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### **THE RELATIONSHIP BETWEEN POLITICAL RISK AND EMPLOYMENT IN TOURISM: A CASE OF SOUTH AFRICA**

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#### **Abstract**

Political risk is one of the determinants of employment in the tourism industry. Changes in the level of political risk in a country result in fluctuations in employment in the tourism sector. Countries with a high level of political risk experience a decline in employment whereas countries with a low level of political risk experience an increase in employment. This paper investigates the impact of political risk on employment in South Africa's tourism industry using quarterly time series data for the period between 2007 and 2017. The study employs the Autoregressive Distribution Lag (ARDL) model to determine the impact of political risk on employment in tourism in both the short- and long-run. The results from the analysis reveal that political risk has both short- and long-run effects on employment in South Africa's tourism industry. When the level of political risk declines by 1%, employment grows by 5.016% in the long-run whereas employment increases by 1.51% in the short-run when the level of political risk declines by 1%. These results imply that governments have to keep the level of political risk low by avoiding political risk events and actions for the tourism industry to create additional employment opportunities.

**Keywords:** ARDL Model, Employment, Political Risk, Tourism, South Africa

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#### **1. Introduction**

The tourism industry has become one of the largest and fastest growing industries in the world (Aynalem *et al.* 2016), and it contributes enormously to employment. In 2018, tourism supported 319 million direct, indirect and induced jobs globally. This figure makes approximately 10% of the world's total employment (World Travel & Tourism Council, 2019a). Furthermore, it was projected that jobs supported by tourism will reach 421 million in 2029 (WTTC, 2019b). Different reports, however, indicate that tourism contributes more jobs in developed countries compared with developing countries (WTTC, 2017a; WTTC, 2017b). This disparity in tourism employment found between developed and developing countries is due to the fact that developed countries receive a higher number of tourists than developing countries. Empirical findings show that tourist arrivals correlate positively with the number of people employed in the tourism industry (Lopez, 2019; Mustafa, 2019). This implies that countries that receive a high number of tourist arrivals experience employment growth.

The contribution of tourism to employment in South Africa is enormous; tourism alone generated 64000 additional jobs surpassing major industries including mining, manufacturing, and transport and communication between 2014 and 2017 (Statistics South Africa, 2018). In

2013, total employment supported by the tourism sector in South Africa was 10.3% (WTTC, 2013), but statistics show that employment declined to 9.8% in 2016. Tourism also performed awfully in 2017 when employment in the sector fell by 0.3% to reach 9.5% (Department of Tourism, 2018). This decline in employment in South Africa's tourism may be attributed to an increasing level of political risk in the country. South Africa has been experiencing numerous political risk factors that curb tourist arrivals and impinge the country's economic growth. Popular political risk factors in South Africa include high crime and corruption, political instability, policies that are antagonistic to foreign tourists, community protests for service delivery, and xenophobia among others. These factors affect tourists and tourism businesses negatively. Mudzanani (2017), for example, found that crime has devastating effects on the tourism industry in the country. Similarly, Ferreira and Perks (2016) report that crime and political instability in South Africa contribute to the decline of tourist arrivals in the country.

The structure of this paper is as follows: Section 2 discusses literature on the effects of political risk on the tourism industry, particularly on the employment in the industry. Section 3 explains the sample period of the study and sources of the data. It also presents the Autoregressive Distributed Lag (ARDL) model used to test effects of political risk on employment in the accommodation in both short- and long-run. Section 4 presents and discusses the effects of political risk, and control variables on employment whereas Section 5 concludes the paper.

## **2. Literature review**

The tourism industry struggles to cope with the turbulent political environment. The industry reacts negatively to political risk factors such as political instability, crime and violence, corruption, military involvement in politics, and terrorism (Buigut, 2018; Gozgor *et al.* 2017; Khan *et al.* 2020; Terhorst and Erkus-Ozturk, 2018). All these factors hinder tourism activities and tourist inflows in destination countries concerned. A study conducted in Turkey shows that the number of tourist arrivals in the country declines when geopolitical risks increase in the long-run, implying that declining geopolitical risks increase the number of tourist arrivals in Turkey. However, the declining geopolitical risks have no effect on tourist arrivals in the short-run (Demir *et al.* 2020). A similar study also shows that geopolitical risk influences inbound tourism in 18 countries. The inbound tourism declines by 2% when the geopolitical risk goes up by 10% (Demir *et al.* 2019). The arrival of tourists is also influenced by the quality of institutions. To be specific, Khan *et al.* (2020) reported that institutional quality attracts tourist arrivals in Asia Pacific countries. This is also affirmed by another study which shows countries with high quality of institutions receive a high number of tourists (Ghalia *et al.* 2019). Terrorism and crime are also deterrents of the inflow of tourists in Africa (Santana-Gallego and Fourie, 2020). Political risk does not only affect tourist arrivals; it also influences employment in the tourism industry.

Political risk is a major enemy of employment in the tourism industry. It is a determining factor of tourism employment; changes in political risk cause fluctuations in tourism employment. A study conducted in Kenya reveals that employment in tourism reduced when political risk linked to terrorist attacks intensified. The attacks caused a decline in tourist arrivals in the country. Specifically, a 1% increase in total fatality from terror attacks results in decrease of 0.082% in the tourist arrivals from the western countries (Buigut, 2018). Another study shows that political risk resulted in terrorist attacks in Morocco, Algeria, Tunisia, Libya and Egypt had a negative effect on employment in the countries. Unemployment in these countries swell from 11.9% in 2010 to 13.6% in 2015 (Neagu, 2017). Amid increased political risk, tourism establishments retrench their employees as a strategy of cutting costs. In Egypt for example, tourism establishments retrenched employees following travel advisories issued by Australia, Germany and the United States (Elshaer and Saad, 2016).

The impact of political risk on employment is arguably indirect. Fluctuations in the level of political risk causes changes in tourist arrivals, which also affect the number of people employed in tourism. Related to this argument, Institute for Economics & Peace (2016) found that employment in tourism is impacted indirectly by political risk caused by terrorist attacks whereas tourist arrivals are impacted directly. This is because there is a link between tourist arrivals and the number of people employed in the tourist sector. Mustafa (2019) argues that employment

opportunities rise when the number of tourist arrivals increases and it declines when the number of tourist arrivals plummets. A study conducted in Sri Lanka reveals that employment in tourism grows by 83.8 when the number of tourist arrivals increases by 1000, and employment declines by 29.8 when tourist arrivals shrinks by the same number (Sharma and Mitra, 2020). Diriye (2015) affirms that a decline in tourist arrivals in Kenya caused by terrorist attacks in the country galvanized tourism establishments to reduce their workers, implying that the employment in tourism reduces when tourist arrivals decline.

Political risk events like terrorist attacks damage tourism infrastructure and properties such as hotels (Wernick and Von Glinow, 2012). Destruction of tourism properties leads to reduction of employment since tourism business is lost and business owners have no money to pay employees. Sathiamoorthy *et al.* (2020) found that terrorist attacks negatively affected employment in small hotels in Sri Lanka. The hotels laid off some of their employees because they lost revenue and could not pay employees. Political risk events do not only lead to increased unemployment, but they also cause deaths of workers in tourism businesses especially hotels since they are often targeted political risk actors. For example, a number of hotel employees and guests were held hostage in Taj Mahal Place and Towers hotel in Mumbai, India and few of them were killed in terrorist attacks (Paul, 2012).

Job opportunities in the tourism sector rise with a rise in tourism investment. A study conducted in the USA indicated that employment in hotels increases by 0.136% when investment in hotels grows by 1% (Dogru *et al.* 2020). This suggests that additional people are employed when there are new tourism facilities such as tourist accommodation, restaurants, and tourist attractions being opened. The inflow of tourism investment in a country however, is often encumbered by increasing political risk. A study conducted by Sonmez and Apostolopoulos (2000) reveals that politically stable countries lure foreign investment. Brada *et al.* (2006) also found that political risk was a deterrent of foreign direct investment inflow in east European countries including Bosnia, Croatia and Slovenia. This translates that reduction in investment inflow has an adverse effect on employment. Other than curbing the inflow of tourism investment in countries, political risk may coerce existing tourism businesses to close doors of their businesses. In some instances, investors opt for relocating their businesses in countries perceived to have low political risk. Many businesses closed and others relocated to safe areas following political violence linked to the 2007 presidential election in Kenya (Onyancha, 2015).

### **3. Methodology**

#### **3.1. Sample period and data source**

This study utilized secondary time series data of 44 quarterly observations starting from the first quarter of 2007 to the fourth quarter of 2017, and the selection of this sample period was determined by the availability of data. The variables involved are: political risk which is an independent variable; and tourism employment which is a dependent variable; and three control variables. These control variables are: real exchange rate; Gross Domestic Product (GDP), which is a proxy for economic growth; and Consumer Price Index (CPI), which is a proxy for inflation in this study. Political risk index for South Africa was sourced from the International Country Risk Guide (ICRG) whereas tourism employment and GDP indicators were also requested from Statistics South Africa (STATS SA). Real exchange rate indicators on the other hand, were obtained from the website of South African Revenue Service (SARS) (SARS, 2019) and CPI was downloaded from the website of STATS SA (STATS SA, 2019). Employment and GDP indicators were quarterly data whilst political risk index, exchange rate indicators and CPI were monthly. To ensure uniformity of data, monthly data was also converted into quarterly data. This means that political risk indicators, exchange rate indicators and CPI were converted into quarterly data.

Political Risk index is made of 12 components, with each being assigned points. The total points of all the 12 components are amounted to 100 points as depicted in Table 1. A country that scores a high political risk index has a low political risk level whilst a country with a low political risk index has a high political risk level (PRS Group, 2012).

**Table 1. Political risk components**

Sequence	Components	Maximum points
A	Government stability	12
B	Socio-economic conditions	12
C	Investment profile	12
D	Internal conflict	12
E	External conflict	12
F	Corruption	6
G	Military in politics	6
H	Religion in politics	6
I	Law and order	6
J	Ethnic tensions	6
K	Democratic accountability	6
L	Bureaucracy quality	4
<b>Total</b>		<b>100</b>

**3.2. Model specification**

Data analysis employed the Autoregressive Distributed Lag (ARDL) model (Pesaran and Shin, 1998) to determine effects of political risk on employment in South Africa’s accommodation sector. A number of tests were conducted to establish the suitability of the ARDL model for the study. The precondition for the use of the ARDL model is to ascertain the stationarity of variables at levels I(0) or stationary at the first difference I(1), or are a mixture of I(0) and I(1). Different tests were also conducted to check the stationarity of the variables and determine if there is any variable is stationary at the second difference, I(2). For stationarity, the Augmented Dickey Fuller (ADF) unit root test was conducted; and the Kwiatkowski-Phillips-Schmidt-Shin (KPSS) stationarity test was carried out to determine whether none of the study variables is stationary at I(2). The ARDL model used to test for the effect of political risk on employment in accommodation is as follows:

$$\Delta LEmpAcc_t = \alpha_0 + \sum_{j=1}^k \beta_j \Delta LEmpAcc_{t-j} + \sum_{j=1}^k \gamma_j \Delta LPolRisk_{t-j} + \sum_{j=1}^k \delta_j \Delta LCPI_{t-j} + \sum_{j=1}^k \omega_j \Delta LExRate_{t-j} + \sum_{j=1}^k \tau_j \Delta LGDP_{t-j} + \varphi_1 LEmpHot_{t-1} + \varphi_2 LPolRisk_{t-1} + \varphi_3 LCPI_{t-1} + \varphi_4 LExRate_{t-1} + \varphi_5 LGDP_{t-1} + e_t \tag{1}$$

where:  $\Delta LEmpAcc_t$  represents the change in the natural logarithm value of total employment in accommodation at time t, and  $\Delta LPolRisk_{t-j}$  represents the change in the natural logarithm value of political risk index at time t.  $\Delta LCPI_{t-j}$  is the change in the natural logarithm value of CPI at time t whereas  $\Delta LExRate_{t-j}$  represents the change in the natural logarithm value of real exchange rate at time t. Furthermore,  $\Delta LGDP_{t-j}$  stands for the change in the natural logarithm value of GDP at time t. On the hand, the short-run relationship in the model is represented by coefficients  $\beta_j, \gamma_j, \delta_j, \omega_j$  and  $\tau_j$ ; and the long-run relationship is represented by coefficients  $\varphi_1, \varphi_2, \varphi_3, \varphi_4$  and  $\varphi_5$  while the error correction term is symbolized by  $e_t$ . Thus, the following hypotheses were used to test the co-integration (long-run relationship) among the study variables:

- $H_0 : \varphi_1 = \varphi_2 = \varphi_3 = \varphi_4 = \varphi_5 = 0$  (There is no co-integration among the study variables).
- $H_0 : \varphi_1 \neq \varphi_2 \neq \varphi_3 \neq \varphi_4 \neq \varphi_5 \neq 0$  (There is co-integration among the study variables).

Bound co-integration test was conducted to test the above hypotheses. The computed F-statistic was compared with the critical values from Pesaran *et al.* (2001). The results from a bound co-integration test show that the value of the computed F-statistic is great than the upper critical values, leading to a conclusion of rejecting the null hypothesis which states that there is no co-integration among the study variables. The presence of co-integration implies that political risk and control variables have a long-run relationship with employment. The presence of the long-run relationship among the study variables implies that the Error Correction Model (ECM) is

required to estimate the adjustment of the equilibrium in the long-run. The equation of the ECM therefore, is derived from the ARDL model above, and the equation is as follows:

$$\Delta LEmpHot_t = \alpha_0 + \sum_{j=1}^k \beta_j \Delta LEmpHot_{t-j} + \sum_{j=1}^k \gamma_j \Delta LPolRisk_{t-j} + \sum_{j=1}^k \delta_j \Delta LCPI_{t-j} + \sum_{j=1}^k \omega_j \Delta LExRate_{t-j} + \sum_{j=1}^k \tau_j LGDP_{t-j} + ECT_{t-1} + e_t \quad (2)$$

Where  $ECT_{t-1}$  represents the Error Correction Term. The ECT provides a measure of the speed of adjustment. The ARDL model was chosen based on the Akaike Information Criterion (AIC), and the ARDL model analysis was carried using EViews 10. To determine whether the ARDL model meets the required assumptions, a number of residual diagnostic tests including serial correlation, heteroscedasticity, and normality tests were conducted.

#### 4. Results and discussion

##### 4.1. Unit root test

The ADF unit root and KPSS stationarity tests were conducted to check if there is any of the variables is stationary at I(2). Results of these two tests are depicted in Table 2 and Table 3 respectively. The results of the ADF unit root test indicate that some variables are stationary at levels whereas others are stationary at the first difference. The results of the KPSS stationarity test on the other hand, show that the variables have a mixture of integration order. This means that the study variables integrate both I(0) and I(1). Since the KPSS stationary test indicates that there is no variable which is stationary at the second difference, I(2), the null hypothesis for stationarity was rejected at 5% level significance leading to a conclusion that the ARDL model is the best model for analyzing the long-run relationship among the variables.

**Table 2. ADF unit test results**

Variable	Model specification	Levels	1 <sup>st</sup> difference	Integration order
LPolRisk	Intercept	0.601	0.000	I(1)
	Intercept and trend	0.0357*	0.000	I(0)
LCPI	Intercept	0.975	0.000	I(1)
	Intercept and trend	0.770	0.000	I(1)
LExRate	Intercept	0.820	0.000	I(1)
	Intercept and trend	0.724	0.001	I(1)
LGDP	Intercept	0.842	0.000	I(1)
	Intercept and trend	0.946	0.000	I(0)
LEmpHot	Intercept	0.742	0.000	I(1)
	Intercept and trend	0.241	0.000	I(0)

Note: \* The null hypothesis is not rejected as the series (variable) is stationary at 0.05 significance level.

**Table 3. Results of the KPSS stationarity test results**

Variable	Model specification order	Levels	1 <sup>st</sup> difference	Integration order
LPolRisk	Intercept	0.808	0.119*	I(1)
	Intercept and trend	0.090*	0.110*	I(0)
LCPI	Intercept	0.846	0.119*	I(1)
	Intercept and trend	0.143*	0.115*	I(0)
LExRate	Intercept	0.687	0.134*	I(1)
	Intercept and trend	0.159	0.089*	I(1)
LGDP	Intercept	0.843	0.219*	I(1)
	Intercept and trend	0.120*	0.203	I(0)
LEmpHot	Intercept	0.541	0.567	.....
	Intercept and trend	0.185	0.128*	I(1)

Note: \* The null hypothesis is not rejected as the series (variable) is stationary at 0.05 significance level.

#### 4.2. Estimates for long-run relationship

The results of bound test for co-integration displayed in Table 4 show that the computed F-statistics for Wald statistics is 7.512026 and is greater than upper critical values of 3.49 and 4.37 at 5% and 1% significance level respectively. Since the calculated F-statistics is greater than the upper critical values, the null hypothesis stating that the study variables have no co-integration was rejected (Pesaran *et al.* 2001). In other words, the results confirm that the study variables have a long-run relationship.

**Table 4. Bound test for co-integration**

Test statistic	Value	K
<b>F-statistic</b>	7.512026	4
Critical value bounds		
Significance	I0 Bound	I1 Bound
5%	2.56	3.49
1%	3.29	4.37

The presence of co-integration means that employment in accommodation is influenced by independent and control variables. Coefficients of the variables depicted in Table 5 represent the effects of independent and control variables determine employment in accommodation in the long-run. The coefficient (5.016454) of political risk suggests that employment in South Africa's accommodation increases by 5.016% in the long-run when political risk index increases (implying a decline in the level of political risk) by 1%. The implication of this result is that employment in accommodation declines when the level of political risk rises (implying when political risk events intensify). This result is consistent to empirical findings of other studies which reveal that tourism employment shrinks when political risk rises. A study carried in North African countries (Algeria, Egypt, Morocco and Tunisia) also reveals that terrorist attacks caused unemployment in tourism to rise from 11.9% in 2010 to 13.6% in 2015 (Neagu, 2017).

**Table 5. Long-run coefficients**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LPolRisk	5.016	1.719	2.918	0.008
LCPI	0.052	0.374	0.139	0.890
LGDP	3.726	1.414	2.635	0.015
LExRate	0.601	0.098	6.125	0.000
C	-63.728	24.133	-2.641	0.015

The analysis shows that the coefficients of all control variables have a positive sign. The positive sign suggests that an increase in control variables has positive effects on employment in accommodation. In respect of GDP, results suggest that employment rises by 3.726% in the long-run if South Africa's GDP grows by 1%. On the other hand, employment grows by 0.052% in the long-run if CPI (inflation) goes up by 1% whereas employment increases by 0.60% in the long-run if real exchange rate increases (implying depreciation of South Africa's currency against the US Dollar) by 1%. The depreciation of local currency results in increase in employment because it attracts foreign tourist arrivals, since tourism products become relatively cheaper to foreign tourists especially those from countries with strong currencies. Lopez and Arreola (2019) found that the number of tourist arrivals correlates positively with the number of people working in tourism. Additional workers in tourism are likely to be needed when the number of tourist arrivals increases.

#### 4.3. Estimated short-run relationship and Error Correction Model

Table 5 displays the results of short-run analysis, and the results disclose that all the study variables except inflation (CPI) are statistically significant at 5% significance level indicating that

the variables have a short-run relationship. The coefficient of political risk has a positive sign suggesting that a decline in the level of political risk has a positive effect on employment in the short-run. Specifically, employment climbs by 1.514% in the short-run if political risk index increases by 1%. An increase in job opportunities during declining political risk is expected given that declining political risk positively impacts on the arrival of tourists. Chikobvu and Makoni (2019) found that tourist arrivals increased in Zimbabwe when political instability calmed after forming the national unity government in 2009.

The coefficients of real exchange rate and GDP also have a positive sign, suggesting that an increase in these variables instigates employment growth. If South Africa's GDP grows by 1%, tourism employment responds positively and increases by 1.34% in the short-run. In the same vein, a rise of 1% in exchange rate makes employment to rise by 0.39%. This implies South Africa as a tourist destination becomes relatively affordable to some foreign tourists when the country's currency depreciates, and South Africa becomes expensive when its currency appreciates. Ongan *et al.* (2017) show that tourists who visit the United States are sensitive to variations in exchange rate more than fluctuations in GDP. On the other side of the coin, the results show that the coefficient (0.044) of inflation with p-value of 0.892 is not statistically significant at 5% significance level. This leads to a conclusion that employment in accommodation remains unchanged in the short-run when inflation changes.

**Table 6. Short-run coefficients and Error Correction Term**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(LPolRisk)	1.514	0.595	2.544	0.018
D(LPolRisk(-1))	-1.636	0.662	-2.471	0.021
D(LPolRisk(-2))	0.265	0.570	0.465	0.646
D(LPolRisk(-3))	-1.911	0.530	-3.603	0.002
D(LGDP)	1.338	0.323	4.142	0.000
D(LGDP(-1))	-0.454	0.372	-1.220	0.235
D(LGDP(-2))	-1.287	0.354	-3.638	0.001
D(LCPI)	0.044	0.318	0.138	0.892
D(LExRate)	0.387	0.103	3.749	0.001
D(LExRate(-1))	0.072	0.122	0.594	0.558
D(LExRate(-2))	0.126	0.127	0.993	0.331
D(LExRate(-3))	-0.440	0.092	-4.787	0.000
CointEq(-1)	-0.838	0.164	-5.115	0.000

The results in Table 6 further show that employment is also influenced by lagged effects of political risk, exchange rate and GDP. The coefficients of political risk in lag one and lag three for example, are statistically significant at 5% significance level. The coefficients however, have a negative sign, suggesting that an increase in political risk index (meaning a decline in the level of political risk) in quarter one and quarter three negatively impact on employment in the current quarter. Employment in the current falls by -1.91% as a result of a 1% increase in political risk index in lag three. Similarly, employment in the current quarter goes down by -1.29% if GDP grows by 1% in lag two whereas an increase of 1% in exchange rate in lag three causes a decline of -0.44% in employment in the current quarter.

Since there is a long-run relationship among the study variables, it was imperative to evaluate the Error Correction Model (ECM) in order to determine the period of time required for the variables to correct their disequilibrium each quarter. In this context, the coefficient of the Error Correction Term (ECT) is -0.838 and it is statistically significant at 5% significance level as shown in Table 6. Furthermore, the coefficient has a negative sign, which is a precondition in the ECM. The coefficient -0.838 implies that about 83.8% of shocks in the model are adjusted in each quarter, meaning that 1.1924 (1/0.838) quarters are required for the model to be at its equilibrium level.

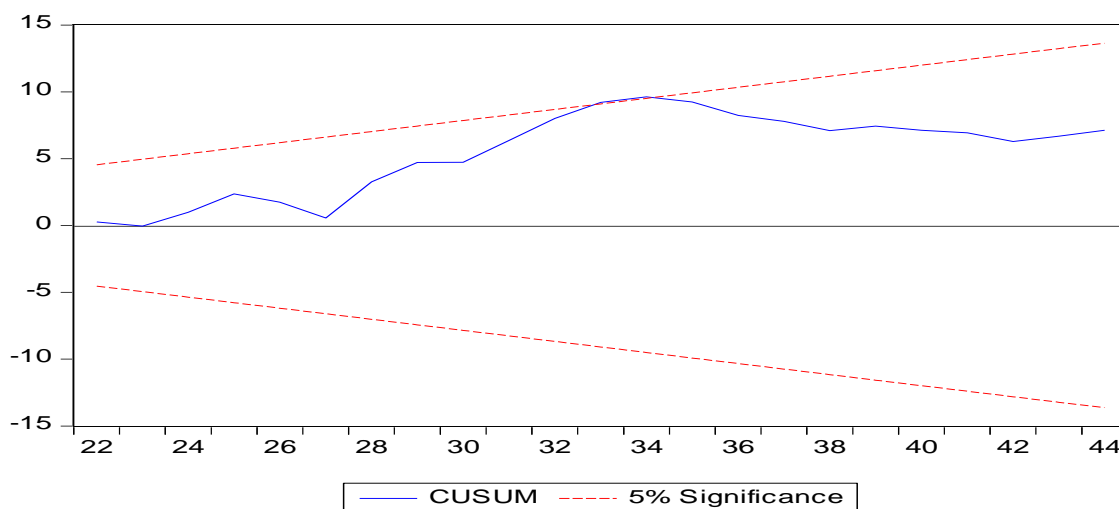
#### 4.4. Residual diagnostic tests

Different residual diagnostic tests including normality, serial correlation, parameter stability and heteroscedasticity were conducted to determine whether the ARDL model meets the assumptions of econometric. The results of the tests presented in Table 7 affirm that the ARDL model passed all residual diagnostic tests at 5% significance level. This implies that the model is homoscedastic, has no autocorrelation, and the series are normally distributed. It is therefore, concluded that the findings are valid and accurate.

**Table 7. Results of diagnostic tests**

Test	$H_0$	P-value	Decision	Conclusion
Jarque-Bera	Residuals are normally distributed	0.082	Reject $H_0$	Presence of normally
L M Test	No Serial correlation	0.117	Reject $H_0$	No serial correlation
Breusch-Pagan-Godfrey	No Heteroscedasticity	0.643	Reject $H_0$	No Heteroscedasticity

Figure 1 shows that the CUSUM graph remained within the boundaries throughout the sample period within 5% level. The null hypothesis therefore, was accepted confirming that the model was stable. The remaining of the CUSUM graph within the boundaries suggests political risk events that happen in South Africa during the sample period moderately affected employment in accommodation.



**Figure 1. CUSUM stability test result**

#### 5. Conclusion

Political risk is one of the determinants of employment in the tourism industry; any changes in the level of political risk have an influence on the number of people employed in the sector. Political risk factors such as crime and violence, terrorist attacks, political instability, corruption, internal and external conflicts, religious conflicts, nationalization, and imposed sanctions against a country impede operations of tourism businesses, and this leads to a decline in employment in tourism. This study investigates effects of political risk on employment in South Africa's accommodation. The results indicate that the prevalence of political risk factors such as political instability, high unemployment rate, crime, violence, corruption, and community protests in South Africa has both short- and long-run effects on employment in accommodation. Employment opportunities increase in both short- and long-run when the level of political risk falls. The implication is that



employment in tourism grows when South Africa experiences fewer or no political risk factors, and employment declines when political risk factors increase. These findings are similar to those of previous studies which also established that the number of tourism workers swells when the level of political risk shrinks. There is a need, therefore, for the South African government and policy-makers to control the political environment to keep political risk low for the country to experience employment growth in the tourism industry. The country should vehemently fight corruption in all facets of the government because corruption is seemingly linked to other political risk factors that are prevalent in the country. Political risk factors such as community protests for service delivery, political unrest, some crimes and violence are the results of the high level of crime. The focus of this study however, is on the accommodation sector. Future studies, therefore, may investigate the impact of political risk on employment in other sectors of tourism such as parks, travel agencies and tour operators.

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