



Tourism's vulnerability and resilience to terrorism



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HIGHLIGHTS

- In general, international tourism is resilient to terrorism.
- Globally, there is no long run effect of terrorism on international tourism and the short run effect of terrorism on international tourism is quite small.
- 9 countries out of 95 show a long run impact of terrorism on international tourism and 25 of 95 countries show a short run effect of terrorism on international tourism.
- The impact of terrorism varies by political regime, income and tourism intensity.

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ABSTRACT

Personal security is a major concern for tourists. Most tourists will seek safe and secure destinations and avoid those that have been plagued by terrorism. This research quantifies the relationship between terrorism and tourism in 95 different countries and territories using international tourism demand models. After controlling for income, we find there is no long run effect of terrorism on international tourism demand and the short run effect is quite limited from a global perspective using panel data models. Only nine countries out of the 95 show a long run impact of terrorism on tourism and 25 countries out of the 95 show a short run impact using time series models, implying that international tourism is resilient to terrorism. The influence of terrorism is diverse in destinations with different political instability, income levels and tourism intensities.

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1. Introduction

Fear and insecurity are major barriers to international travel (Buckley & Klemm, 1993). Terrorism has evolved into a major global concern for the tourism industry, tourists, and for host communities (Mansfeld & Pizam, 2006). The impact of 9/11 attacks left a legacy on international tourism (International Air Transport Association, 2011). Although 15 years have been passed, the tragedy of the 9/11 attacks continues to affect international tourism, through more thorough security checks at airports and more stringent visa processing. The mind-set of international tourists fundamentally changed. International arrivals to the US decreased 8.5% in 2001 and it took three years for the inbound market to recover to the same level as 2000 (World Bank, 2016). The legacy of that terrorism attack spread across the world. Compared to the previous year, international air passengers and revenue of airlines

declined 2.7% and 6.7%, respectively, in 2001 (International Air Transport Association, 2011).

Terrorist attacks have been occurring with regular frequency. As recently as 28th June 2016, 41 people were killed and 239 wounded in a gun and bombing attack on the Ataturk international airport in Istanbul. 13 of the 41 dead are foreign nationals, including five from Saudi Arabia, two from Iraq, and one each from Tunisia, Uzbekistan, China, Iran, Ukraine and Jordan (The Guardian, 2016). The attack was believed to be carried out by the Islamic State in Iraq and Syria (ISIS). Another recent terrorist attack which also significantly affected international tourism demand was the attack in Paris in December 2015. Although the influence of the attack in Paris was not as severe as the 9/11 attacks, the European tourism industry is expected to lose between €800 million and €1 billion as a result (Bremner, 2015; Morris, 2015). As argued by Khan and Ruiz Estrada (2015), the emergence of ISIS has not only created terror and tension in Iraq and Syria but also created fear and insecurity in the rest of the world.

Despite numerous case studies being conducted on the impact of tourism and terrorism, the impact of terrorism on tourism

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demand is still under-researched (Arana & Leon, 2008). Although scholars have investigated the influence of terrorism attacks on different destinations, such as Goodrich (2002) for the 9/11 attacks in the USA, Bhattarai, Conway, and Shrestha (2005) for Nepal and Wolff and Larsen (2014) for the 2011 Oslo/Utøya massacres, such studies are all ex-post studies. This research goes beyond the ex-post approach by examining the impact of terrorism on international tourism demand from 1995 to 2012 for 95 countries/regions. Terrorism is measured using the Global Terrorism Index (GTI), developed by the Institute for Economics and Peace (IEP), to capture the trends and changes of terrorism attacks throughout the world. Rather than using case study analysis and small-sample quantitative research to examine the relationship between terrorism and tourism demand, this research takes a comprehensive global perspective. The findings provide valuable and useful information for governments and tourism stakeholders to manage future terrorism crises. To the best of the authors' knowledge, this is the first paper to undertake such a systematic and rigorous analysis of the nexus between tourism and terrorism.

The remainder of the paper is as follows: studies focusing on the relationship between terrorism and tourism are reviewed in the next section, followed by the introduction of data and variables and method. The findings of the research are subsequently presented and the final section concludes the study.

2. Tourism and terrorism

Terrorism is defined as “the commission of criminal acts, usually violent, that target civilians or violate conventions of war when targeting military personnel; and that are committed at least partially for social, political, or religious ends” (Agnew, 2010, p. 132). Terrorism has been greatly under-theorized (Roche, 2004). Recently, there has been attempts to correct this. Agnew (2010) theorized that terrorism is most likely to occur when people experience ‘collective strains’ that have a large impact on civilians; are unjust; and are inflicted by those in power. Examples of ‘collective strains’ include absolute and relative material deprivation, problems associated with globalization/modernization, territorial, ethnic and religious disputes, denial of basic human rights, economic, political, and other discrimination based on race, ethnicity or religion.

Callaway and Harrelson-Stephens (2006) theorized that terrorism arises because of the denial of three types of human rights: political rights, personal security rights and basic human rights. In terms of political rights, Callaway and Harrelson-Stephens argued that as the level of political openness decreases, the likelihood that individuals will resort to terrorism activity increases. For security rights, the same authors argued that where the level of repression (government sanctioned violations of security rights, such as the use of torture, disappearances and summary executions) increases, there is a greater likelihood of terrorism. However, after a certain threshold, extremely repressive regimes will quash any terrorist activities. Lastly, with respect to basic human needs, there is a non-linear relationship between basic needs and terrorism. Individuals in less developed countries or low income countries who struggle for daily survival will have little time or finances to devote to terrorism activities. Individuals in high income countries are generally satisfied with their material needs and hence less likely to engage in terrorist activities while those individuals in middle income countries may be exposed to wealth but are unable to attain a standard of living they would like and maybe more susceptible to use terrorism to express their protestations.

The rationale of the impact of terrorism on tourism demand is straightforward. From the perspective of demand side, places

where terrorist attacks are committed damage destination image and deter tourists from visiting (Pizam & Mansfeld, 2006). Potential tourists either defer their travel or choose perceived safer destinations. Tourists aim to minimize the risk of a terrorist attack by substituting a more risky destination for safe ones (Arana & Leon, 2008). The more severe and the more frequent the terrorist attack is, the greater is the (negative) impact on tourist demand due to the higher perceived risk (Pizam, 1999). Along with the loss of tourism receipts, there may also be a decrease in foreign direct investment as business confidence falls, reducing the future capital stock necessary for continued economic growth (Enders & Sandler, 1996). Terrorist attacks may target and destroy public infrastructure, such as airports, roads and bridges, which have a disabling flow-on effect.

Terrorism has serious consequences for both tourists and tourist destinations (Ryan, 1993). Sonmez (1998) provides a descriptive account of the relationship between tourism, political instability and terrorism, throughout the 1990s. She goes as far to suggest that more countries around the world face some sort of political conflict as those who enjoy peace and stability. Sonmez and Graefe (1998) chronicled 29 international terrorist incidents that involved tourists between 1993 and 1996. The growth of tourism, particularly poorly planned mass tourism, may become a political issue which may exacerbate ideological differences amongst political factions (Richter & Waugh Jr, 1986). Terrorist attacks on international tourists may be less likely to alienate popular support than attacks on domestic targets, hence legitimizing their political objectives (Richter & Waugh Jr, 1986). Although the tourism industry is increasingly vulnerable to terrorism, the size of the threat to tourists may depend upon the objectives of the terrorists and the role tourism and tourists might play in helping the terrorists achieve their objectives (Buckley & Klemm, 1993). Attacks on international tourists are more likely to grab international headlines and achieve media attention that would disseminate their political propaganda. These targeted international tourists may be symbols of hostile or unsympathetic foreign governments. The impact of terrorist attacks on tourism tends to be short and sharp, gaining significant media coverage and public attention while domestic political turmoil tends to have a lingering effect that may create a lasting barrier to international tourism (Sonmez, 1998).

The literature on tourism and terrorism is replete with analyses of various case studies. Wolff and Larsen (2014) reveal that perceived risk among tourists to Norway remained unchanged from 2004 to 2011, and did not change immediately after the July 22nd, 2011 Oslo/Utøya massacres. Wolff and Larsen propose that this is because Norway is perceived as a relatively safe destination with little history of terrorist attacks, civil unrest or systematic violence. Unlike terrorist organizations such as ETA in Spain, IRA in Northern Ireland, Al Qaida in the US, or Hamas in the Middle East, the perpetrator of the Oslo/Utøya massacres was a “lone wolf” who no longer posed a threat to society, after his arrest.

Buckley and Klemm (1993) examine the impact of terrorism on tourism to Northern Ireland across the 1970s, 1980s and into the 1990s. The authors notes that while destinations can recover from individual incidents, the continued reinforcement of a destination as a constant trouble spot slowly deteriorated the destination's image. Goodrich (2002) summarized the immediate impact and reactions in the USA travel and tourism industry of the 9/11 attacks on the World Trade Center in New York. Goodrich found that the cost of the tragedy, in terms of rebuilding, was estimated at US\$ 105 billion and there were declines in airline passenger loads and hotel occupancy rates of approximately 50% or more immediately after the attacks. Arana and Leon (2008) demonstrated that the 9/11 attacks on the USA also affected German tourists' demand for beach holidays in the Mediterranean and Canary Islands. When there is a

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