Tourism and Hoteling Industry after Terrorism in Swat, Khyber Pakhtunkhwa, Pakistan

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Abstract
The present study was carried out in District swat to assess the impacts of terrorism on tourism (Hoteling industry) in the aftermath of the present insurgency. The study proceeded with the objectives, to investigate the effects of insurgency on hotel industry and to measure association between insurgency and hotel industry. A sample size of 288 respondents, associated with this industry was selected on random sampling procedure. The study found that terrorism as a non-state action was significant (P<0.05) with educational status along with holiday-related tourists more affected (P<0.05) with educational status of the respondents. On the basis of study findings, loans on soft terms, for small and medium enterprises, special packages for affected industry employees, propagation of local values, which entails hospitality for non-locals through media, with strong participation of local’s leaders were recommended as policy guidelines.

Keywords: Tourism- Tourism, Hoteling - Literacy- effects- chi square test statistics

Introduction
Tourism as an organized economic activity began in the Maldives in 1972 since tourism flourished (Ministry of tourism, 2009). The tourism concept contains provision of services including transportation, food accommodation with their allied services for attracting tourists and generating
more and more money especially foreign exchange (Niyaz, 2002).

Terrorism has no specific definition as it is a very complex phenomenon, terrorism is closely connected with tourism, this occurs for a number of reasons. Terrorism has so many types like individual, organizational, national and international, and they are generally distinguished by form of its application. People have different views about terrorist attacks as some people claim that terrorism is a criminal act, while others view that terrorism is not a crime as it is a fight for independence (Pizam, 1999). After the terrorist attack in September 2001, terrorism remains one of the main issues of the tourism industry and a source of terror of the tourists (Cooper et al., 2008). Terrorism affects tourism and the freedom of media, scale of the attack and the target of terrorists. Due to terrorism the cost of local government increased on provision of goods and services especially on the expenditure of providing security and safety to tourists (Tribe, 2009).

Bhattarai et al. (2005) found that due to the insecure situation in Nepal adventure tourists’ arrival declined up to 42%. One of the surveys found that in Nepal tourists’ arrival decreased from 464,000 in 2000, to 216,000 in 2002. Posner (2003) pointed out that tourists’ arrival has decreased because of the violent behavior of terrorists with people, so they fear even after the vanishing of terrorism and ensuring security to people. Bulgarians traveling abroad were allowed only US$ 20 to take out of the country. However, in the case of Hunger committed, the downgrading of tourism from the countries that compromised the Communist Eastern Europe until late 1989 has been deliberate as Hungary has positively sought to attract visitors from the West by relaxing bureaucratic and monetary constraints. Initially, the motive was the country’s desperate need for hard currency, but it is now part of the process of political liberalization and an assertion of Hungary’s independence. It is worthy to mention here that Jordan received more than 40,000 Hungarian tourists in the year 2003 which indicated the upheaval changes in the political situation in the former Eastern Bloc. The recent rise in terrorism has prompted many economists and psychologists to attempt to understand and to discover the components of its perceived relationship with tourism. The tourism sector is significantly affected by terrorist activities due to its inherent nature as both a voluntary and luxury good (Compton, 1991).

Literature review
The survey results of Pizam and Mansfeld (2002) show that terrorism leads to decline in tourist entrance in Israel. From a study it was depicted that due to bomb blasting, the arrival of tourists from Australia to the USA decreased from 150,747 in September 2002 to 31,497 in the month of November (World Bank/UNDP, 2006). Due to bomb blasting hotels occupancy rates were 65 to 100% in September while 10% till the end of October 2002 (World Bank/UNDP, 2006). After
ensuring a normal situation in Bali tourist number reached 1.5 million in 2004, tourist arrival in 2004 is 44% higher than in 2003. Economist Intelligence Unit (2005) highlighted that second suicide bombing in October 2005, in Kuta and Jimbaranin, which caused 23 deaths including the three suicide bombers. This results in the fall of tourist arrival daily from 5,000-10,000, which ends up in hotel occupancy rate estimated to be between 30 and 40% (Jakarta Post, 2006). Due to bomb blasting in the one-and two-star hotel businesses in Kuta, tourist arrival fell down from 3000 Australian guests per month to around 200 per month (Business Indonesia, 2006).

It was concluded from a UNDP and World Bank survey in 2003 that terrorism also affected the economic condition of peoples as due to bomb blasting in Bali household income reduced up to 25 percent. Terrorism also affects the employment or jobs of peoples as it was declared by a study that after bombing in Bali out of total 58,000 workers in hotel and restaurant, in which 1,400 remains surplus in May 2003 due to which they are removed from job in addition it was also pointed out that due to terrorist attacks income of market traders, beach vendors and taxi drivers drop to 32 percent in Pasar Badung and 71 percent in Pasar Ubud due to reduction in tourist arrival. Due to terrorist attacks, the number of small and medium enterprises reduced which resulted in unemployment from 50 to 60 percent during October 2002 and May 2003 (World Bank/UNDP, 2006). Bali is a center for tourists as 60% of tourist arrivals in Indonesia visit Bali (Asiamoney, 2006). Due to the first bomb blast in Lombok, income of people drops to 50% on average. As East Java has strong economic linkages with that of Bali so due to bomb blasting small and medium enterprise production decreased up to 35%. In addition, it was found that silver and wood industries in Pasuruan, granite and metal producers in Tulungagung and bamboo and wood producers in Banyuwangi reduced to almost 50% (World Bank/UNDP, 2006). It was observed that after the 9/11 terrorist attack caused a reduction in airline travel in the United States which ended up into financial crises for airlines in the US (Blunk et al., 2006).

It was estimated that airlines totaled $US3.2 billion in the third quarter of 2001 and $US4.4 billion in the whole year of 2001 in the US (Federal Aviation Authority FAA, 2001). It was found that in 2006 the Indonesian national airline, Garuda Indonesia, failed to meet repayments on an unnamed amount of debt. This is also because of a reduction in arrival ratio to Bali and high fuel prices. In order to promote tourist arrival in Bali free 10,000 return tickets were issued to tourists to increase tourism to the island (Jakarta Post, 2005). In which 1600 were offered to Australian citizens. The Bali government announced 67-billion i.e. (US$7 million) in February 2006, for the recovery of the tourist industry in the country (Jakarta Post, 2006). Similarly, to promote tourists coming into Bali a campaign was started in Beijing and Guangzhou in China and Berlin, Hamburg and Frankfurt in Germany, encouraging people to arrive in Bali (Jakarta Post, 2006).

According to (Sharma, 2006) the industry's traveling product is like no other and it becomes addictive. It is for good reason that people say they have been bitten by the ‘travel bug’ because life is changing and exchanging experiences. It allows people to travel to a destination for relaxing and get away for a while from their problems or the things bothering them. The industry attracts
couples, groups or individuals who are energetic and open to new experiences and ideas. Nowadays many crises occur which are undesired, extraordinary, often unexpected and timely limited processes with ambivalent development possibilities for the tourists such as earthquake, volcanic ash, economic crisis (Glaesser, 2007).

Another factor that affects the ratio of tourism in an area is robbery or theft which is considered as the well-known crime against tourists, which also caused reduction in tourist arrival (Pizam and Mansfeld, 2006). Tourists fear these types of crimes more than nature-made disasters. Mostly due to terrorist attacks the prevailing uncertainty in the area caused reduction in tourist arrival. Other factors are feared risk, war/natural disaster and kidnapping (Sönmez and Graefe, 1998). As terrorist attacks in large cities therefore tourists avoid going into cities and they feel that e.g., the natural areas are safer. After the event of 9/11 the tourist opined that international travel is more risky than domestic and travel for holiday purposes is most extensively affected by terrorist threat so they arranged tours in their own countries which also remains a hurdle in the tourist industry (Arana and Leon, 2008). Because of threat and fear prevail in the minds of tourist earning of air travel dropped to 20% from September to December 2001(Floyd and Pennington-Gray, 2004)

As tourism activity in a region to identify changes in sales, tax revenues, income, and jobs opportunities in a country. Which is badly affected by terrorism, as it lowers the chances of economic development and produces threats in peoples to come out for jobs, education etc. (Frechtling, 1994).

Another factor that hinders the development of the tourist industry is the ideology of peoples. As it was found that during the period of cold war there was a ban on the citizens of Eastern Block to travel to the West in order to obey the cultural ideological beliefs and thoughts. At that time tourism was banned both at national and international level (Carte, 1991). Bulgarians traveling abroad are allowed only US$ 20 to take out of the country. However, in the case of Hunger commented the downgrading of tourism from the countries that compromised the Communist Eastern Europe until late 1989 has been deliberate as Hungary has positively sought to attract visitors from the West by relaxing bureaucratic and monetary constraints. Initially, the motive was the country’s desperate need for hard currency, but it is now part of the process of political liberalization and an assertion of Hungary’s independence. It is worthy to mention here that Jordan received more than 40,000 Hungarian tourists in the year 2003 which indicates the upheaval and changes in the political situation in the former Eastern Bloc. The recent rise in terrorism has prompted many economists and psychologists to attempt to understand and to discover the components of its perceived relationship with tourism. The tourism sector is significantly affected by terrorist activities due to its inherent nature as both a voluntary and luxury good (Compton, 1991).

Sandler and Parise (1992) tried to explain a country's lost revenues in terms of consequences of terrorism. Generally, it was observed that Tourists as normal customers that spend
their resources buying goods. This decreased due to terrorist activities (Enders et al., 1992). Their models suggest that any increase in terrorist activities should induce a substitution effect leading tourists to travel to places without terrorist activity. Tourists would therefore choose different travel destinations that would reduce their risk. This reduction in demand leads to potentially significant tourist revenue losses to those countries that are frequent targets of terror attacks.

Drakos and Kutan (2003) found that Israel’s tourist market is produced from religious visits. The current research depicted terrorist attacks in four cities in which one was purely tourist locations, while other attacks are in many religious sites. According to Bhattarai, Conway; and Shrestha, (2005) Nepal is the birthplace of Buddha due to which religious visitors remain in high numbers. Drakos and Kutan, (2003) claims that in the religious sites’ terrorist attacks are in a higher ratio as compared to regular tourism. Enders et al., (1992) found that tourist behaviors are affected by psychological aspects. Caplin and Leahy, (2001) presented the utility model, that expectation plays a most important role in resolution of an uncertain occasion. Though these researchers do not directly focus upon terrorism, they mention that terrorism has worse impacts on humans like terrorist incidents lead to fear, terror uncertainty influences on their desire. Similarly, Becker and Rubinstein (2004) explain utility models, they link it with an individual’s economic behavior. They argue that terrorism causes fear and terror in individuals which affect the consumer’s choices. Fleischer and Buccola (2002) explain the supply and demand model for the purpose of making an analysis of the impacts of terrorism on the tourism industry in Israel. They separate Israel’s tourism industry into local and foreign tourism. They noted monthly hotel charges of hotels, the weighted mean GNP of foreign visitors’ countries, the average expenditure of these tourists, in relation to terrorist attacks and with the political situation of the country. The result shows that due to terrorist attacks hotel revenues reduced too much. Similarly, Krakover, (2001) pointed out that terrorist attacks directly reduced the earnings of the tourist industry. Similar findings are found by Krakover, Fleischer and Pizam (2001) that terror attacks had direct impacts on tourism. As the tourism industry increases a country's GDP is reduced due to the prevailing rate of terrorism.

**Material and methods**

This research activity was limited to District Swat with major focus on the hotel industry. The total number of hotels which provide services both of food and accommodation constituted the population of the study. The total population size was 850 with a mix, providing services only in food and stay with food. However, the study was focused on those hotels which provided stay and food services with main perspectives of attracting tourists and generating revenue for the locals. This category of hotels was almost 400 in number. The universe was homogeneous in nature. Thus, a simple random sampling was adopted. Sample size was calculated by using the formula devised by Chaudry and Kamal, (1996). Putting values of literacy variable determined by Imran, (2008) in his study on Swat as given below.

\[ n = \frac{850}{288} \]
The data were collected on the basis of a conceptual framework of independent variable (Tourism aspect) and dependent variable (educational status). The collected data were analyzed through SPSS software and carried out Chi square test and the results were drawn on the base of 0.05 level of significance.

Results and Discussion

Association between tourism and educational status
Tourism is one of the most prominent industries in Pakistan. It played a pivotal role in promoting the national economy, as an imperative ingredient of a warless situation. Tourism is one of the major pull factors for non-local people to visit and enjoy the scenic beauty of nature. This activity usually entails the physical presence of non-local along with flow of foreign money to the host area. The tourist’s expenditure and the local people's economy, business and employment opportunity were found to be non – significant with the educational status of the respondents. High is the literacy more would be the chances for business etc. this finding is amply supported by (Blomberg et al, 2004a; Crain and Crain, 2006; Eckstein and Tsiddon, 2004; and Gaibulloev and Sandler, 2008) that rate of damages and investment was increased, thus leave negative effects on economy. Relationship between security arrangement and educational status was also found non-significant. It is attributed to the low profile of security in the area. Such a situation is also reported by (Tribe, 2005) that cost of local government on security was increased than income. Hoteling industry as a livelihood source for common people was found to be non – significant with the educational status of the respondents. It is the third largest source of area income where most of the people are directly or indirectly linked with this industry as disclosed by (Arshad, 2010) that tourism is the third largest industry to Swat economy where half million people are indirectly working for earning their livelihood with the number of hotels and restaurant operating in the area. Tourism promotes the development and maintenance of public facilities was found non-significant with educational status of the respondents. It is either people did not acknowledge the development process associated with this industry or the government and other agencies play little head to development in the local area through the money generated for it. Relationship with justifiable distribution of income was found non-significant with educational status of the respondents. It disclosed that income generated for the hotel industry was not fairly distributed among the local inhabitants. Proper visa system to increase the tourist’s arrival was found insignificant. It is because people had little idea of the visa provision process involved in permitting non local foreigners to the study area or probability of strict visa policies which control the flow of foreigners as reported by Neiman and Swagel (2009) that tourist arrival in the United States decreased due to changes in Visa policy by the government. Similarly, they also pointed out that the events of September 11th also reduced the arrival of tourists. Moreover, with regard to 9/11 incidence was found non – significant with educational status of the respondents. It was observed from (Blunk et al., 2006) research, that after the 9/11 terrorist attack caused a reduction in airline travel in the United States which ended up into financial crises for airlines in the US. Similarly, the natural calamities such as earthquake, flood etc do not affect this industry were found non –
significant with educational status. For natural calamities the people are coming from far and wide but it destructs the infrastructure. (Sönmez and Graefe, 1998a) explain that other factors are feared risk, war/natural disaster and kidnapping are the associated factors leading to low arrivals of foreigners. The holiday purpose tourists’ relation was found significant with dependent variables (educational status). It is predictable for this relationship that mostly people used to visit the study area during their holidays Arana and Leon, (2008) focused on the event of 9/11 the tourist opined that international travel is more risky than domestic and travel for holiday purposes.

**Table showing association between tourism and educational status**

<table>
<thead>
<tr>
<th>STATEMENTS</th>
<th>Responses</th>
<th>LITERACY</th>
<th>TOTAL</th>
<th>STATISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Literate</td>
<td>Illiterate</td>
<td></td>
</tr>
<tr>
<td>Tourist expenditure helps to stimulate the economy, employment opportunities and local business.</td>
<td>Yes</td>
<td>170(59.0)</td>
<td>33(11.5)</td>
<td>203(70.5)</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>73(25.3)</td>
<td>12(3.9)</td>
<td>85(29.2)</td>
</tr>
<tr>
<td>The tourism/hotel industry is more secure.</td>
<td>Yes</td>
<td>176(61.6)</td>
<td>33(11.5)</td>
<td>209(73.1)</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>68(23.6)</td>
<td>11(3.8)</td>
<td>79(27.4)</td>
</tr>
<tr>
<td>Tourism/hotel industry is a livelihood source for common people.</td>
<td>Yes</td>
<td>178(61.8)</td>
<td>33(11.5)</td>
<td>211(73.3)</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>66(22.9)</td>
<td>11(3.8)</td>
<td>77(26.7)</td>
</tr>
<tr>
<td>Tourism promotes the development and better maintenance of public facilities.</td>
<td>Yes</td>
<td>195(67.7)</td>
<td>35(12.2)</td>
<td>230(79.9)</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>49(17.0)</td>
<td>9(3.1)</td>
<td>58(20.1)</td>
</tr>
<tr>
<td>The benefits of tourism are distributed unfairly across the community.</td>
<td>Yes</td>
<td>154(53.5)</td>
<td>27(9.4)</td>
<td>181(62.9)</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>90(31.3)</td>
<td>17(5.9)</td>
<td>107(7.2)</td>
</tr>
<tr>
<td>Proper visa system increases tourists’ arrival.</td>
<td>Yes</td>
<td>158(54.9)</td>
<td>28(9.7)</td>
<td>186(64.6)</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>86(29.9)</td>
<td>16(5.6)</td>
<td>102(35.5)</td>
</tr>
<tr>
<td>The 9/11 attacks have affected the tourism industry due to the</td>
<td>Yes</td>
<td>146(50.7)</td>
<td>29(10.1)</td>
<td>175(60.8)</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>98(34.0)</td>
<td>15(5.2)</td>
<td>113(37.2)</td>
</tr>
</tbody>
</table>
reduction in airline travel.

<table>
<thead>
<tr>
<th>Natural calamities as earthquake flood etc do not affect this industry.</th>
<th>Yes</th>
<th>98(34.0)</th>
<th>17(5.9)</th>
<th>115(37.9)</th>
<th>=0.036(0.494)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>146(50.7)</td>
<td>27(9.4)</td>
<td>173(60.1)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Holiday purpose tourists are more affected.</th>
<th>Yes</th>
<th>145(50.3)</th>
<th>19(6.6)</th>
<th>164(56.9)</th>
<th>=4.012(0.03)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>99(34.4)</td>
<td>25(8.7)</td>
<td>124(43.1)</td>
<td></td>
</tr>
</tbody>
</table>

Value in each cell indicates frequency and parenthesis value show percentages while in last column value in each cell is and value in parenthesis is P which indicate significance level on 0.05 confidence level.

Conclusions and recommendations
The main purpose of this study was to find the effects of terrorism on tourism (hotel industry) in light of educational status and comparison on before and after the insurgency. The study found that the tourism industry is not secure, it is a livelihood source for those who are working there, tourism affects the local people due no management and its benefits are distributed fairly. Further proper visa systems and the 9/11 attack are the key factors in tourism declining, moreover natural calamities have no effect on this industry and holiday purpose tourists are seriously affected. All those low paid employees associated with this industry should be encouraged by paying special packages. This would enable them to run their household economic affairs as per their needs and demands. Non-local tourists should be encouraged by properly portraying the local values based on hospitality and protection to non-local as per cultural perspectives. Media should play a proper role in displaying the local value, scenic attractions and other related events, which ought to contribute positively towards the boasting of this industry especially for holiday tourists. The owner should involve the entire community from tourism income.

References


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