Effect of Terrorism on the Growth of the Tourism in New York, USA

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Abstract

Tourism is among the biggest sectors in the world. Tourism leads to foreign exchange incomes, increased national revenue and emergency job opportunities. The effect of terrorism on the tourism sector is immense. However, it is affected by terror attacks in some instances. Terrorism usually brings about fear and economic uncertainties and lowers confidence. Hence, the study sought to examine the effect of terrorism on the growth of tourism in the USA. The study adopted the descriptive research design. The design was preferred since the researcher was interested in getting detailed information for the analysis. The target population was 368, including national travel and tourism office employees. The collection of the data was done using questionnaires. The study employed a stratified sampling technique to collect the data. The analysis of the information was done using descriptive and inferential statistics. The study used tables to present the data. The study findings indicated that terrorism is negatively and significantly related to growth ($\beta=-0.975$, $p=0.011$). The study concluded that when terrorism increases by one unit, the growth in the tourism sector will decrease by 0.975 units while other factors are held constant. Businesses are affected negatively by terrorism, leading to a decrease in tourists. Terrorism is likely to affect tourist arrivals in countries with persistent terrorist incidents. The study recommended that government should increase security in the country. Preventive measures should be implemented to ensure the chances of a terrorist attack are managed at all costs. Proper protection and preventive measures should be implemented to ensure that tourists recognize New York as safe from terrorism. There should be adequate political will to combat any terrorist activity. The government should do more to deal with terrorism and protect the tourism sector.

Keywords: Terrorism, growth, tourism, USA.

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1.0 Background of the Study

Tourism is becoming the largest global industry and its growth continues (Kyrylov, Hranovska, Boiko, Kwilinski & Boiko, 2020). Tourism in the United States is a vast sector that serves many people from all over the world and domestic tourists annually. The U.S. Department of State describes terrorism as premeditated, politically motivated violence perpetrated against innocent or unarmed military personnel by certain-national groups, usually aimed at disrupting an audience. International terrorism involves people or the territory of more than one nation. All nations’ economic development is affected negatively by terrorism. Terrorism forces investors to leave profitable businesses and venture into low-profitable businesses like the military and other defense-related businesses (Ari & Ibrahim, 2021). Terrorism has already become a global problem facing the world nowadays and usually affects the flow of tourists from one region to another; many countries are concerned about whether terrorism affects attracting foreign investors to the tourism sector (Khan, Yusuf & Costa Mendes, 2018).

The level of GDP growth and the high global tourist arrivals numbers are critical factors in attracting growth. Terrorism usually brings about fear and economic uncertainties and lowers confidence; foreign investors are discouraged from investing in nations with high risk and decide to invest in nations with low risks of terrorism (Ghosh, 2019). Generally, it is noted that terrorist activities in the host country hinder growth. More growth inflows enhance economic growth and create more job opportunities in the host nation. Also, growth can bring income disparity in the host nation. These investments require a skilled labor force so that the new jobs created by foreign firms can raise the wage gap between skilled and low-skilled employees.

Omer and Yeşiltas (2020) reported that the effect of terrorism on the tourism sector is immense. It leads to the loss of jobs, displacements of people, deflation, and many other social and economic miseries. The contribution of tourism in many nations is so immense and any disruption in this sector is a significant concern for many governments (Sofronov, 2018). The USA tourism sector generated $2.0 trillion in economic output, helping 10.4 million American jobs and accounting for 3.1% of U.S. GDP. About 15.8% of the travel spending worldwide, visitors spend a lot more in the United States than in any other destination. Over 60 million tourists visit New York City each year, therefore, making it the most preferred tourist destination in the USA (Chaulagain, Wiitala & Fu, 2019). Many tourists tour the U.S. to view natural wonders, cities, historic landmarks, and recreational places. Terrorism influences the daily functions of the tourism sector in most nations. Businesses are affected negatively by terrorism, leading to a decrease in tourists. It also leads to the loss of jobs due to the low levels of visitors, which lowers the income generated by this sector. Terrorism is an enigmatic and compelling phenomenon, and its relationship with tourism is complex and multifaceted (Ghosh, 2019).

Tourism additionally leads to foreign exchange incomes, increased national revenue and emergency job opportunities. Terrorism is likely to affect tourist arrivals in countries with persistent terrorist incidents. Tourism in the USA grew rapidly in the form of urban tourism during the late 19th and early 20th centuries. By the 1860s, the tourism sector in the United States was well-developed as a cultural activity and an industry (Cerchiello & Vera-Rebollo, 2019). All the big U.S. cities attracted many visitors from the 1880s. Around 1920, city touring recognized significant shifts in how Americans regarded, organized, and moved. Among the greatly affected cities New York City is the clear lead with over 60 million visitors each year, making it the preferred tourist destination in the USA (Chaulagain, Wiitala & Fu, 2019).
industries by terrorism is the tourism industry of a nation (Lutz & Lutz, 2020). Hotels incur huge losses because of cancellations of bookings and pullouts of visitors staying in these hotels.

The impact of terrorism on the travel and tourism industry can be enormous. It can lead to unemployment, homelessness, deflation, and other social and economic ills. The contribution of tourism to many countries is so outstanding that any downturn in the industry is a cause of significant concern for many governments. Terrorism is an enigmatic and compelling phenomenon, and its relationship with tourism is complex and multifaceted (Khan, Yusuf & Costa Mendes, 2018). Hotels incur huge losses because of cancellations of bookings and pullouts of visitors staying in these hotels because of terrorism threats. Hence, the study sought to examine the effect of terrorism on the growth of tourism in the USA.

2.0 Literature Review

Baker (2014) established that the travel and tourism industry has substantial effects from terrorism. It might lead to deflation, homelessness, unemployment, and other negative economic and social outcomes. Any loss in the industry is a cause for serious concern for many governments due to how vital tourism is to many countries. Many other tourism-related businesses, such as airlines, hotels, restaurants, and shops that cater to tourists and provide auxiliary services, still suffer from the consequences. Tourism and the interesting and alluring phenomenon of terrorism are connected in a complex and subtle way. This article examines how several factors influence passengers' decisions while selecting their destination to comprehend this connection better. The research was focused on how travelers viewed the threat of terrorism. Terrorism exists because the politically weak and disenfranchised have no other means to realize their objectives since the average population will not take them seriously. The study concluded that terrorism activities scare away investors and tourism is becoming underperforming.

Wut, Xu and Wong (2021) conducted a study to explore whether terrorism is among the key factors influencing the investment decisions of foreign investors in the tourism sector in 50 nations from 2010 to 2019. Together with terrorism, the essence of three other theoretically substantial factors of attracting growth in tourism are investigated, the prior level of growth in tourism, the degree of GDP and the global tourist visits. To get highly dependable study outcomes, the first model is prolonged with control variables. The research utilizes the Autoregressive Distributed Lag model for dynamic panel data. The study findings of a narrower and a broader model show that terrorism has no substantial impact on the growth inflow in tourism, while international tourist arrivals substantially influence the future of growth in tourism in the two models. Moreover, the study findings comprise political connotations. To attract growth in tourism, the critical aspect is ensuring that the macroeconomic environment is stable with a competitive position in the active business list and good business conditions. Focus ought to be given to the security and preventive measures to counter terrorism; this will ensure that potential destinations show confidence, have a growth rate of tourist arrivals and, hence, attract foreign investors.

Boufford (2022) reported that terrorism activities scare away investors and tourism is becoming underperforming. The study employed a stratified sampling technique to collect the data. The analysis of the information was done using descriptive and inferential statistics. The study used tables to present the data. International terrorism and tourism are paradoxically connected via their mutual characteristics, such as crossing national borders, involving citizens of different countries.
and utilizing travel and communications technologies. The rapid growth of the worldwide tourism industry has been attributed to several factors, among which are robust economic growth, an increase in disposable income and leisure time, easing travel restrictions, successful tourist promotion, and government recognition. The study recommended that the government should increase security in the country. The government should do more to deal with terrorism and protect the tourism sector. The impact of terrorism on the travel and tourism industry can be enormous. It can lead to unemployment, homelessness, deflation, and other social and economic ills. The contribution of tourism to many countries is so outstanding that any downturn in the industry is a cause of significant concern for many governments. Terrorism is an enigmatic and compelling phenomenon, and its relationship with tourism is complex and multifaceted. The rapid growth of the worldwide tourism industry has been attributed to several factors, among which are robust economic growth, an increase in disposable income and leisure time, easing travel restrictions, successful tourist promotion, and government recognition.

According to Din, Sanaullah, Hassan, Ihsan, Amin, Ali and Mumtaz (2022), globalization has offered terrorist groups a platform to arrange, plan and orchestrate cross-border or global terrorist activities. Tourism provides a lot of money and promotes global cohesion, but this does not make it immune from terrorism and terror attacks. The effect of terrorism on the tourism sector might be immense. It causes job loss, displacement of people, deflation, depression, and other political, social and economic ills. The contribution of the tourism sector in a lot of nations is so outstanding that any disruption in the industry is a significant concern for a lot of governments. The consequences are realized in other tourism-related sectors, such as airlines, the hospitality industry, and shops concerned with tourist businesses. Terrorism is an enigmatic and compelling act, and its association with tourism is complicated and multifaceted. The study investigates the effect of terrorism on tourism in Asia in the 21st century: a case study of Afghanistan. The research concentrated on these objectives; to determine the impact of terrorism on international tourism, to explore the effects of terrorism on local stakeholders in the tourism sector and to evaluate the mitigation techniques embraced by the government to encounter terror in the tourism sector. The research discovered that tourism provides jobs and economic prosperity in many nations starting with Afghanistan; the tourism sector should remain resilient in the face of catastrophe. Most participants revealed that their businesses were influenced negatively by terrorism, leading to a decrease in the number of tourists coming to the nation.

Bildirici and Gokmenoglu (2020) reported that tourism is among the biggest industries in the world; it is also the most affected when terror activities occur. Terrorism data has been crucial to the tourism sector since the attacks happened in September 2001. The research examines the effect of terrorism on tourism levels, GDP, and growth in developed and growing nations. The research findings indicate that terrorism influences the daily functions of the tourism sector in these nations by affecting the GDP, growth, and the number of people visiting these destinations. Similarly, Jalil (2017) noted that terrorism considerably impacts growth in Russia. The study researches the effect of transnational terrorism on growth inflows by the economic sector in established nations. Findings show a statistically substantial negative relationship between terrorist activities and total growth inflows. In 9 broad industrial sectors, growth inflows for processing, trade and repair, and building were noted to have a statistically substantial negative relationship with terrorist activities. It additionally led to the loss of jobs due to the low levels of visitors and lowered the amount of income generated by the sector. The research additionally indicated that terrorists aim at tourists

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and utilize any opportunity to attack them. With the impact of terrorism on tourism being noted, the researchers wanted to know the mitigation approaches taken by the government to encounter it. It was discovered that despite the different counter-terror approaches by the government, they could also improve. Most of the participants recommended that the government do more to deal with terrorism and protect the tourism sector in Afghanistan.

Azam, Nawaz and Riaz (2019) discovered that terrorist activities in a nation are critical in deciding firms' preferences in investing in another country. India has been experiencing both internal and external terror groups attacks since the early 1990s. The research examined the impact of terrorism on growth inflows in India between 1995-2018. The study utilized the Autoregressive Distributed Lag (ARDL) bounds testing method for co-integration. The analysis indicated that terrorism influences growth in the Indian economy favorably and not substantially in the short term while adversely and substantially in a long time. Moreover, the effects of the following factors were tested in the model, inflation, trade openness, military expenses and remittances on growth and terrorism was also investigated in the study. The findings concluded that trade openness has an adverse and substantial effect on GROWTH in the short-term and long term. Remittances indicate a negative and significant outcome. These show that there is a short-term negative association between remittances and growth. Inflation reveals a favorable but not substantial effect on growth and military expenses and indicates an adverse and non-substantial effect in the short term, usually positive.

Aurioles (2019) showed that terrorism is negatively and significantly related to growth. Terrorist activities associated with terrorism raise uncertainties and negatively impact the investment decisions of foreign investors. Terrorism influences the daily functions of the tourism sector in most nations. Businesses are affected negatively by terrorism, leading to a decrease in tourists. It also leads to the loss of jobs due to the low levels of visitors, which lowers the income generated by this sector. The impact of terrorism on the travel and tourism industry can be enormous. It can lead to unemployment, homelessness, deflation, and other social and economic ills. The contribution of tourism to many countries is so outstanding that any downturn in the industry is a cause of significant concern for many governments. Terrorism is an enigmatic and compelling phenomenon, and its relationship with tourism is complex and multifaceted. Terrorism is an enigmatic and compelling phenomenon, and its relationship with tourism is complex and multifaceted. Tourism additionally leads to foreign exchange incomes, increased national revenue and emergency job opportunities. Terrorism is likely to affect tourist arrivals in countries with persistent terrorist incidents. The study recommended that the government should increase security in the country. Preventive measures should be implemented to ensure the chances of a terrorist attack are managed at all costs. The government should do more to deal with terrorism and protect the tourism sector.

Carballo, Leon and Carballo (2021) conducted research to investigate the effect that terrorist activities within a representative group of European nations may have on the tourism need for a North European country without any record of the terrorist attack. A Vector Autoregressive model was utilized for multivariate time series analysis to examine the relationship between terrorist attacks and tourist visits, which happened between 2010 and 2019. The primary findings indicate that terrorist activities have a substantial effect on tourist visits and confirm the existence of terrorism spillover. International terrorism and tourism are paradoxically connected via their
mutual characteristics, such as crossing national borders, involving citizens of different countries and utilizing travel and communications technologies. The rapid growth of the worldwide tourism industry has been attributed to several factors, among which are robust economic growth, an increase in disposable income and leisure time, easing travel restrictions, successful tourist promotion, and government recognition.

3.0 Research Methodology

The study adopted the descriptive research design. The design was preferred since the researcher was interested in getting detailed information for the analysis. The target population was 368, including national travel and tourism office employees. The collection of the data was done using questionnaires. The study employed a stratified sampling technique to collect the data. The analysis of the information was done using descriptive and inferential statistics. The study used tables to present the data.

4.0 Research Findings and Discussion

The study findings are presented in sections. Each section is summarized in details.

4.1 Correlation Analysis

The results presented in Table 1 show the correlation analysis

<table>
<thead>
<tr>
<th></th>
<th>Growth</th>
<th>Terrorism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>Pearson Correlation</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td>Terrorism</td>
<td>Pearson Correlation</td>
<td>-0.616**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The correlation results from Table 1 show that terrorism is negatively and significantly associated with growth (r=-.616, p=.000). This concurs with Bildirici and Gokmenoglu (2020), indicate that terrorism influences the daily functions of the tourism sector in these nations by affecting the levels of GDP, growth, and the number of people visiting these destinations. Many other tourism-related businesses, such as airlines, hotels, restaurants, and shops that cater to tourists and provide auxiliary services, still suffer from the consequences. Tourism and the exciting and alluring phenomenon of terrorism are connected in a complex and subtle way. This article examines how several factors influence passengers' decisions while selecting their destination to comprehend this connection better. The research was focused on how travelers viewed the threat of terrorism. Terrorism exists because the politically weak and disenfranchised have no other means to realize their objectives since the average population will not take them seriously. The study concluded that terrorism activities scare away investors and tourism is becoming underperforming. International terrorism and tourism are paradoxically connected via their mutual characteristics, such as crossing national borders, involving citizens of different countries and utilizing travel and communications technologies.
communications technologies. The rapid growth of the worldwide tourism industry has been attributed to several factors, among which are robust economic growth, an increase in disposable income and leisure time, easing travel restrictions, successful tourist promotion, and government recognition.

4.2 Regression Analysis

This section includes model fitness, analysis of variance and regression of coefficient. The results presented in Table 2 show the model fitness

Table 2: Model Fitness

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.616a</td>
<td>0.248</td>
<td>0.201</td>
<td>0.1527507</td>
</tr>
</tbody>
</table>

The results from Table 2 indicate that terrorism was satisfactory in explaining the growth in the tourism sector in New York, USA. This was supported by the coefficient of determination, also known as R square, of 0.248. This indicates that terrorism explains 24.8% of the variations in the growth in the tourism sector in New York, USA. Terrorism usually brings about fear and economic uncertainties and lowers confidence; foreign investors are discouraged from investing in nations with high risk and decide to invest in nations with low dangers of terrorism (Ghosh, 2019). Generally, it is noted that terrorist activities in the host country hinder growth. More growth inflows, in turn, enhance economic growth and create more job opportunities in the host nation. Also, growth can bring income disparity in the host nation. These investments require a skilled labor force so that the new jobs created by foreign firms can raise the wage gap between skilled and low-skilled employees. The study findings of the analysis of variance is summarized in Table 3

Table 3: Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>8.89</td>
<td>1</td>
<td>8.89</td>
<td>284.169</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>11.45</td>
<td>366</td>
<td>0.031</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>20.34</td>
<td>367</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The result in Table 3 shows that the overall model was statistically significant. The findings show that terrorism is a critical determinant of the growth of the tourism sector. This was supported by an F statistic of 284.169 and the reported p-value of 0.000, which was less than the conventional probability significance level of 0.05. Tourism is among the most significant sectors in the world; it is also the most affected when terror attacks occur. Terrorism usually brings about fear and economic uncertainties and lowers confidence; foreign investors are discouraged from investing in nations with high risk and decide to invest in countries with low risks of terrorism. The study results on the regression results are presented in Table 4

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Table 4: Regression of Coefficient

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>0.621</td>
<td>0.101</td>
<td>6.15</td>
<td>0.047</td>
</tr>
<tr>
<td>Terrorism</td>
<td>-0.975</td>
<td>-0.955</td>
<td>2.37</td>
<td>0.011</td>
</tr>
</tbody>
</table>

Based on the results presented in Table 4, it was noted that terrorism is negatively and significantly related to growth ($\beta=-0.975, p=0.011$). This was supported by a calculated t-statistic of 2.37, which is larger than the critical t-statistic of 1.96. This result implies that when terrorism increases by one unit, the growth in the tourism sector in New York, USA, will decrease by 0.975 units while other factors that influence the growth are held constant. Omer and Yeşiltaş (2020) reported that the effect of terrorism on the tourism sector is immense. It leads to the loss of jobs, displacements of people, deflation, and many other social and economic miseries. The contribution of tourism in many nations is so immense and any disruption in this sector is a significant concern for many governments (Sofronov, 2018). Tourism in the USA grew rapidly in the form of urban tourism during the late 19th and early 20th centuries. By the 1860s, the tourism sector in the United States was well-developed as a cultural activity and an industry (Cerchiello & Vera-Rebollo, 2019). All the big U.S. cities attracted many visitors from the 1880s. Around 1920, city touring recognized significant shifts in how Americans regarded, organized, and moved. Among the greatly affected industries by terrorism is the tourism industry of a nation (Lutz & Lutz, 2020). Hotels incur huge losses because of cancellations of bookings and pullouts of visitors staying in these hotels because of terrorist threats.

5.0 Conclusion

Based on the results presented, it is concluded that terrorism is negatively and significantly related to growth. This was supported by a calculated t-statistic of 2.37, which is larger than the critical t-statistic of 1.96. This result implies that when terrorism increases by one unit, the tourism sector in New York, USA, will decrease by 0.975 units while other factors that influence the growth are held constant. Terrorist activities associated with terrorism raise uncertainties and negatively impact the investment decisions of foreign investors. Terrorism influences the daily functions of the tourism sector in most nations. Businesses are affected negatively by terrorism, leading to a decrease in tourists. It also leads to the loss of jobs due to the low levels of visitors, which lowers the income generated by this sector. Terrorism is an enigmatic and compelling phenomenon, and its relationship with tourism is complex and multifaceted. Tourism additionally leads to foreign exchange incomes, increased national revenue and emergency job opportunities. Terrorism is likely to affect tourist arrivals in countries with persistent terrorist incidents.

5.0 Recommendations

The study recommended that the government should increase security in the country. Preventive measures should be implemented to ensure the chances of a terrorist attack are managed at all costs. Proper protection and preventive measures should be implemented to ensure that tourists
recognize New York as safe from terrorism. There should also be adequate political will to combat any terrorist activity. The government should do more to deal with terrorism and protect the tourism sector. The impact of terrorism on the travel and tourism industry can be enormous. It can lead to unemployment, homelessness, deflation, and other social and economic ills. The contribution of tourism to many countries is so outstanding that any downturn in the industry is a cause of significant concern for many governments. Terrorism is an enigmatic and compelling phenomenon, and its relationship with tourism is complex and multifaceted.

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