

The Future of the Tourism Industry in the Wake of Terrorism: An Analysis

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Abstract: Terrorism, and its attendant effects, has become a global concern with both developed and developing countries experiencing an exponential increment in terrorist-related incidents. Due to the strength of the industry, the nexus between tourism and terrorism is undeniable. Tourism is a major source of revenue generation and, therefore, an integral part of economic development; a relationship that rewards a nation when positive conditions such as a strong global economy exists. Terrorism is a threat to this relationship. The effects of terrorism on a nation's economy are vast and include loss of jobs, reduced income, rise in crime and a myriad of other socio-economic tribulations. This paper analyses empirical evidence on the effects of terrorist attacks on tourism. While it is not realistically possible to measure the total economic impact of terrorism, studies have shown that terrorism attacks contribute to a decrease of 10% in travel and tourism demand worldwide. Consequently, this translates to 8.8 million people losing their jobs in the industry. This is more so because terrorists mostly attack cities and other populated areas thus affecting tourism industries which challenges travelers and tourists' security beliefs. When people travel from their place to a different place, they do not want to be exposed to personal hazards; so safety is a paramount concern of most travelers. In Kenya, terrorism has a direct impact on tourism mostly because terrorists target tourist destinations in an attempt to attract the world's attention. It follows that Kenya and many other developing countries are dependent on tourism since it forms a substantial part of their GDP and anything that impacts on tourism will have a profound impact on their economies. However, due to the political issues that often crop up in such countries, there is often conflict that makes them more susceptible to terrorist attacks.

Keywords: Future, Tourism Industry, Wake of Terrorism.

INTRODUCTION

For most African countries, tourism makes key contribution to their GDP [1,2]. However, due to terrorist activities targeted at prime vacation cities in Africa, the tourism sector has been suffering. A good example of such is Kenya, where tourism numbers continue to decline due to terrorist attacks and rising political tension. In Kenya, the tourism industry is very important and makes imperative contribution to the country's economy. For a long time, foreign tourists have formed a huge percentage of visitors who holiday in Kenya. However, of late, Kenya has suffered greatly due to terrorist attacks such as the bomb attack in 1998 targeting the United States embassy in Nairobi, the bombing of Paradise Beach Hotel in Mombasa and the attack on Westgate Mall in January 2014 in Nairobi.

In the 1998 attack of the US embassy in Kenya, lives were lost and property destroyed. The attack led to the death of 213 people with more than 4000 others sustaining injuries. In addition, due to the US's import at the global level, news regarding the

attack was quickly disseminated and this had a detrimental effect on Kenya's image. In the year 2012 alone, Kenya experienced a series of terrorist attacks in different parts of the country of which lives and property was lost. It is worth noting that effects of terrorism go beyond loss of lives, injuries and destruction of property. Terror has economic costs [3].

Studies show that between 2012 and 2014, five countries namely Nigeria, Iraq, Pakistan, Afghanistan and Syria experienced the largest number of terrorism-related deaths. While 24% of terrorist attacks resulting in deaths did not have any entities claiming responsibility, over 50% of the attributable deaths were caused by either ISIL or Boko Haram. ISIL (sometimes referred to as ISIS or the Islamic State, was the second most deadly terrorist group in 2014 with 6,073 deaths being attributed to the group. Boko Haram is an Islamist terrorist group based in northern Nigeria. In 2014, Boko Haram was responsible for 6,644 deaths. Due to the increase in deadlines of Boko Haram, Nigeria now has the second highest number of deaths, after Iraq [4-6].

With such huge fatalities, it therefore follows that terrorist attacks incidents have had a negative effect on people’s predilection to travel for leisure. In September 11, 2001 there were attacks on the World Trade Centre, which clearly demonstrates the potential risk that terrorism poses on the tourist and tourism industries. As expected, tourists will definitely substitute risky destinations with safer choices which demonstrate a delayed reaction to terrorism and exhibit cultural differences in their reactions to risk [7,8].

Terrorism as a Bane to Tourism

The tourism industry is perhaps facing its worst challenge due to terrorism. Terrorism has not diminished but rather mutated, the lone wolf terrorism has increased their threat to the tourism industry and is harder than ever to detect. Terrorists have adopted the benefits that accrue from advancement in media technology and instead of ‘traditional’ acts of violence; we are experiencing the ‘modern’ terrorist who won’t hesitate in using media platforms to create media centric violence [9, 10]. As such, terrorists are increasingly recruiting skilled individuals who are not only highly educated but also have a wealth of knowledge in the use of social media, marketing skills, bio-chemical warfare, and cybercrime/cyber terrorism. Many of these people are motivated and see tourism as the symbol of decadence.

The open challenges of terrorism are the violation of human rights, the severe damage of infrastructure, and reduction in economic opportunities. Destruction of property, damage of infrastructure, loss of human lives and reduction in the short term

economic activity are the immediate outcome of terrorism attacks. Due to its wide reach, the tourism industry caters for a wide range of stakeholders. Stakeholders and the local economy depend on outsiders’ perception of the community. For this reason, it is more damaging when the industry has to not only contend with the devastating effects of tourism catastrophes and crises, but also deals with the wide and negative publicity borne of the industry’s high visibility and central role in most economies. In addition, the industry has to also deal with the fact that regardless of the cause, travelers will, in most instances, shy away from areas afflicted by frequent attacks. As a result, the likely scenario that ensues is an industry that continues to bear the brunt of the after-effects of terrorism long after the attack itself. This is because tourists my still harbor the negative image caused by the attack which outlives the physical damage and the tourism industry will have to find ways to manage the after effects. This, in turn, results in an economic slump whose effects may very well outweigh the physical damage.

Literature on the vagaries of terrorism on the tourism industry shows a worrying trend. For instance, DePuma [11] has observed that in 2014, Iraq and Nigeria accounted for more than half of all terrorism-related deaths. In 2014, Iraq witnessed an upsurge in terrorist-related deaths compared to the entire world in the year 2000 – a rise of 300%. Between 2012 and 2014, Iraq, Nigeria, Afghanistan, Pakistan and Syria bore the brunt of terrorism. As shown in Figure 1, in Iraq, an upsurge in death rates was witnessed during the US-led invasion in 2003 but the figures fell in 2007 only to rise again in 2013 with the rise of ISIL [12-14].

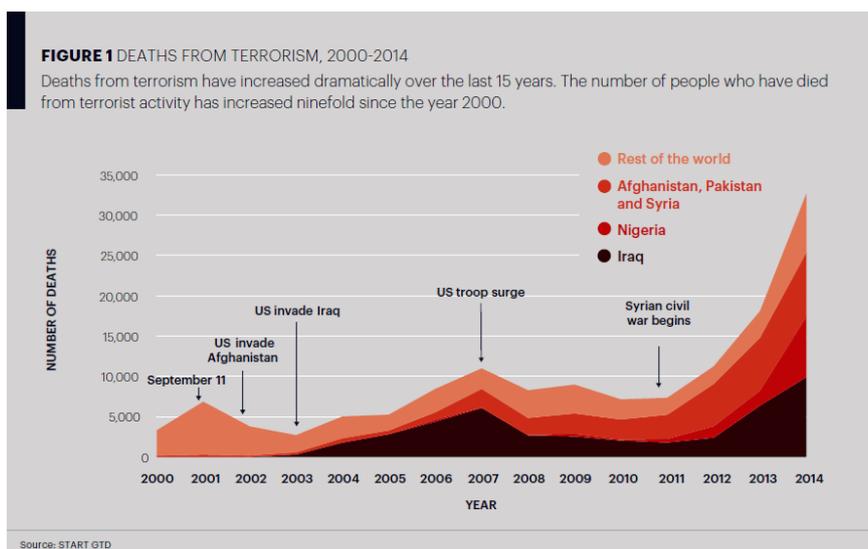


Fig-1: Deaths from Terrorism in the Period 2000-2014

According to the Global Terrorism Index 2015 Report, Iraq, Pakistan and Afghanistan top the list of the countries with high number of deaths that are a

result of terrorism at 25%, 14% and 12%, respectively. In Africa, Nigeria tops the list with 7,512 terror-related deaths in 2014 – an increase of 300% compared with

2013. In the list of countries with the ten highest levels of fatalities, Pakistan, Afghanistan, Iraq, Nigeria, the United States and Somalia feature prominently [12, 11].

This intimates that terrorism has remained a significant issue in these countries for a long period of time (see Figure 2).

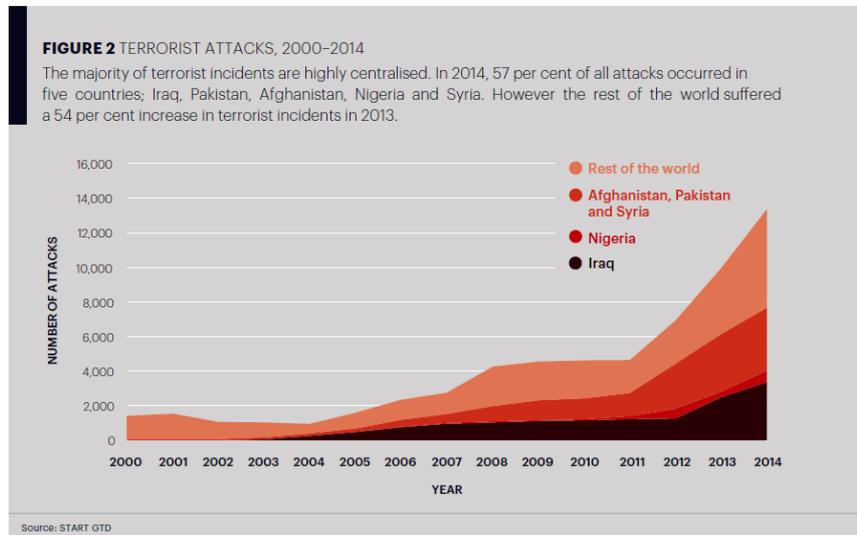


Fig-2: Terrorist Attacks (2000-2014)

From the foregoing, it is therefore no wonder that tourism and terrorism are interlinked as the two have many meeting points. For instance, both cross national borders, involve citizens of different countries, and utilize travel and communications technologies [15]. Commenting on this relationship, Sonmez and Graefe [16] observe that “the relationship between tourism and terrorism first gained international notoriety in 1972 during the Munich Olympic Games.” During this attack, athletes from Israel were attacked by terrorists from Palestine. What made the attack get more traction was the fact that it was carried out in front of a global television audience of nearly 800 million viewers [4, 17]. In addition, it also follows that despite the fact that chances of one being directly affected by terrorism acts are minimal, the possibility is there and, consequently, the fear among tourists is real and lasting. As such, the threat becomes omnipresent in the tourist’s mind at all times and, needless to say, this will have a negative effect on the tourism industry [18-20]. Furthermore, tourists appeal to terrorists as they represent soft targets and are easily distinguishable symbols of the enemy with the tourist locations being perfect strategic targets to carry out attacks [4,21,22] with ideological objectives as reasons for vulnerability of the tourism industry [23].

Conceptual Framework

The discussion in this paper is premised on two components of risk in travel decision-making as espoused by Um and Crompton [24] - facilitators and

inhibitors. Facilitators are destination attributes that help to satisfy the tourist’s motives, whereas inhibitors refer to the attributes that are not congruent with those motives. Tourists then make use of these attributes by eliminating destination alternatives that do not match with their expectations. According to Um and Crompton [24], facilitators have greater influence in the beginning of the decision making process, whereas inhibitors have greater influence towards the end of the decision making process, when the outcome becomes more serious [16] as illustrated in Figure 1.

As shown in Figure 3, the choice of a destination depends on the tourist’s ability to recognize a problem, search for information, evaluate the alternative and then, eventually, make a choice. For this to happen, a number of stages are involved. Once a tourist decides to vacation, it is prudent to make a search of the available destinations which are of interest to the tourist. While searching for this info, the tourist’s choice is likely to be influenced by the data regarding the destination; be it from the media, the government or any other actors in the tourism industry. Since terrorism evokes negative reviews, destinations considered to be prone to terrorist attacks are likely to be struck off the tourist’s list. This will, in turn, have a detrimental ripple effect on the economy of the said destination, more so if the destination’s GDP is highly dependent on the tourism industry.

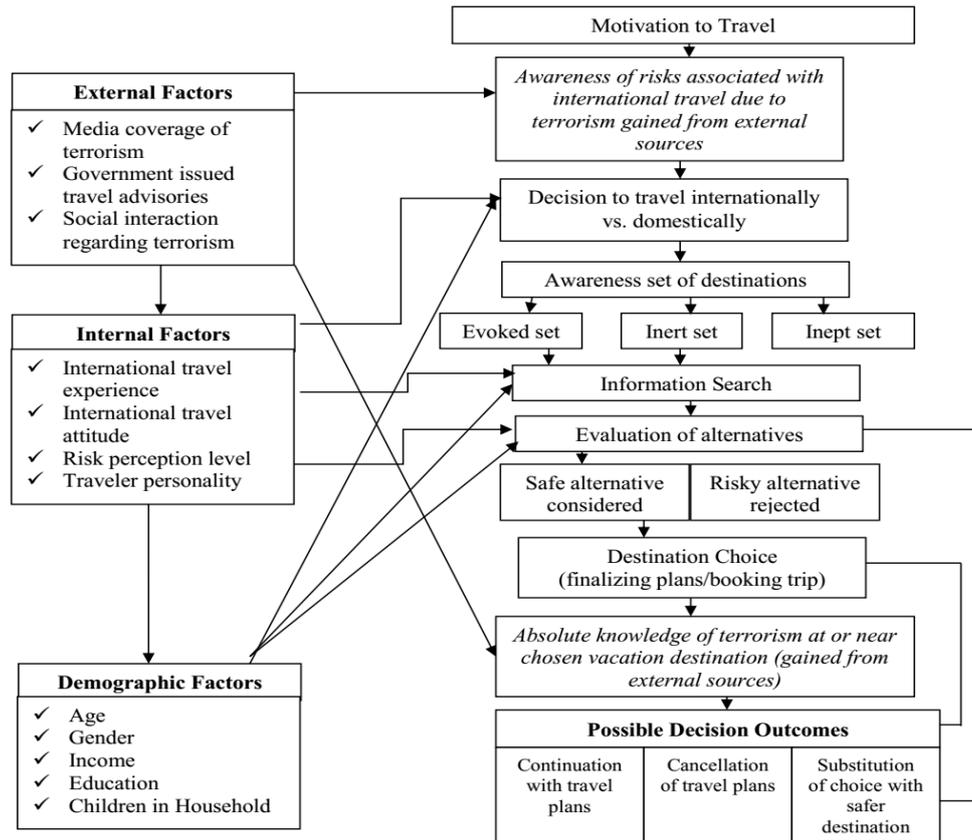


Fig-3: A Diagrammatic Illustration of the Impact of Terrorism on Tourist’s Decision-Making Process

The Nexus between Terrorism, the Economy and the Tourism Industry

The effects of terrorism on a nation’s economy are vast and include loss of jobs, reduced income, rise in crime and a myriad of other socio-economic tribulations. For both developed and developing countries, tourism is a major contributor to the countries’ economy. As such, any shockwaves that strike the industry are felt by the entire economy. This explains the recent corpus of studies that seek to expound on the link between terrorism and tourism. When the tourism industry is negatively affected, the attendant repercussions and effects ripple not only through the activities directly associated with tourism but also to other sectors indirectly connected to the tourism industry. Such sectors may include firms that supply services or goods to firms, employees and employers in the tourism industry [25-27]. In essence, therefore, all sectors of the economy are, in one way or another, affected by the vagaries of terrorism.

Studies have shown that in 2014, five countries accounted for 78% of all terrorist deaths [11, 4] with 80% of these countries having the highest levels ever recorded. Of interest is the increase in deaths in Nigeria as this represented the largest yearly increase ever recorded. In addition, Nigeria moved from the country with the fifth highest levels of fatalities in 2013 to the

second highest in 2014. Pakistan was the only country in the ten most impacted countries that saw a decline in deaths and accordingly it dropped from third to fourth. In Pakistan in 2013 terrorism killed 2,356 people whereas in 2014 1,760 people were killed, a difference of 600 people. This is in part due to the further fracturing of the Tehrik-I-Taliban Pakistan (TTP).

There was also movement in the countries ranked six to ten, with South Sudan, Central Africa Republic and Ukraine moving into the group for the first time. In the years from 2000 to 2003, Ukraine had only three deaths from terrorism, the Central African Republic had 193 and South Sudan had 167. In 2014, all three countries had over 550 deaths. The Central Africa Republic had an increase of over 500%. South Sudan experienced an increase of 361%. However, the biggest proportional change was in Ukraine which had no deaths from terrorism in 2013 and 665 deaths in 2014. Both the deadliness and the concentration of terrorism has increased across the rest of the world - all countries bar the ten countries with the highest number of deaths. Outside the ten countries with the highest number of deaths from terrorism, deaths increased by 139% from 2013 to 2014. In 2014, there were 4,005 deaths from terrorism in the rest of the world, representing 12% of total deaths. In contrast, in 2013 there were 1,679 deaths from terrorism in the rest of the

world representing 9.3% of deaths in that year. This reflects the spread of terrorism and its increasing deadliness around the world.

From the foregoing, it suffices to aver that terrorism directly affects tourist's decision-making. If they feel threatened or unsafe in a country, it is understandable that the tourist will take his/her security very seriously and will substitute between vacation spots. Fewer annual tourists as a result of terrorism will typically result in losses of tourism revenue. Consequently, the losses in tourism revenue may have a larger impact in those countries in which tourism constitutes a larger percentage of GDP. Terrorism can also affect the amount of foreign investment that flows into the country, especially investment in the tourism sector in less developed countries where resources are limited, and foreign investment funds tourism business in the country. The threat of terrorism discourages foreign investors as lenders invest their money elsewhere. Not only does the terrorism affect the country where these activities are taking place but also have their impact on the neighboring countries. Terrorist attacks might cause political instability which leads to the decline or disappearance of tourist arrival in some tourist destinations [28,29].

Globally, terrorism has time and again threatened to put the tourism potential of a country on the back foot. In fact, it has emerged as one of the major reasons affecting the tourism industry in a country. The effect of the 9/11 attack was horrible, in every sector of tourism where around 2 billion US dollars were lost in the 2 weeks, employment rate fell down by 5% and the domestic airlines lost 100 million US dollars after the 9/11 terrorist attacks. Travel industry was affected, the number of both international and domestic tourism decreased. A reduction in travels translates to a corresponding reduction in business trips. Business travel would have a negative effect in the economic sector; it affects overall economy, lack of financial resources, security problem and due to the losses in tourism industries, a resultant loss in the GDP. During the post attack period, the US tourism labor market suffered. More than 335,000 people lost their jobs between 2001 and 2002, 141,000 were in accommodation and 93,000 people were of air travel sectors. The negative impact on the various sectors of the domestic tourism industries in the US had more effect on the air transportation and hotel sectors. In air transportation they had losses of 5 billion and in hotel sectors 5.9 billion US dollars, respectively. The entire industries showed a loss of 34 per cent in Sept/Oct 2001 [30].

For many developing countries, tourism is a critical source of revenue generation and a major component of economic development. In Kenya, the

decrease of foreign tourist in Kenya has resulted in many workers in the tourism industry being laid off as most firms either downsize or wind up. The international Labor Organization estimated that as many as 9 million of the world's 200 million hotel and tourism workers could lose their jobs in the wake of the attacks. In 2011, the earnings from tourism in Kenya rose by 32.8 per cent from 73.7 billion in 2010. The industry also provides 10.5 per cent of employment around the global which is a substantial chunk of any economy. Kenya and many other developing countries are dependent on tourism since it forms a substantial part of their GDP and anything that impacts on tourism will have a profound impact on their economies. However, due to the political issues that often crop up in such countries, there is often conflict that makes them more susceptible to terrorist attacks.

CONCLUSIONS AND RECOMMENDATIONS

This paper has demonstrated that terrorism is a menace to the tourism industry and the global village at large. Furthermore, the paper has also shown how terrorism affects the industry, more so with terrorism's recent evolution and growth buoyed by ever-increasing number of terrorist groups and the vast amount of resources they have at their disposal. This development has a correlating negative impact on the tourism industry and is difficult to predict the recovery period of the country that a terrorist attack occurs in. The severity of attacks rather than their frequency causes a larger decline in international tourists' arrivals. Consequently, the researcher recommends that close attention needs to be paid to the medium term consequences of terrorism. Measures to reduce the risk and the economic consequences of further attacks should be both security effective and growth-friendly.

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