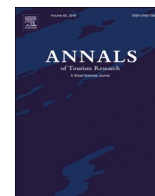


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Research Note

An Institutional Isomorphism Perspective of Tourism Impact

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This paper explores how change occurs in mobile payments of host countries as a result of Chinese outbound tourism. As the largest outbound tourist segment in the world, China is the leader in the mobile payment market. According to the World Travel and Tourism Council (WTTC), China's massive outbound tourism has engendered a growing global adoption of mobile payment (WTTC, 2019). Present studies of Chinese outbound tourism have focused on its economic aspect, such as the revenues generated, rather than how Chinese tourists influence local behaviours. It is worth noting that the influx of foreigners into a country can have a substantial impact on local communities, engendering either greater global homogeneity or differences in culture and lifestyle. Therefore, tourism as an agent of socio-economic change (Greenwood, 1976) and the extent and nature of change that it precipitates depends largely on the symbolic interaction between the host culture, the tourist's culture, and the global consumer culture.

A large body of studies has emphasised the outcome of tourism (Lupoli & Morse, 2015) rather than viewing tourism as a process in which change occurs. We argue that it is equally important to explore how change occurs. When it comes to the growing adoption of mobile payment, the impact of tourism on the local community is seemingly that of a homogenization of lifestyle. In this light, "tourism" is a dependent variable – one that is susceptible to social and economic pressures from global and domestic environments. Specifically, less-developed nations are susceptible to the dominant tourism development logics of foreign marketers, who seek to develop the tourism industry with similar approach and strategies, leading to the potential homogenization of tourism sites and tourist activities (Pearce, 2001).

This paper focuses on the ways in which tourism may precipitate some forms of homogeneity through isomorphism – a key tenet of neoinstitutional theory. Although neoinstitutional theory has proven useful in understanding globalization and its effects on societies, it has rarely been applied in tourism scholarship. This paper therefore uses neoinstitutional theory as a lens through which to view the rising global phenomenon of mobile payment in tourism.

Isomorphic changes through tourism

Institutional isomorphism draws from Hawley's (1950) original concept of isomorphism, a constraint that coerces or propels one unit in a population to emulate the structure of other units in a similar institutional environment. DiMaggio and Powell (1983) proposed the use of isomorphism to study how organizations conform to a certain standard of practice in an environment to achieve homogeneity and convergence, and ultimately achieve legitimacy. They identified three mechanisms of institutional isomorphic change – coercive, mimetic and normative.

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Coercive isomorphism results from formal and informal external pressure exerted upon an environment by other institutions, such as government mandates or technological changes. An important example is the global expansion of digital payments through mobile phones. As more consumers use mobile phones to conduct financial transactions, this becomes the norm when consumers travel. With the highest rate of mobile payment adoption in the world, Chinese consumers often expect such payment channels to be available in their host destinations when they travel abroad (Chen, Li, Zhang, & Hu, 2016). The exponential growth of Chinese outbound tourism in Asia has compelled merchants in host destinations abroad to accept Chinese systems such as Alipay and WeChat Pay to accommodate Chinese tourists. Further, the arrival of Chinese Fintech in Asia has persuaded local consumers to adopt mobile payment. In the latest Global Consumer Insights Survey by PWC (2019), eight out of the ten countries with the most mobile payment usage come from Asia. It is vital to note that prior to the arrival of Chinese tourists and the adoption of Chinese mobile payment system, the mobile payment market in these Asian countries was not visibly developing. More importantly, major analyst firms have speculated that China's digital payment market is fast influencing other Asian countries (Nielsen, 2019). We argue that the growing homogenization in the adoption of mobile payment that is similar to that in China is a result of coercive isomorphism.

Mimetic isomorphism results when change is triggered not by coercive forces, but rather, by uncertainty. In this sense, isomorphism is a voluntary process undertaken by companies to remove uncertainty or to benefit. The tourism industry in the host destination often offers services that remind tourists of their home culture, to "evade or soften the culture shock or experiences of otherness" (Jacobsen, 2003, p. 73). By creating a "tourist bubble" (Smith, 1977), the tourists, despite being in a foreign country, enjoy a sense of familiarity and comfort. Providing services, such as speaking in the tourist's native language can be construed as an attempt to remove the uncertainty caused by potential cultural shock and unsatisfactory tourist experiences are examples of mimetic isomorphism. In the case of mobile payments in Asia, the pressure to follow Chinese leadership may stem from the uncertainty of Chinese tourism and the expectations of Chinese tourists. Notably, despite their massive numbers and spending power, Chinese tourists have been found to behave differently from other tourists, presumably due to a protracted period of isolation and lack of experience with tourism. Therefore, when Chinese nationals travel abroad, they may experience varying levels of uncertainty, presenting a crucial service expectation. Conversely, as DiMaggio and Powell (1983) hypothesized, the more uncertain the technological change, the faster the isomorphic change (p. 156). As a new innovation and payment method, mobile payment may seem uncertain to tourism service providers, who might therefore resort to isomorphism.

Finally, normative isomorphism is driven by professionalization. It is concerned with the way in which members of an organization or industry promote certain professional norms. The isomorphic process is evident in the internationalization of the tourism industry, as seen in multinational hotel chains, airlines and the rise of the sharing economy, exemplified by Airbnb. In terms of mobile payment, Chinese FinTech giants such as Alipay have channelled considerable marketing efforts into enticing foreign telecommunication and banks to adopt their services, with the promise that it would help businesses or tourism-dependent countries attract more Chinese tourists. As a result, Alipay, is now available in eight of the eleven Southeast Asian countries where Chinese tourists make up more than 50% of inbound tourists. Moreover, the adoption of Chinese mobile payment in tourism-dependent countries is a mimetic isomorphic process that is driven by economic incentives.

As a global phenomenon, the tourism industry faces considerable domestic and international competition. As Chinese tourists travel to more countries, the competition to attract them intensifies. To stay competitive, service providers must follow the practices of tourism providers in countries with large numbers of Chinese tourist arrivals and receipts. It is worth noting here that mimetic and normative isomorphism are inherently different; the former is precipitated by uncertainty and the latter is based on a motivation to "establish a cognitive base and legitimation for occupational autonomy" (DiMaggio & Powell, 1983, p. 152). Rather than providing Chinese mobile payment due to uncertainty, tourism service providers may do so to seek legitimacy for their business and service. By accepting Chinese mobile payment, companies may be seen as "legitimate" service providers to Chinese tourists (Boxenbaum & Jonsson, 2017).

These examples demonstrate how the growing adoption of mobile payment in Asia is a homogenization stemming from isomorphic processes, precipitated by regulative, mimetic and normative mechanisms instead of a simple diffusion of mobile payment. Further, while DiMaggio and Powell (1983) acknowledged that isomorphism may be triggered by the need for political power, legitimacy as well as "economic fitness" (p. 150), they insisted that isomorphism is a process triggered by institutional pressures to be legitimate (legislative and professional) and failed to mention how economic factors may also contribute to isomorphic changes. As the tourism industry develops globally, countries and the local service providers are under considerable economic pressure to gain competitive advantages by adopting the practices of successful competitors (DiMaggio & Powell, 1983). In the case of Chinese mobile payment adoption in Asia, the isomorphic change is engendered simultaneously by institutional pressures and by economic reasons to stay competitive.

Conclusion and future directions

Tourism is a prominent force of globalization. More than just the movement of people, it encompasses socio-cultural exchange, economic transactions and consumer culture. As a sociology theory, neoinstitutional theory may be an important theoretical perspective for tourism research. Drawing on the case of the mobile payment market in Asia, this study proposes that the growing adoption of mobile payment is the outcome of an isomorphic process catalysed by the growth of Chinese outbound tourism. These Chinese tourists, who possess considerable bargaining power, expect and demand mobile payment services in the host country, subsequently affecting the global adoption and acceleration of mobile payment providers. First movers and early adopters among travel service providers find themselves at an advantage in competing for this share of the market.

Albeit preliminary, the outcome of this study provides some theoretical contributions. The use of neoinstitutional theory,

specifically, institutional isomorphism to account for the role of tourism in instigating change, contributes to the body of knowledge on how tourism may act as an agent of change.

As a research note, it seeks to stimulate greater scholarly interest in using institutional isomorphism to understand the impact of tourism on local communities. The success story of China's cashless society and smooth adoption of mobile payment as a replacement for cash may have encouraged neighbouring countries to develop their respective mobile payment market and infrastructure (DiMaggio & Powell, 1983). Even though the link between Chinese tourism and local mobile payment adoption has not been empirically investigated, future studies can explore the impact of tourism on the global adoption of mobile payment. Challenges posed to the tourism industry in the implementation of the mobile payment market may also be explored, for example, pockets of tourists from different cultures or demographic groups who oppose mobile payment.

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