

Geopolitical Risk and Tourism: An Evidence from an Emerging Market

Beyza Mina Ordu-Akkaya

Ankara Social Sciences University, Turkey

beyza.akkaya@asbu.edu.tr

Abstract:

Geopolitical risk is a latent variable affecting economic conjuncture of countries. Previous studies mainly focus on terrorist attacks and terror environment and show that these attacks have negative impact on economies and tourism income. However, geopolitical risk might occur under tensions with neighbor countries or demonstrations by a specific group within the country. Even the increasing migration from other countries can result in increasing geopolitical risk. Therefore, we utilize the geopolitical risk index developed by Caldara and Iacoviello (2018) for Turkey, to measure the impact of geopolitical risk on tourism income. Especially increasing refugees in Turkey in the last couple of years could have changed the perceptions of foreign tourists. Hence, our sample, which is between 2005 and 2018, provide a natural setting to cast a light on our research question. Our findings imply that an increase in geopolitical risk has a significant impact on income per foreign tourists depending upon the period dot.

Keywords: Tourism, geopolitical risk, crisis, foreign investor

JEL Codes: Z30, G00, G10