0.114*	-0.00930	-0.0256	0.00125	1			
(11)Information and communication technology	0.769***	0.481***	0.329***	0.451***	0.511***	0.336***	0.438***	0.391***	0.417***	0.0489	1		
(12)Financial development	0.616***	0.592***	0.482***	0.483***	0.628***	0.318***	0.524***	0.576***	0.551***	-0.0640	0.542***	1	
(13)Log trade openness	0.154**	0.357***	0.345***	0.261***	0.292***	0.135*	0.330***	0.410***	0.365***	-0.118*	0.188***	0.289***	1

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

4.2 System GMM results on the combined effects of governance quality and tourism development on inclusive growth in Africa

Table 3 displays the GMM results of the joint effect of tourism development and governance quality on inclusive growth in Africa. Beginning with the control variables, FDI positively affects inclusive growth, meaning that an increase in FDI leads to an improvement of inclusive growth in Africa. This result is in line with endogenous growth theory which stipulates that FDI has the power to enhance economic growth through providing job opportunities, improving social welfare and promoting human development (Aluko et al., 2023; Xu et al., 2021). Our finding is consistent with the modernisation theory which posited that FDI can propel development outcomes through technological transfer and employment opportunities. Further, our result is consistent with Musakwa and Odhiambo (2020)who argued that through vertical and horizontal linkage foreign direct investment could contribute to reduce income inequality and alleviate poverty. Similarly, our finding is supported by the argument of Belloumi (2014)who documented that FDI has the power to increase the supply of funds for domestic investment in the host country, which in turn could improve economic development through providing job opportunities, lessening income inequality and eradicating poverty. However, our finding is not consistent with Bogliaccini and Egan (2017) who noticed that FDI could contribute to the rise of income inequality if it promotes skill-premium wage. As a result, it might contribute to undermining inclusive growth.

Moreover, the result unveils that trade liberalization has been found to propel inclusive growth, meaning that as trade increases, inclusive growth also increases. This corroborates the theory of Stopler and Samuelson (1941) which posited that trade liberalization seems to raise income level for unskilled labor, which could contribute to lessen income inequality and poverty. Our finding is line with Adeleye et al. (2020) who used human development index to proxy inclusive growth in examining the influence of trade on inclusive growth in Africa. According to the authors, trade liberalization in Africa could contribute to promote structural transformation, which could contribute to propel economic growth, reduce income inequality, eradicate poverty and induce inclusive growth. Also, our finding is consistent with the argument of Ofori and Asongu (2021) who documented that the implementation of the AfCFTA can contribute to increase FDI flows, global value chain and promote structural transformation, which could be crucial in the process of inclusive growth.

Further, information and communication technology has been found to engender a positive and significant impact on inclusive growth. This is in line with the argument of Adeleye et al. (2020)

who have pointed on the positive effect of digital technology on inclusive growth. For instance, Mengesha and Garfield (2019) have posited that information and communication technology has been documented to improve health outcomes which plays a crucial role in inducing inclusive growth. This has been recently proved in health crisis, where virtual medical consultation has been made due to the use of ICT in the ongoing COVID-19 pandemic (Dzator et al., 2023). According to the authors, ICT has been documented to promote e-business, e-learning, and e-health, which by extension can contribute to promote inclusive growth. Moreover, it has been argued that ICT has the power to reduce transaction cost and improve the firm's productivity which plays an important role in enhancing inclusive growth.

Our variable of interest, namely tourism and governance quality has been added (see from Column 2 to Column 8). The results unveil a positive effect of tourism on inclusive growth, signifying that an increase in tourism development could lead to the increase of inclusive growth. This result indicates that tourism can be used to promote inclusive growth in Africa. According to Jackman (2022) and Dossou et al. (2023), tourism has the power to boost women's employment and entrepreneurship, which could contribute to the reduction of gender inequality. This fact has been corroborated by Shi et al. (2021) who argued that female employment can be promoted by developing the tourism industry. Further, the authors have documented that increasing female jobs is important to reduce poverty, promote sustaining economic growth, and enhance women empowerment. Also, referring to the argument of Garcia and Porto (2021), the marginalized groups, namely women, youth or migrants can benefit from the tourism industry. Furthermore, the tourism sector has singled out as a private sector which can contribute to provide training and education in order to improve human capital development, promote growth and competitiveness. As argued by Shah et al. (2021) and Sheng (2011), tourism might be viewed as inclusive if it helps marginalized people to benefit from it.

Table 3.GMM results

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
L.inclusivegrowth	1.005***	0.999***	1.007***	0.996***	0.998***	0.998***	1.004***	1.005***	0.996***	0.988***	0.996***	0.999***	0.992***	0.997***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Foreign direct investment	0.00839***	0.00224***	0.00737***	0.00560***	0.00729***	0.00608***	0.00719***	0.00646***	0.000252***	0.000229***	0.000238***	0.000209***	0.000219***	0.000202***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.0000)	(0.000)	(0.000)	(0.000)
Trade openness (log)	0.00241***	0.00252**	0.000562	0.00619***	0.00219**	0.00263*	0.00133	0.00155	0.00282***	0.00108	0.00242***	0.00352**	0.00233*	0.00350***
	(0.000)	(0.000708)	(0.000698)	(0.00131)	(0.000712)	(0.00114)	(0.00101)	(0.00103)	(0.000560)	(0.00101)	(0.000630)	(0.00121)	(0.000914)	(0.000701)
Financial development	-0.00526***	-0.00923***	-0.00737***	-0.000194***	-0.0000827***	-0.000151***	-0.000111***	-0.00113***	-0.000137***	-0.000260***	-0.000224***	-0.000232***	-0.000250***	-0.000217***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.0000)	(0.000)	(0.000)
Information and communication technology	0.00506***	0.00170***	0.00731***	0.00630***	0.00490***	0.00529***	0.00558***	0.000734***	0.00511***	0.00159***	0.0000147***	0.0000130***	0.0000137***	-0.0000180***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.0000)	(0.000)
tourism development (log)		0.00851***							0.00227**	0.00366***	0.00400***	0.00431***	0.00545***	0.00249***
		(0.000)							(0.000674)	(0.000730)	(0.000402)	(0.00103)	(0.000685)	(0.000548)
Control of corruption			0.00284***						-0.0211					
			(0.000)						(0.0107)					
Government effectiveness				0.00947***						-0.0456**				
				(0.000)						(0.0130)				
Political stability					0.00333***						-0.0358***			
					(0.0002)						(0.00513)			
Rule of law						0.00675***						-0.0482**		
						(0.000)						(0.0170)		
Regulatory quality							0.00435***						-0.0897***	
							(0.000)						(0.0121)	
Voice accountability								0.00456***						-0.0280*
								(0.001)						(0.0121)
Tourism×control of corruption									0.00122***					
									(0.0000)					
Tourism × government effectiveness										0.00275***				
										(0.000)				
Tourism ×political stability											0.00211***			
											(0.000)			
Tourism ×rule of law												0.00265**		
												(0.000)		
Tourism ×regulatory quality													0.00483***	
													(0.000)	
Tourism ×voice and accountability														0.00171***
														(0.000)
Constant	-0.00506	0.00231	0.00411	-0.00663	0.00143	0.00362	0.00367	0.00224	-0.0204	-0.0455**	-0.0523***	-0.0559**	-0.0806***	-0.0195*
	(0.00445)	(0.00418)	(0.00385)	(0.00564)	(0.00320)	(0.00463)	(0.00355)	(0.00456)	(0.0102)	(0.0133)	(0.00840)	(0.0169)	(0.0131)	(0.00881)
Observations	543	460	519	519	519	519	519	519	439	439	439	439	439	439
AR (2) p –value	0.314	0.331	0.321	0.251	0.332	0.228	0.325	0.351	0.232	0.291	0.321	0.226	0.323	0.315
Hansen test p-value	0.714	0.743	0.812	0.742	0.776	0.792	0.721	0.743	0.755	0.782	0.749	0.832	0.819	0.832
Instruments	31	31	31	31	31	31	31	31	31	31	31	31	31	31

Number of countries	42	42	41	41	41	41	41	41	41	41	41	41	41	41
Wald statistics	23054.43***	24214.33***	23122.43***	23241.55***	24312.21***	23125.43***	23412.55***	23412.45***	25412.22***	24322.55***	24351.44***	23313.33***	24332.54***	23115.32***
Wald P-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Further, the authors have pointed the positive effect of agri-tourism on farmers. Accordingly, it has the capacity to increase farmer's income through expanding the activities of these farmers and providing some value-added agricultural products(He et al., 2021). As a result, it could contribute to promote local economies, reduce poverty and income inequality(Bakker & Messerli, 2016). However, our finding are not consistent with the argument of Dossou et al.(2023) who argued that uncertainty like the ongoing COVID-19 pandemic has undermined the tourism sector which increases income inequality.

Moreover, the estimate coefficients of governance quality indicators namely control of corruption, government effectiveness, rule of law, regulatory quality, voice & accountability and political stability are positive and significant at 1% level. This means that an increase in control of corruption, government effectiveness, rule of law, regulatory quality, voice & accountability and political stability could lead to the increase of inclusive growth by 0.00284%, 0.00947%, 0.00675%, 0.00435%, 0.00456% and 0.00333%, respectively. This indicates that inclusive growth can be promoted by good governance. Our findings are in line with the argument of Ofori et al. (2021) who argued that social cohesion can be improved by the promotion of good institutions. Furthermore, our finding has been supported by Dossou et al. (2023) who posited that socioeconomic transformation could be enhanced by the promotion of good governance.

Further, the coefficient of the interaction is positive and significant; indicating that good quality institutions or governance matters for the tourism sector to generate job opportunities, improve social welfare and income distribution. This results support the views of Puppim De Oliveira (2003) who pointed out the role of government in supporting tourism development through consolidated institutional capacity and executing environmental investment, which remain an important factor in providing job opportunities, improving social welfare and reducing income inequality and poverty. Similarly, Kim et al. (2018) documented that improving institutional quality through regulatory quality could contribute to regulate the tourism sector, which has the power to promote inclusive growth through reducing gender inequality, income inequality and poverty. The assurance of property right security can be executed by good quality of institutions (Detotto et al., 2021). As a result, it may contribute to increase FDI in the tourism sector which has the power to generate employment opportunities, improve social welfare are reducing income inequality and poverty (Dossou et al., 2021).Also, Demir and Gozgor (2019) argued that good quality of institution through promoting freedom of the press could contribute to

increase international tourists, which can help to boost local businesses and increase development outcomes.

Overall, the findings show that tourism development unconditional promotes inclusive growth while the moderating role of governance in the effect of tourism on inclusive growth is positive, which is an indication of a positive synergy. In other words, while tourism promotes inclusive growth, governance contributes to maintaining the positive incidence of tourism on inclusive growth. The notion of positive synergy in interactions regressions which both the unconditional and conditional or interactive effects are the same sign is consistent with contemporary interactive regressions literature (Nchofoung et al., 2021; Nchofoung & Asongu, 2022; Adegboye et al., 2022; Asongu et al., 2022; Ofori et al., 2023).

4.3 Robustness check

The sensitivity analysis has been performed by excluding Seychelles and Mauritius from the sample. The GMM estimation results disclosed in Table 4 are similar to results when we use the full samples.

Table 4. Robustness excluding Seychelles and Mauritius

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
L.Inclusivegrowth	1.008***	1.003***	1.010***	0.994***	0.999***	1.005***	1.001***	1.009***	1.006***	1.001***	1.011***	1.012***	0.988***	1.013***
	(0.00474)	(0.00502)	(0.00278)	(0.00381)	(0.00432)	(0.00318)	(0.00370)	(0.00267)	(0.00700)	(0.00686)	(0.00482)	(0.00463)	(0.00967)	(0.00580)
Foreign direct investment	0.0000494***	0.000155***	0.0000342***	0.0000145	0.0000328***	0.0000178*	0.0000357***	0.0000384***	0.000141***	0.000139***	0.000152**	0.000142***	0.000139***	0.000129***
	(0.00000570)	(0.0000145)	(0.00000502)	(0.0000126)	(0.00000896)	(0.00000763)	(0.00000606)	(0.00000873)	(0.0000232)	(0.0000248)	(0.0000453)	(0.0000336)	(0.0000348)	(0.0000205)
Trade openness (log)	0.00321	-0.00186	0.00174	0.0101***	0.00294**	0.00299	0.00350**	0.00280*	-0.00248*	0.000167	-0.00211	-0.00251	-0.00176*	-0.00301*
	(0.00178)	(0.00108)	(0.00107)	(0.00144)	(0.00102)	(0.00182)	(0.00115)	(0.00125)	(0.000981)	(0.00130)	(0.00139)	(0.00136)	(0.000659)	(0.00124)
Financial development	-0.000132***	-0.000175***	-0.000162***	-0.000229***	-0.000136***	-0.000199***	-0.000145***	-0.000180***	-0.000231***	-0.000287***	-0.000299***	-0.000268***	-0.000290***	-0.000297***
	(0.0000113)	(0.0000116)	(0.00000847)	(0.0000127)	(0.0000131)	(0.00000967)	(0.00000895)	(0.0000163)	(0.0000233)	(0.0000294)	(0.0000257)	(0.0000236)	(0.0000362)	(0.0000255)
Information and communication technology	-0.0000332*	0.0000271	-0.0000579***	-0.0000366**	-0.0000388***	-0.0000685***	-0.0000335***	-0.0000616***	-0.0000230	0.0000134	-0.0000628**	-0.0000609***	0.0000470	-0.0000700***
	(0.0000127)	(0.0000183)	(0.0000110)	(0.0000119)	(0.0000104)	(0.00000820)	(0.00000670)	(0.00000508)	(0.0000166)	(0.0000234)	(0.0000205)	(0.0000148)	(0.0000297)	(0.0000191)
tourism development (log)		0.000875***							0.00225***	0.00241**	0.00454***	0.00365***	0.00566***	0.00292***
		(0.000182)							(0.000531)	(0.000714)	(0.000386)	(0.000583)	(0.00102)	(0.000481)
Control of corruption			0.00387***						-0.0187*					
			(0.000687)						(0.00759)					
Government effectiveness				0.0105***						-0.0271				
				(0.000281)						(0.0136)				
Political stability					0.00365***						-0.0428***			
					(0.000254)						(0.00513)			
Rule of law						0.00795***						-0.0361***		
						(0.000497)						(0.00913)		
Regulatory quality							0.00383***						-0.0941***	
							(0.000436)						(0.0184)	
Voice accountability								0.00533***						-0.0332**
								(0.00102)						(0.00981)
Tourism×control of corruption									0.00116**					
									(0.000391)					
Tourism ×government effectiveness										0.00169*				
										(0.000711)				
Tourism ×political stability											0.00248***			
											(0.000268)			
Tourism ×rule of law												0.00210***		
												(0.000474)		
Tourism ×regulatory quality													0.00502***	
													(0.00102)	
Tourism ×voice and accountability														0.00197***
														(0.000509)
Constant	-0.00854	-0.00141	0.000194	-0.0209***	-0.00115	0.00111	-0.00391	-0.00315	-0.0227*	-0.0330*	-0.0685***	-0.0511***	-0.0849***	-0.0353**
	(0.00579)	(0.00521)	(0.00506)	(0.00545)	(0.00429)	(0.00671)	(0.00351)	(0.00480)	(0.0108)	(0.0134)	(0.0112)	(0.00996)	(0.0164)	(0.0101)
Observations	518	435	495	495	495	495	495	495	415	415	415	415	415	415
AR (2) p –value	0.828	0.669	0.734	0.420	0.774	0.873	0.995	0.970	0.476	0.682	0.997	0.481	0.296	0.451
Hansen test p-value	0.319	0.422	0.359	0.369	0.452	0.475	0.383	0.325	0.719	0.640	0.837	0.778	0.711	0.829
Instruments	35	35	38	38	38	38	38	38	40	46	46	46	46	46
Number of countries	38	36	38	38	38	38	38	38	35	36	36	36	36	36
Wald statistics	71605.30***	63521.70***	776409.14 ***	59061.33***	260567.40***	44090.66***	128938.77***	338073.61***	114567.14***	178171.91***	24613.85***	168477.03***	65256.58***	237897.18 ***

Wald P-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

5.Conclusion and policy recommendations

Over the last two decades the tourism-economic growth relationship has been investigated. Four hypotheses have been pointed out in the literature related to the relationship between tourism and economic growth. Based on the first hypothesis tourism development seems to promote economic growth, according to endogenous growth theory. Furthermore, the second hypothesis shows that economic growth promotes tourism development. Moreover, the third hypothesis acknowledged that the bidirectional relationship might be found between tourism and economic growth. Finally, other studies found no relationship between tourism and economic growth. As most of these studies have used GDP per capita to proxy economic growth, GDP per capita has been however subject to criticism. While many economies have shown an upward trend in terms of economic growth, income inequality and poverty have continued to be persistent in recent years. For instance, while Africa has experienced an increase in terms of growth rate, income inequality and poverty continue to persist.

Recently, the failure of developing countries, especially Africa to achieve the Millennium Development Goals (MDGs) has motivated the United Nations to formulate the Sustainable Development Goals (SDGs) which contains 17 goals. Among these goals, Goal 8 is geared to promote inclusive growth. In order to help these countries to be successfully this goal, this study tries to expand the tourism economics literature by examining the influence of tourism on inclusive growth for a panel of 44 African economies over the period2000-2020. Further, the study expands the literature by investigating the moderating impact of governance quality on the tourism-inclusive growth nexus. It is crucial to note that studies on the moderating effect of governance quality on the tourism-inclusive growth relationship are very scant. The investigation has been made using the system generalized method of moments (GMM) as an estimation technique. The result indicates that tourism and governance quality promote inclusive growth. Moreover, the results indicate that good quality of institutions or governance could complement tourism development to promote inclusive growth,as positive synergies are apparent from the role of governance in moderating the incidence of tourism on inclusive growth.

Regarding the findings of this study, our paper suggests that important institutional reforms must be carried out to enhance tourism development in order to achieve SDG8. Moreover, institutional reform through reducing corruption remains a crucial point through which tourism development can be enhanced, which by extension could contribute to improve inclusive growth.

The main policy implication of the study is that tourism should be encouraged in order to boost inclusive growth, not least, because most of the excluded fractions of the population depend on the corresponding sector for social mobility and income. Moreover, in order for tourism to further boost inclusive development within the remit of inclusive growth, political governance, economic governance and institutional governance should be improved. Political governance can be enhanced by improving conditions for the election and replacement of political leaders. Hence, citizens should be given more liberty in the choice of political leaders in an environment of free and fair political elections as well as peaceful political transition. Economic governance can be consolidated by ameliorating conditions for the formulation and implement of policies that deliver public commodities such as education, health and other social services. Hence, government resources should be effectively allocated to address public goods needs that are essential in socio-economic wellbeing. Institutional governance can be improved if proper measures are taken to ensure that both citizens and the State respect institutions that govern interactions between them. It follows that the respect of institutions should be a top-down as well as a bottom-up approach, tailored to ensure that both government agents and citizens are examples of the institutional order they want through the respect of extant institutions.

The study however leaves room for future research, especially as it concerns the assessment of how the findings withstand empirical scrutiny from country-specific standpoints. This is essentially because country fixed effects are theoretically and practically not involved in GMM regressions, in order to control for a dimension of endogeneity owing to the nexus between the lagged outcome variable and country fixed effects. Moreover, it also worthwhile to assess how the corresponding findings are relevant to other developing countries such as those in Asia and Latin America.

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Table 1A. List of countries

Algeria	Benin
Botswana	Burkina Faso
Cameroon	Comoros
Central African Republic	Djibouti
Chad	Egypt
Congo Democratic Republic	Ethiopia
Congo Republic	Ghana
Cote d'Ivoire	Kenya
Gabon	Lesotho
Gambia	Liberia
Guinea	Madagascar
Mauritania	Malawi
Mozambique	Mauritius
Namibia	Morocco
Nigeria	Niger
Sao Tome and Principe	Rwanda
Sierra Leone	Senegal
South Africa	Seychelles
Soudan	Togo
Zambia	Tunisia
	Zimbabwe