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“Tourism in an unstable and complex world?
Searching for a relevant political risk paradigm and model for tourism
organisations.”

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Abstract

This work has a single aim, focusing on developing a political risk model relevant for tourism organisations, which are operating in an increasingly complex and turbulent international environment. It pays particular attention to the *language* of risk (how risks are articulated and described), the *culture* of risk (how risks are viewed), and the risk *process* (how they are analysed and assessed).

The work critically evaluates a variety of methods that can be utilised to scan, analyse and assess political hazards and risks. It finds that many of the existing methods of political and country risk assessment are limited and not sufficiently contextualised to the needs of the tourism industry. Whilst many models can have an attractive façade of using positivistic methods to calculate political risks, in practice these are fraught with problems. The study also highlights a more complex relationship between tourism and political instability, whereby tourism can be characterised as much by its robustness, as its sensitivity.

A model is developed which primarily adapts a systems theory approach, whereby a language, culture and practical process is developed through which the analysis of various *factors* and *indicators* can take place. The approach adopted has a number of stages, which vary in the amount of data necessary for the analysis and assessment of political risks. The model begins by utilising existing travel advice databases, moving onto an analysis of the frequency of past events, then to the nature of the political system itself, finishing with an analysis and assessment of more complex input factors and indicators which relate to notions of causation. One of the more provocative features of the model is the argument that it is more than possible to make an assessment of the risks that the political environment can pose to a tourism organisation, without necessarily understanding theories of causation.

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Glossary of Acronyms

ADFA	Australian Department of Foreign Affairs.
AIG	American International Group Inc.
BERI	Business Environment Risk Intelligence
BMC	British Mountaineering Council
BSI	British Standards Institute
CFAIT	Canadian Foreign Affairs and International Trade
CIDCM	Centre for International Development and Conflict Management
CIA	Central Intelligence Agency
CPTD	Counter Terrorism Policy Department
CPJ	Committee to Protect Journalists
CRG	Control Risk Group
CRI	Countries as Risk of Instability
CSP	Centre for Systematic Peace
EKN	Exportkreditnämnden
EIU	Economics Intelligence Unit
ESI	Economic Security Index
FAFR	Fatal Accident Frequency Rate
FH	Freedom House
FfP	Fund for Peace
FSI	Failed State Index
GADs	Grey Area Dynamics
GATT	General Agreement on Tariffs and Trade
HAZOPS	Hazards and Operational Studies
HSE	Health and Safety Executive
HDI	Human Development Index
ICRG	International Country Risk Guide
IMF	International Monetary Fund
JTAC	Joint Terrorism, Analysis Centre
OECD	Organisation for Economic Cooperation and Development
OGC	Office of Government Commerce
OPIC,	Overseas Private Investment Corporation
ONDD,	Office of National Ducroire-Delcredere
MAR	Minorities at Risk
MNE's	Multi National Enterprises
MIGA	Multilateral Investment Guarantee Agency
MIG	Merchant International Group
MIPT	Memorial Institute for the Prevention of Terrorism
NGO	Non-Governmental Organisations
NSE	Nord-Sud Export
NZ MFA	New Zealand Ministry of Foreign Affairs
PEST(LE)	Political Economic Social Technological (Legal Environment)

PITF	Political Instability Task Force
PMSU	Prime Ministers Strategy Unit
PRS	Political Risk Services
RMS	Risk Management System
SESTRTCIC	Statistical, Economic and Social Research and Training Centre for Islamic Countries
SME	Small and Medium sized Enterprises
SWOT	Strengths Weaknesses Opportunities Threats
TI	Transparency International
UCDP	Uppsala Conflict Data Program
UK FCO	United Kingdom Foreign and Commonwealth Office
USA SD	United States of America State Department
WTO	World Tourism Organisation
WEF	World Economic Forum

Chapter 1 Introduction

'Have we – we who have returned (from Auschwitz) – been able to understand our experience? What we mean by “understand” coincides with “simplify”:
without profound simplification the world around us would be infinite, undefined tangle that would defy our ability to orient ourselves and decide upon our actions. In short, we are compelled to reduce our knowledge to a schema....The desire for simplification is justified, but does not always apply to simplification itself. It is a working hypothesis, useful so long as it is recognised as such and not mistaken for reality.' (Levi 1988, p.22)

1.1 Introduction

Primo Levi, whilst trying to make sense of his, and others', experience of Auschwitz and the Holocaust, helps reveal a fundamental difficulty encountered so often in research; that in order to make sense of the world, we need to simplify it. A simplification process which involves breaking up the universe into more manageable components, then examined through particular theories and research paradigms. The problem is that whilst this simplification process is necessary, it can also result in large gaps in our understanding of a phenomenon (Faulkner and Russell 2001b, p.328), or lost opportunities for greater understanding (Reynolds 1994, p.3). This paradox of the more we try to learn, the more it can create ignorance is something which has been particularly evident in the subject area of political risk management and the sport, adventure and tourism industries.

Although the subject fields of tourism, sport and adventure are by their nature multi-disciplinary (Gratton and Jones 2004, p.74; Faulkner *et al* 2001b, p.328), this has not prevented the development of many blind spots in knowledge, with Hall (1994, p.6) lamenting that it has been 'plagued by a lack of intellectual co-ordination and insufficient cross fertilization of ideas among researchers.' What is more, Faulkner *et al* (2001b, p.329) also question the value of Cartesian or Newtonian research paradigms which have dominated much of tourism research, which by their nature are reductionist and focus on

identifying linear, positivistic relationships for a business environment that is increasingly characterised by its complexity and chaotic nature.

This work attempts to deal with these issues. The intention is to examine literature and use theories from many subject disciplines and fields, in order to try and develop some form of intellectual coordination for the topic of tourism and political risk, by developing a synthesised political risk process model relevant to the industry. In this respect, it is an ambitious piece of work.

The emergence of this subject as an area for research was influenced by a variety of factors. To begin with, there were a number of *apparent* striking changes in the business environment. The word *apparent* is used self-consciously here, as it is acknowledged that these may have been based on perceived changes, rather than any objective reality. These changes can be summarised as:

- The continued, phenomenal growth of the tourism, sports and adventure industries.
- Tourism and adventure organisations being particularly sensitive to political changes and events, where operations have stopped abruptly and destinations removed from travel schedules.
- An increase in political instability and global insecurity, with terrorists targeting softer targets, such as tourists, having become one of the more emotive and shocking developments.
- An increasing use of risk management processes and cultures in organisational operational and strategic practices and plans.

Underpinning these wider, business environmental changes were my own personal experiences of teaching under-graduate and post-graduate programmes related to sport, tourism and adventure management, together with working with many tourism related

organisations.* My experiences here revealed that although risk management was a vital part of operational management, these practices were not always extended to strategic considerations and the assessment of political risks. Whilst many organisations seemed to make simple, intuitive assessments of political situations in a country, there often seemed a remarkable lack of awareness of the more structured methods and databases that could be used in the analysis and assessment of political hazards and risk.

1.2 Context, rationale and originality of this work

It is important to explore a little deeper the reasons for focusing on tourism and political risk in terms of why it is a worthwhile area of study, the originality of this work and what it can contribute to the tourism industry in terms of practical improvements in risk management practices. In essence, this is based around the notion that tourism has become the worlds largest industry, yet is operating in a more complex world, where political turmoil can be a key factor affecting the industry, but this seems to be dealt with poorly in terms of literature and operational practices. This is elaborated on in the following sub-sections.

1.2.1 Defining tourism and assessing the industry's significance

It should be appreciated that tourism is far richer, varied and more complex compared with many common, simplistic and clichéd notions of tourism as primarily consisting of frivolous activities in sunny climates.† This does, however, mean it can be difficult to define in precise terms (Theobold 2005, p.8).‡ In its broadest sense, Glaesser (2003, p.15) describes tourism as a phenomenon of the modern era and can relate to all things to do with travel. This is perhaps too broad, inferring that tourism can refer to everything travel related, which can result in it losing its conceptual distinctiveness (Franklin 2003, p.28).

* The term *organisation* is used as opposed to business, as it reflects the diversity of operations which are involved with tourism and travel, but which may not have a commercial focus, such as the many charities, or not-for-profit groups which operate in the industry.

† It is often also associated with the 3 S's: Sun, Sea and Sand, with the word sand sometimes substituted for the word sex!

‡ Theobold (2005, p.9) gives a useful discussion of the ways tourism can be defined. He examines its derivatives as coming from the Greek *tornos* and Latin *tornare* which relates to the idea of circle and the movement around a central point.

The World Tourism Organisation (WTO) gives a more precise definition of tourism and is one commonly referred to in tourism related literature. It defines tourism as:

‘The activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited.’ (World Tourism Organisation 1995, p.7)

If one examines other definitions of tourism, such as Weaver (2000, p.3), Glaesser (2003, p.15), Cooper, Fletcher, Fyall, or Gilbert and Wanhill (2005 pp 5 -17), the key components of tourism emerge, relating to a *spatial* dimension (in a physical movement sense), a *temporal* element (the minimum is usually at least twenty four hours away from home, with some stretching this to over three days) and a travel *purpose*, such as visiting friends and family, sport, recreation or business. The latter category of business, or work related travel is one often under-represented in tourism literature, but of importance to this study. Swarbrooke and Horner’s (2001, p.5) typology of business related tourism* helps reveal the complexity of this sector, showing the breadth of business related travel, ranging from trade, exhibitions, education, aid work and even aspects of military service, with the latter two often operating in what may be deemed as politically volatile locations. These elements of tourism can also be generated either *domestically* or *internationally*, with the flows being defined as *outbound*, or *inbound* to a country, all of which will utilise a variety of products and services, ranging from hotels, transport, catering, visitor attractions and many other amenities, which can be woven together to form a *package* by both large or small tour operators, or can be bought (increasingly) as and when they are needed by independent travellers.

These supply component sectors are significant in themselves, but when they are combined together it is easy to understand why many (such as Youell, 1998; Weaver 2000, p.4; and Floyd, Gibson, Pennington- Grey and Thapa 2003, p.20) claim that tourism forms the largest global industry today. This may sound like a grand claim, but it is not made without good foundation. According to Mintel (2001) and the WTO (2003a),

* Swarbrooke *et al* (2001) also argue that people travelling for their work represents the oldest form of tourism, as people have travelled for trade for thousands of years.

tourism is amongst the largest, if not the largest, and most dynamic parts of the world economy, with the number of international visitor arrivals having grown by an average rate of 7% a year from 1950 to 2000, increasing from 25 million to 698 million in that time period (WTO, 2003a). In 2001, in the light of ‘economic malaise and security threats’ (WTO, 2003a), there was no growth in tourism, with a 0.6% decline. Yet by 2002 growth occurred again, with the total number of arrivals to countries exceeding the 700 million mark for the first time. In the WTO’s *2020 Vision* report (WTO 2000), they forecast that the number of tourist arrivals would exceed one billion by 2010, rising to 1.6 billion in 2020. Despite subsequent events, such as the September 11th terrorist attacks and the war in Iraq, the WTO has remained optimistic and committed to their previous forecasts. Although writers such as Davidson (2005 p.31) question the conceptual accuracy of describing tourism as a discrete industry, preferring to refer to it as a social and economic phenomena, or sector which impacts on many industries, this by no means reduces its significance in the modern world.

The WTO and many others, such as Todd (2001, p.3) and Mintel (2001), whilst acknowledging some of the weakness of the data,^{*} note that the figures still give a broad indication of the scale of the tourism industry. Furthermore, as Todd (2001, p.4) observes, these figures may represent only the tip of the iceberg, as they do not include domestic tourism and travel, which far exceeds the number of international visits. Youell (1998) for example, points out that in relation to international tourism, it is estimated that ten times more people travel for domestic tourism.[†] These weaknesses with the data are why Mintel (2001) recommend that the data should be used in relativist rather than absolute terms, which is how they are used in this work.

There are various factors which help explain this growth in tourism. To begin with, the changing economic and social conditions which occurred with industrialisation saw a much clearer demarcation between obligated work activities and leisure time, with the latter often seen by many workers as compensation for dull, repetitive work. The steady increase in disposable income, free- time and a willingness to travel, underpinned by

^{*} Such as being dependent on the quality of the statistics provided by national governments.

[†] Youell bases his estimation on the WTO figures.

many developing technologies, such as in rail, then later in motor cars and aviation (Poon 1993, p.34; Theobald 2005, p.5), which took place in a political environment allowing freedom of movement and expression, have all been key factors driving tourism growth. The result is that tourism and leisure has now become a vital source of employment, economic activity and is an important measure of the quality of life for individuals (Franklin 2003, p.26).

Hall (1994) gives another important dimension of tourism in relation to politics. He presents some powerful arguments of how it is now inseparable from the field of international relations, together with the frequency it is used by regimes as a political tool, helping to strengthen legitimacy and build national identity, with Richter (1994, p.220)* also adding how it can raise a country's international prestige. Despite this political importance, Hall (1994, p.8) made the comment that political science has generally failed to recognise tourism as a legitimate topic of study, which still has validity at the time of writing this thesis.

Franklin (2003) gives an insight into why tourism is not given more recognition to its economic, social and political significance, noting that there seems a prejudice against these industries which are strongly associated with entertainment, having fun and pleasure (Franklin 2003 p.11), with the associated corollary that they are not somehow respectable, admirable, but simply frivolous (Franklin 2003 p.28), and therefore less important than other industries (Davidson 2005, p.25; Theobald 2005, p.7). Franklin goes onto say:

‘Tourism is more significant than most people believe and its founders and innovators should be properly acknowledged alongside other authors of modernity such as Henry Ford or Karl Marx. In fact there is a long history of holding tourism in contempt as a derisory, shallow and vulgar sort of activity, but these sorts of comment tend to be made by social elites who find that more and more of the world that was once accessible and exclusive to them is now available to all, or almost all.’(Franklin 2003, p.11)

* Marcos in the Philippines in the 1980s is a good example of this, even if it ultimately failed (Hall, 1994 p.85).

Whilst Franklin may be overstating the case a little, it is still an interesting point, and gives a partial insight into the relative scarcity of the literature on political risk and tourism, hence the importance of this work to this area.

1.2.2 The end of certainty and a changing business paradigm?

This growth of the tourism industry has been taking place in a world which many argue (such as Regester and Larking 2005, p.16; Faulkner 2001, p.135) is becoming more complex. Although the notion of *complexity* has perhaps become a cliché, as Stapenhurst (1992) has noted many years ago, it is still important to explore. The period from the end of the Second World War to the 1970s can be represented as one of the longest periods of stability and continuity in economic history, as Drucker (1989, p.2), Graham (1988, p.61) and Ingham (2000, pp.7-9) argue. Even with the backdrop of the Cold War and its threat of a nuclear war, it was still a period which was marked by a relative degree of certainty, which is not, as Bouchet, Clark and Grolambert (2003, p.1) note, quite the same as saying that they were necessarily better days. The *end of certainty* began in the 1970s, which became marked as a time of greater business *turbulence* in the external business environment, as the oil crisis in 1974, or the breakdown of General Agreement on Tariffs and Trade (GATT) vividly illustrated. This turbulence, however, did not turn out to be an aberration, but an indication of things to come, where the global economy would become increasingly exposed to more external shocks, from new sources (PMSU 2005, p.9), leading to increased risks (Doumpos, Pentaraki, Zpounidis and Agorastos 2001, p.16; Monti-Belkaoui and Riahi-Belkaoui 1998, p.2; Cartwright 2001, p.2; Glaesser 2003, p.xv; Muller 2001). The future now seems to be one consisting of greater environmental uncertainty (Wheelan and Hunger, 2000 p.53), * with increasing dynamism (Johnson and Scholes 1999 pp91-92) and interconnectedness of the world, which creates more unknown elements (Johnson *et al*, 1999 p.97; Poole-Robb and Bailey, 2003 p.11; Bouchet *et al* 2003 p.2), and is further compounded by the growing complexity of many organisations themselves (Needle, 2003; Regester *et al* 2005, p.16).[†]

* They define 'environmental uncertainty' as the degree of complexity plus the degree of change.

[†] This organisational complexity can relate to such things as global alliances, contracting out of services and reliance on complex IT systems.

These changes have had profound implications for all contemporary organisations, not just large, multi-national enterprises, as the literature would sometimes suggest. Drucker (1980 p.vii) using the Chinese curse of ‘may you live in interesting times’, points out that it has never been more *interesting* for organisations, with one of the few certainties being uncertainty for businesses. Initially the debate about change was based on overcoming resistance to change (Drucker 2001, p.73). This has steadily evolved to adopting a more expansive view of how change can be managed, indeed looked for, in order to maximise opportunities and minimise threats to the organisation. To do this effectively, Drucker argues, is to become a ‘change leader’ (Drucker 2001, p.74). Some, such as Bernstein (1998), or Have, Have, Stevens and Elst (2003, p.39), have gone further by saying not only is change necessary for success, but to prevent it can be damaging. Today, so strong is the business cultural acceptance of change, that one would now be hard pressed to find a contemporary text book on business management which does not acknowledge the critical role change represents in relation to new business opportunities, growth and profits. In terms of this study, what is of such interest is how this process of trying to understand change has increasingly utilised risk frameworks and cultures, as will be further discussed in **Section 1.2.4** and **Chapters 3** and **4**.

1.2.3 A new global political and security paradigm?

A key ingredient of this dynamic and complex business environment has been the changing global political and security paradigmatic shifts (Bayliss 1997, p.208), which have many profound implications for tourism. These changes have been underpinned by two key developments; the collapse of communism and globalisation. The collapse of communism and the ending of the cold war seemed to remove the major security risk of nuclear annihilation. Fukayama (cited in Heywood 2002, p.31), in his book *The End of History*, published in 1992, argued that the collapse of communism marked the end of the ideological debate between liberalism and communism. Fukayama argued that the end of historical struggle and change was not with communism, as Marx had predicted, but with the worldwide triumph of western liberal democracy and capitalism, with the further repercussions that Third World regimes were collapsing as a result of the recognition that the capitalist, first world offers the prospect of economic prosperity and political stability.

Overall, the pattern that was revealed was that the collapse of communism brought not a new world order as Fukayama envisioned, but as Wilkinson (2001, p. 47) describes it, a 'new world disorder', where the flows of stability and peace, ebb with instability and violence. Yes there were clear periods of optimism in the early 1990s: the collapse of the Berlin Wall, both physically and symbolically, in 1989; Nelson Mandela's release from jail and his *walk to freedom* in 1990; or the coalition formed for the 1991 Gulf war to deal with Iraq's occupation of Kuwait, all seemed to illustrate the emergence of a new world order. The difficulty was that with each instance of optimism, an alternative set of events jarred against this vision of a stable global environment, such as the war in Yugoslavia, Zimbabwe's slow slide into economic and political chaos, or the genocidal conflict in Rwanda and Burundi, which took place at the same time as South Africa's first universal elections (Hauss 2001, p.3).

The second key element which helps explain the ever more complex and rapidly changing political environment has been the process of globalisation. It is not a concept without its controversies, as Bayliss and Smith (2001, p.9) illustrate, such as to what extent the homogenisation of cultures has taken place? Who are the winners and losers? Is it globalisation or Americanisation? Or just how new a concept is it? What is harder to refute is the increasing inter-connectedness of the world in relation to communications and the compression of time and space, whereby events reverberate far beyond the national boundaries from whence they occurred, and in a shorter space of time.

The corollary of these developments is that notions of conflict and political instability have become more complex themselves. The evidence, neatly summarized by Hewitt, Wilkenfeld and Gurr (2008), was that whilst there has been a growth in democracies over the years, so too was there increase in the number of armed conflicts, where the boundaries between war, terrorism, insurgency and even crime have become far from clear. Conflicts which are not restricted to specific geographic regions, but are global in nature, often helped, ironically perhaps, by the huge global tourism infrastructure which can be utilised.

The growth in conflict and state failure in the 1990s also saw an increase in intervention on humanitarian grounds (Heywood 2002, p.134), which has resulted in what has been

described as a new peacekeeping industry (Piekarz 2007, p.161; Paris 2004, p.3). This in turn has meant a growth in aid related travel, as attempts are made to initially deal with the humanitarian crises generated, particularly in relation to the problem of displaced people, then later to try and rebuild the state. A pattern of development which has often played a crucial role in laying the foundations of a more mainstream tourism infrastructure, as illustrated in Ethiopia, Sri Lanka and Cambodia, and is discussed further in **Chapter 2**.

This new security paradigm raises many profound challenges for the tourism industry. On the one hand it can mean events, such as war, terrorism and political instability may increasingly bisect and impact on tourism flows. On the other, it can create many new market opportunities, as failed states rebuild their economic, social and political fabric, all of which further emphasises the importance of developing methods and practices to help scan for these changes. This challenge of how to view these political changes forms a key feature of this work.

1.2.4 A growth in risk management cultures and processes?

In order to understand this seemingly more complex and rapidly changing world and the opportunities or threats that may be posed to an organisation, various business environmental scanning models have been developed,^{*} which as Clarke and Varma (1999, p.415) illustrate, can be framed in a risk management framework. A pattern that tends to reflect a wider growth in the use of risk management cultures and practices, for all types of organisations, at all levels within organisations. It is a growth that Lupton (1999, pp.9-11) noted has been exponential in relation to language, research and advice, with Adams (1995, p.3 and p.31) arguing it is the world's largest industry. Hunt (2001) argues that:

‘Today, it is not an exaggeration to say risk assessment has become central to all forms of management decision making...Regardless of specific risks, events and

^{*} Mercer (1998, p.58) notes that the scanning process of content analysis has its roots in WWII where intelligence experts scanned enemy sources of information, such as newspapers and radio broadcasts, to try and gauge public opinion towards the leadership of the country.

industry sectors, risk management is now seen as highly relevant to all corporate functions.’ Hunt (2001, p.289)

Despite this importance it still remains a slippery and imprecise concept, as **Box 1.1** on the next page illustrates, with a more critical discussion taking place in **Chapter 3**.

There are many factors that help explain this growth in risk management. At its most basic level it can be seen as a rational response to try and manage change (Klinke and Renne 2001, p.160; Keeling 2000, p.46). Other writers point to the simple fact that risks are everywhere, in all aspects of our lives. Moore gives one of the better overviews of the variety and complexity of the risks people are exposed to in their everyday lives. He says:

‘Risk is all pervasive. An individual faces physical risk from driving a car, career risks from the possible bankruptcy of one’s employer, the financial risks from investing his or her savings in equities. A company faces the risk of collapse of traditional market, or of research failure for a new product. A government may face an unexpected strike or a foreign government’s rebuff to a diplomatic overture. While in some areas, such in life assurance, risk is well understood and systematically handled in an accepted manner, this is not common in other areas of economic and social activity.’ Moore (1983, p.vix)

Furthermore, not only can it be deemed as inevitable, many also argue that the taking of risk is an instinctive part of human nature, which drives innovation and economic activity (Bernstein 1998, p.12). As Chapman and Ward (1997, p.xi) succinctly state, a zero risk project is often not worth pursuing because no returns can be gained.*

* Maynard Keynes noted that ‘If human nature felt no temptation to take chance ... there might not be much investment merely as a result of cold calculation.’ (Keynes 1936, p.156, cited in Bernstein 1998, p.12). Bernstein also comments how the command economy of the Soviet Union choked of innovation and development, resulted in economic stagnation.

Box 1.1 The historical evolution of risk

Merna and Faisal (2005, p.9) trace the origins of the word risk as either the Arabic *risq* (to be given by god), or the Latin *risicum* (the challenge of a barrier reed for sailors and has connotations of a fortuitous or unfavourable event). Bernstein (1998, p.3) traces the roots of the modern conception of risk in the Hindu-Arabic numbering system, but notes that it is in the Renaissance that it flourished and began to achieve conceptual clarity. The key point to appreciate is that our understanding of risk has changed over time, reflecting wider socioeconomic shifts (Tarlow 2002, p.202). In the *first pre-industrial age*, it is linked to the maritime industry and focused on the *perils* that could compromise a sea voyage (Lupton 1999, p5). Risk was viewed as an objective danger, or a neutral idea (Frosdick 1999, p.33), or an act of god, which excluded the idea of human fault or responsibility. It was also characterised by reacting defensively to risks.

In the *second age*, the process of industrialisation influenced how risks were understood, particularly as the science of probability and statistics were developed (Lupton 1999, p.6), with the extension that it was not just nature that created risks, but also humans. The belief developed that through science and maths, the world could be better understood and predicted through calculations, with the main focus on assessing and controlling the negative consequences of risks. Risk also became contrasted with uncertainty, which referred to a situation where probabilities could not be calculated. In terms of the management of risks, these were dealt with in a linear way. Elliot, Frosdick and Smith (1999, p.11) illustrate this by using the example of how stadia regulations over the past hundred years for the UK only ever dealt with the immediate causes of the stadia disaster, rather than the more complex, underlying causes; the result, they argue, was one of reasons why fatalities continued to occur. A process they describe as 'legislation by crisis' (Elliot *et al* 1999, p.11).

Sadgrove (1999, p.1) and Tarlow (2002, p.207) argue that risk is now in a *third post-industrial age*, whereby risk is characterised by their complexity in origin, and creating both opportunities/upside as well as the more familiar threats/downsides. Paradoxically perhaps, whilst many organisations may view risk in a more neutral way, for the wider public, risk has become strongly associated with blame and notions of accountability, or liability (Frosdick 1999, p.36), having also become a tool of the legal system. Despite these trends Tarlow (2002, p.208), goes on to argue that for some areas of risk management, it is now entering a *fourth age*. Risk management in this age, he argues, becomes 'truly interdisciplinary' (Tarlow 2002, p.209), whereby it is necessary to not only to understand the complexity of hazards and risks in terms of their origin, but also in relation to their complex interactions and impacts. Whilst aspects of these new paradigms are not necessarily completely new - Lupton (1998, p.148) for example notes that in the field of economics, there has always existed the notion of a 'good risk' - the use of complexity theory is an important development and has influenced this research project a great deal.

One can also gain a deeper insight into the growth of risk management by examining a number of key works from the fields of sociology and anthropology. Of particular importance are the works by Ulrich Beck (1992, 1994 and 1998), Mary Douglas (1992), and Anthony Giddens (1990). To begin with, Beck's various works grounds the growth

of risk in contemporary societal developments. Essentially, whilst Beck's work has gone through a number of alterations over the years, his central idea of the growth of a modern risk culture is interesting and provocative. He argues that contemporary risk cultures and practices are a response to the risks created by modernity. His early works were particularly influenced by the green and environmental politics in the 1980s together with the notion of Giddens 'reflective modernisation' (cited by Matten, 2004). In classical theories of modernization, the focus was on organising society on firm, rational footings, such as in the manufacturing processes and the division of labour. *Reflexivity*, however relates to social practices which are constantly examined and reformed in the light of incoming information, with societies always adapting and changing constantly, as new problems and issues are generated and created by modern lifestyles (Matten 2004, p.329, citing Giddens, 1990 work). The result is that Adam, Beck and van Loon (2000, p.7) argue that the hazards and risks are 'both more messy and more insidious' which cannot be 'encompassed' by traditional concepts of risk, such as actions taken to deal with risk being based on rational reasoning, scientific exploration and mathematical modelling.

What is of interest in this theory of reflexivity is the inherent dynamism of the model, which shows the growing recognition of globalisation and the nature of environmental problems transcending the boundaries of states, with many profound implications for how they should be dealt with. Classical modernity meant that lives were lived within the nation state; today, the argument goes, globalisation has rendered national boundaries as impotent lines, which is not the same as saying the nation-state has become weaker or less important. Using these writers' works, Lupton (1999) also frames the key reasons for the growth of risk in the context of the inherent transformation of societies to the complex and uncertain, post-modern era. Lupton (1999, pp.36-39) uses Mary Douglas's work (a pivotal figure in the socio-cultural analysis of risk), and argues that risk is a Western strategy for dealing with danger and 'Otherness'. What is more, Lupton (1999, p.45) goes onto argue that there has been a growth in a 'blame culture',* where every death, every accident and every misfortune is 'chargeable' to someone's account, or reacted to with what Glaesser (2003, p.xv) argues greater intensification. What is less clear however is to

* The idea of a blame culture is particularly strong in the USA, where it has been said that not only do Americans sleep with a gun under their pillows, but also a lawyer.

what extent people are becoming more risk averse, as (Furedi 2002, p.20) and Regester *et al* (2003, p.18) argue, as the picture seems more complex, particularly with the growth of adventure tourism, which is discussed in more detail in **Chapter 2**.

In relation to *political risk* management methods and practices, these became more firmly established in the 1970s, with Stapenhurst (1992, p.46) noting that it became both an academic discipline and corporate function. The impact of the oil crisis and the problems of third world countries servicing their debts^{*} revealed the growing need for businesses to make some assessment of political situations and the risks they posed (Doumpos *et al* 2001, p.16). Doumpos *et al* (2001, p.16) state how several attempts were made, mainly by banks, to try and develop procedures for effectively estimating risk. They highlight how initially these were based on developing checklists of indicators, but gradually developing into more sophisticated multivariate statistical techniques. Very importantly, they note that despite the progress made in the development of the models, the financial crisis of 1997-1998 still demonstrated the vulnerability of organisations to global economic changes that were not anticipated in the models developed.

These underpinning forces have, in turn, helped drive a growth in legislation and regulations, whereby the adoption of risk management processes have become a vital necessity for organisations. For the UK, not only do tourism operators need to consider aspects of Health and Safety legislation, but also a range of regulatory guidelines, the most recent being BS 8848:2000 (British Standards Institute 2007), which gives guidance on overseas ventures. Very importantly, within these set of guidelines, in addition to the usual range of risks which need to be identified and assessed, there is a requirement to research the political conditions of a country and a need to consult governmental travel advice. At a more strategic level, Hawkins (2006, p.122) argues that post-Enron many countries have had to instigate more rigorous financial controls and risk practices, which for the UK were established in the Turnbull Report (1999), which gives guidance on corporate governance and developing appropriate risk management systems (RMS) and holistic risk cultures. Compliance to these regulations has become necessary not only out

^{*} This was the problem of many third-world countries defaulting on their debt repayments in the 1970s and 1980s posing some severe problems for certain banks.

of a sense of morality (Cloutier 2000, p.98), but also to ensure it acts as a 'protective shield' against litigation (Smitsen and Gregg 1999, p. 285; Cloutier 2000, p.98), particularly in view of the growth of a blame culture and the media amplification which can occur. Grainger-Jones (1999) in relation to the sport industry makes the provocative comment that:

'In no other sphere is risk management so essential but so problematic. In no other sphere is legislation becoming so onerous, licensing so substantial, insurance so important, and litigation so worrying.' (Grainger-Jones 1999, p.175)

The result of all these trends is that it has encouraged many organisations to develop both *cultures* (Clarke *et al* 1999) and *processes* that can help with the understanding and management of risks. As a *culture*, this refers to how risk and change is viewed and understood. As a *process*, it deals with the practical methods and stages that data is collected, analysed, assessed and dealt with. These two key distinctions, are rarely appreciated or discussed in risk related literature, yet in this work, they play a crucial role in reviewing the wider body of literature on risk management, whereby risk cultures are examined in **Chapter 3**, and risk processes examined in **Chapter 4**. As such, these form another key feature in terms of the originality of this work.

1.2.5 A paucity of political risk models and literature for tourism organisations?

From a mixture of normative experiences and preliminary exploration of the literature on political risk and tourism, a number of problems were soon revealed in relation to political risk and tourism. There is no shortages of writers who stress the importance of risk assessing the political environment because of the impacts it can have on operations and strategic plans, such as Cartwright (2001 p.63), Monti-Belkaoui *et al* (1998, xi), Czinkota, Ronkainen and Moffet (1999, p.95). Indeed, Burmester gives an added dimension to the importance of understanding the political environment, particularly in an international sense, saying:

‘All firms are to some degree exposed to political risk, but to international business managers it is a topic of particular concern.... risk is a function of ignorance and, in a political context, individual ignorance is generally much greater abroad than at home.’ (Tayeb 2000, p.248)

After an initial impetus of organisations setting up political scanning teams, Stapenhurst (1992, p.178) comments that by the 1990s many of these had been reduced through a mixture of financial cut backs and the failure of some of the teams to develop accurate forecasts to help in decision making. These difficulties related to a variety of factors such as the lack of synergy with the experts and the decision makers (Stapenhurst, 1992, p.178), where the latter wanted clear yes/no decisions, whereas the former might present the scenarios in more cautious, complex terms (Wells, 1998, p.26). The relevance of many models was further undermined by what Wells (1998, p.16) describes as the ‘lackadaisical’ approach of many teams, where they constantly failed to appreciate the dynamism of the political environment, or failed to adjust their cultural mindsets from old type political risks, which were of declining relevance, such as expropriation, to the new risks, such as those posed by democratic systems, or acts of terrorism.

If one narrows the research parameters down to search for literature just relating to political risk management and tourism, then the numbers of detailed references are very few. Whilst, there is a strong body of empirical literature which examines the link between political instability and tourism demand (reviewed in **Chapter 2**), this is not quite the same topic area as political risk assessment and management. Whilst the former body of work seeks to establish the connection and sensitivity of tourism to political change and instability, the latter is more concerned with utilising distinctive methodologies with which to identify, assess and develop control measures to deal with political changes.

With relation to previous theses, searching the Index to Theses database, few PhD projects relating to political risk were found (approximately sixteen), many of which dealt with the needs of more traditional industries, such as the petroleum industry, with none concerned with tourism. In relation to political instability and tourism, there was only one of direct relevance, which was Theochorus’s (2002) work. Whilst an interesting work and

providing a useful discussion on political stability and the link with tourism, its remit was narrower and does not really approach the topic from a risk paradigm. This lack of previous studies added further credence to the validity of the research topic.

1.3 The aim and objectives

It has been from this preliminary context that the following aim, objectives and assertions have been developed. The aim of this research project is:

To develop a systematic, practical framework for analysing, assessing and controlling political risks, relevant for small to medium sized tourism, adventure and sport organisations.

Related to this aim are a number of more specific objectives. These are:

- To identify and clarify the key vocabulary used to understand risk management in a tourism, business and political risk context.
- To identify and analyse instances of good and bad practice for risk assessment from across a variety of subject fields
- To examine if it is possible to have a common culture, language and process of political risk management embedded in existing management practices relevant to tourism organisations.
- To test the relevance of existing models of political/country risk assessment to the tourism industry.
- To analyse which are the best ways to ascribe a risk value, if at all?

Underpinning this aim and these objectives are a number of preliminary assertions that need further examination via the literature review and the primary data collected. The reason why assertions are used, rather than hypotheses, is that this work does not approach this topic area through a positivistic research paradigm (although at times it does refer to it), where the intention was to prove or disprove arguments or beliefs. Instead a series of assertions were generated, based on past experiences and a preliminary

examination of the literature, which would help drive a deeper exploration of the subject area. These assertions can be stated as:

- The literature on business and political risk assessment is not sufficiently contextualised for the needs of the tourism/sports industry and is skewed towards the more traditional economic sectors, dominated by big business, often with an American bias.
- Political risk assessment is becoming more important on the grounds of finance, legal regulations and morality.
- Many tourism organisations' assessment of political risk is often ad hoc, intuitive and variable, with little integration of the strategic and operational levels of management.
- Travel advice issued by governments can lack subtlety as indicators of real political risks.

In studying this topic of tourism and political risk, literature is utilised from many disciplines and subject fields. The key subject fields from which literature is drawn are categorised as:

- Political risk management.
- Tourism, sport and adventure risk management.
- Strategic business management and managing change.
- Project risk management.
- Political international studies.
- Environmental risk management.

The materials drawn from these fields emanate from academic literature, business consultancies and practitioner discourses. By using such an eclectic range of materials it was hoped that any blind spots in knowledge can be reduced, together with developing a more consistent vocabulary or language of risk that could be utilised in practical risk processes.

These objectives and assertions are examined in different ways in each of the subsequent chapters. In **Chapter 2** the literature is reviewed in relation to the critical relationship tourism has with political instability, together with analysing in more detail the key trends in tourism. What emerges most strikingly from that chapter is how the work on tourism and political risk management must move beyond a narrow, deterministic, inverse relationship of tourism decline in relation to political instability increasing. In **Chapter 3** the definitions, cultural paradigms and vocabulary of risk management are critically explored, compared and reviewed. This chapter is particularly important in relation to developing a lexicon of risk management in order to deal with the confusing descriptors and terms which emerge from the diverse source of literature used; differences which are not necessarily because of the different subject fields they are written for, but can often be based on the temporal context they are written in. In **Chapter 4** the practical process elements of risk management are critically compared and reviewed. This chapter is crucial for developing a model that can be used for later analysis. It highlights the wide variety of political risk management models that can be utilised, the complex area of causation and the different factors and indicating data that can be used for analysing and assessing hazards and risks. In **Chapter 5** the methodology is examined. This Chapter not only outlines the practical approaches of how the data will be collected, but also critically examines the cultural context of the project, seeking to ground the work in the different business and academic paradigms which have influenced its development. In **Chapter 6** the frameworks, models and possible indicators of political risk that were identified in **Chapters 3 and 4** are used and examined in relation to their degree of relevance to tourism. A variety of risk values from existing models are also compared to tourism patterns to further assess their relevance. In **Chapter 7** all the different elements from the Chapters are synthesised to develop a framework for political risk analysis and assessment relevant for tourism organisations, and is examined in relation to a single case study country and organisation. **Chapter 8** concludes the work, drawing out the key findings, the strengths and weaknesses of the work, and future areas for research.

1.4 Chapter summary

Why this study then? In short it relates to the scale of the tourism industry, operating in a more complex, dynamic business environment, whereby it will increasingly need to scan for changes that may create opportunities or threats, of which the political environment seems a particularly important generator of such drivers of change. The use of conducting this scanning process through a risk framework simply reflects the wider legal and cultural changes that have occurred in developed countries. Despite this need for scanning and the growth in risk management practices, in relation to tourism and political risk management, it is a subject that is seemingly poorly served by the literature. Whilst certain aspects of risk management are firmly embedded in many tourism and adventure organisations operations, this does not seem to necessarily extend to the notions of analysing and assessing political risks, whether these represent terrorist threats or government policy initiatives, which may affect the organisation for good or ill. As such, both the subject area and the approach taken in this work are key factors that help convey the originality of the work.

Chapter 2

Tourism, political instability and the implications of post-modern tourism in a new security paradigm

2.1 Introduction

In **Chapter 1** the context of the research project was examined, focusing on how it has developed from a range of normative experiences and perceived changes in the political business environment. In this Chapter, the link between tourism and notions of political stability/instability are examined in more depth by reviewing a range of literature. The growth of post-modern tourism is also explored in relation to the changing global security paradigm and the possible implications for tourism of this trend. From this discussion a framework is developed which is used for later analysis in **Chapter 7**.

2.2 Exploring the sensitivity of tourism to political instability

There is a strong body of literature that reveals the importance of tourists perceiving environments as safe, together with the sensitivity of tourism flows in response to political change or instability. Hall (1994, p.92), Weaver (2000, p.107) and Sonmez (1998, p.426) are just a few of the writers who have highlighted the importance of political serenity and a sense of safety as a central corollary for tourism to thrive, with Glaesser (2003, p.xv) arguing that tourism has 'above average' sensitivity to crisis events. Hall and Sullivan argue that:

'Perceptions of political stability and safety are a prerequisite for tourist visitation. Violent protests, social unrest, civil war, terrorist actions, the perceived violations of human rights, or even the mere threat of these activities can all serve to cause tourists to alter their travel behaviour. Tourism managers and planners therefore need to become more aware of the political dimensions of tourism development.'
(Hall and O'Sullivan 1996, p..117)

The importance of these issues has led Chiang (2000, p.45), citing Olsen *et al* (1996), to argue that one of the key future drivers of change in the tourism industry will be issues of

tourism safety and security. Wilks, Pendergast and Wood (2003, p.79) even argue that since 9/11 notions of 'destination safety' can be presented as a competitive advantage in terms of marketing.

Political instability, obviously, is not the only variable that influences tourists' perception of safety. Sonmez, Apostolopoulos and Tarlow (1999, p.14) and Glaesser (2003, p.xv), all point out that tourism is an industry vulnerable to internal and external shocks, which can range from economic downturns, natural disasters, epidemic diseases and international conflicts. Yet what is also emphasised in the literature, is that because a destination's attractiveness is derived so much from its image (Tarlow 2002, p.6, citing Santanna 1999), events such as political instability, particular terrorism, intimidates tourists more severely, leaving a negative lasting impression of a destination (Sonmez *et al* 1999, p.420, citing Richter and Waugh 1986).

The following examples drawn from a variety of research literature help illustrate the impact of political instability events on tourism demand:

- The Communist seizure of power in Afghanistan in 1979 saw tourism in the country fall by 60% between 1978 and 1979 (Hall 1994, p.94).
- In the Gambia, the 1994 coup resulted in the number of British travellers (a key market) declining by 73%, which devastated its economy (Sharpley *et al*, 1995 cited by Glaesser 2003, pp.158-159)
- After the first Gulf War in 1991, an estimated two billion dollars was lost by the USA airline industry (Glaeser 2003, p.xv).
- Before the war in Yugoslavia in 1991, Croatia received 5 million tourists, with tourism not reviving until the end of the war, receiving 1.3 million tourists in 1995, going up to 2.6 in 1996 (Weaver 2000, p.107).
- The coup in Fiji on the 19th May, 2000, which lasted for fifty-six days, devastated Fiji's tourism industry, which in 1999 had received record numbers (409,955 arrivals), employing 45,000 people and generating 27% of Fiji's GDP (Berno 2001, p.77).

- In Israel, various political events have affected tourism in significant ways, both good and bad, as Mansfield (1999) demonstrates with the examples of the 1967 six day war; the 1973 Yom Kippur war; the 1981 Galilee peace process; the 1985 and 1987 intifadas; the 1991 Gulf War; and the 1992 and 1995 peace process.
- Falon (2003, p.142) illustrates how in 2000, the Indonesian conflict between Muslim and Christian groups, in Lombok, resulted in many Chinese and tourist venues becoming the targets for violence. The result was that room occupancy rates fell from 42% to less than 10%. The later bomb in Bali was estimated to have cost 2.7 million jobs with the fall out being felt through out all Indonesia and its neighbouring countries.
- Tourism in Nepal for many years thrived, increasing from 6,000 arrivals in 1962, to almost 500,000 arrivals in 2000. Since the USA war on terror, the war in Afghanistan and tensions between Indian and Pakistan, compounded by the growth of Maoist insurgents, tourism declined by 40% in 2002 on the previous year, as its peaceful and tranquil image was lost (Thapa 2002, p.118).
- Cothran and Cothran (1997, p.478) illustrate how the fluctuating political fortunes of Mexico has created a roller coaster ride of positive opportunities and negative threats, such as the currency collapse in 1995, or the 1994 Zapatista peasant uprising, which resulted in a 90% drop in tourist numbers for the first two months after the events.

Significant as these events were in terms of the impact they had on tourism, all were surpassed by the events of September 11th, which Glaesser (2003, p.xv) describes as having the worst, world wide impact on tourism since World War II. Examples of the economic losses suffered by tourism can be found in **Box 2.1** on the next page. What September 11th also illustrated was how globalised and interconnected the world had become, with the events sending shock waves far beyond America. Pratt (2003), for example, illustrates the impact the attacks had on the Bahamas, beginning with all flights cancelled, followed by an initial emptying of hotels by US citizens, and numerous conventions and holiday cancellations. These events severely hurt the Bahamas' tourism industry, as 80% of tourists came from the USA, with tourism contributing 8% of Jamaica's GDP and employing 160,000 direct and indirect jobs (Pratt 2003, p.193).

Box 2.1 Reflecting on the impacts of the September 11th attacks on tourism

September 11th had many profound impacts, which reverberated around the world. Kegley (2003, p1) argues that it marked the dramatic end to the notion of a presumed safety and euphoria of a new prosperous era after the Cold-War, together with a shift in geopolitical risk away from Russia and China. In the context of tourism, there is little doubt about the negative impacts it had. For example Floyd *et al* (2003, p.20) highlight how inbound, outbound and domestic tourists flows came to an abrupt halt as all air transport was grounded until 13th September, leaving 100,000s stranded; Floyd *et al* (2003, p.21) also noted that hotel occupancy plummeted, with many people subsequently made unemployed, such as the Wyndham Hotel Company laying off 1,600 employees. Goodrich (2002 pp 574-578) illustrates a number of other impacts:

- In the first month after the attacks, the following numbers of staff were laid off by the airlines: United Airlines 20,000; Continental Airlines 13,000; Northwest Airlines 10,000; and Delta Airlines 13,000.
- Supporting services were also affected, such as LSG Sky Chefs - the largest USA airline catering company, had to furlough 30% of its 16,000 workers after September 11th.
- Hotels, in first 3 months found bookings down by 20-50% as both recreational and business travel was affected, which as been estimated as representing a loss of \$2 billion.
- Many sports events were also affected, such as the postponement of the Ryder cup, along with fourteen National Football League games in America cancelled (capacity of stadiums is between 60,000 – 75,000, which resulted in an estimated \$84 to \$105 million of lost revenue for sporting events for the Sunday after an attack.).

Added to this economic cost were other impacts, such as the increase in insurance costs; the psychological damage inflicted on customer confidence; the need to adjust the industry's service infrastructure to meet the changed security needs; increased bureaucracy with stricter visa requirements; and changed attitudes towards crisis planning. Burke (2005) also provides a useful review of literature on the impacts of 9/11, noting how in the short term it initiated negative emotional responses and impacts, but with a passage of time, most returned to normal patterns of behaviour.

Whilst September 11th illustrates the sensitivity of tourism to crisis events, it can, however, also be used to show the robustness of tourism, and how a crisis can also create market opportunities for tourism organisations. What is perhaps so notable about September 11th is not that international passenger miles fell immediately after September 11th, but that it fell so little, noting that by 2004, the airline industry was back to exceptionally strong growth, despite the backdrop of the Iraq war. Furthermore, for many tourism operators, it proved a lucrative time, such as USA domestic tourism, the European budget airlines (which illustrated that whilst people may have been more fearful of flying, it did not stop them from flying shorter distances) and Muslim travellers to other Muslim countries. Crisis events, it seems, do not simply stop demand, rather it just redirects the flows to other destinations.

Whilst the literature is strong on showing the inverse relationship of tourism demand declining in response to negative political events, it is important to try put this view into a more balanced perspective. There are many examples that can be used to illustrate this.

Sonmez *et al.*, (1999, p.13) for example, state boldly that even with the many set backs such as the 1991 Gulf War, the War in Yugoslavia and the Asian financial crisis, tourism continued to grow and became the worlds pre-eminent industry contributing \$3.6 trillion global gross domestic product (GDP) and employed an estimated 225 million people by the mid-1990s. In Egypt, after the 1997 Luxor terrorists attacks, which initially reduced tourism by approximately 15% (World Tourism Organisation, 2003b), tourism soon returned, then surpassed previous demand, only to suffer a 13% decline after the September 11th attacks, but again recovering and increasing demand, despite many other terrorist incidents. Pratt (2003, p.193) noted that one year after September 11th, many of the Caribbean destinations had showed almost a total recovery, with some areas exceeding previous demand levels. Anson's (1999, p.58) study on tourism in Northern Ireland, showed how during the 18 month cease-fire (eventually shattered in February 1996), visitor numbers were up by 20%, with pure holiday visitor up by 68%. Ioannides and Apostolopoulos (1999) in their study on Cyprus note the fluctuations of tourism demands in relation to political events, with tourism levels gradually increasing as the status quo of the divided island became bedded down in peoples' consciousness. Mansfield (1999, p.32) also notes that some highly attractive destinations, such as Egypt, can recover more rapidly, as there may be so many interested parties wanting to establish a favourable, secure image, which includes the tourists themselves. Hall (1994, p.100) illustrate another dimension of the instability events impacting on tourism demand, noting that Fiji's loss of tourism after the coups, proved to be Bali and Queensland's gain. Finally, Butler and Baun (1999, p.24) take a different perspective by looking at the tourism opportunities created with the ending of the Cold War, in relation to military bases being withdrawn.

Tourism, then, does exhibit a high degree of elasticity (responsiveness of demand) in relation to political events, but it should not just be viewed in a negative sense of tourism flows declining, rather that the 'substitution affect' (Sonmez and Graefe 1998, p.119) means that flows tend to be redirected (Wall, 1996, p.147; Anson 1999 p.58; Hall 1994, p.100), or that it seeks to establish (or re-establish) itself when situations are perceived to have improved. O'Connor comments:

‘It is interesting to note that the destinations that are tipped to be “hot” next year – namely Sri Lanka and Cambodia were all war zones themselves until recent times, which gives some indication of the fickle nature of the tourism industry: this year’s no go area is next year’s travel magazine front cover.’ (O’Connor, 2002, p.3)

This is particularly true for those locations with a previously established pattern of tourism, such as Sri Lanka, Cambodia, Croatia or even Afghanistan.* In the Mintel (2004) report on emerging destinations, a number of countries are identified which are noted for their ‘extraordinary’ market growth, three having emerged from periods of violent conflict (Croatia, Cambodia and Lebanon), whilst two were affected by neighbouring conflicts (Bulgaria, Namibia), together with another two having emerged from a period of significant political change (Mongolia, Tanzania).

Not only can the world’s conflict zones become the potential tourism destinations of the future, there is also evidence of a demand to experience these countries whilst they are still considered as dangerous, or ‘hot’ (Piekarz 2007, p.153). Byrne (1997) reported that there are hundreds of British travellers who consciously seek to witness war and famine. Many embassies serving war torn countries have also reported an increase in the number of tourists wanting visas, such as in Rwanda, Bosnia and the former Soviet Republics. Casado makes the observation that:

‘There seems to be an increasing resilience on the part of travellers to disregard threats when visiting attractive destinations. The appeal may be historical richness, low prices, geographical beauty, or the thrill of being in a potentially dangerous place. Even when a record number of destinations have been placed on a blacklist of tourist-originating countries, the willingness of some travellers to take the risk and visit troubled areas seems to be on the increase.’ (Casado 1999)

What should also be recognised is the importance of business related travel and tourism to the world’s trouble spots, hence the importance stressed on having a more open definition of tourism, as discussed in **Chapter 1**. It must be stressed that ‘hot war’

* Which formed an important part of the hippy trail to Kashmir and India.

business tourism is far from a new phenomenon, as the oil and mineral related companies have sent workers to war zones for decades. What has changed however is that the end of the Cold War saw an increase in conflicts, primarily civil in nature. Paris (2004, p.1) notes that in the 1990s, 94% of the armed struggles were internal in nature, which have also been accompanied by an increase in peace keeping operations, with the scale of operations meaning that this can be understood as a discrete industry on its own (Paris, 2004, p.1; Duncan and Opatowski, 2000, p.6). This *industry* can involve a vast array of workers, ranging from lawyers involved in drafting laws and constitutions; observers monitoring elections; aid workers; commercial organisations with contracts for infrastructure projects, such as rebuilding bridges, or power plants; diplomats; professionals involved in educational training programmes with the military, police and government staff; and soldiers involved in peacekeeping. All of whom can play a vital role in developing some of the key, early foundations of the tourism infra and super-structures, such as restaurants, accommodation, roads and airports.

2.3 How political events influence tourist perceptions and willingness to travel

So far, what has emerged is that there is a more complex relationship operating between tourism and political events, whereby tourism can be characterised as much by its robustness, as its sensitivity to these events. It is too simplistic to say people are risk averse, or that all risk needs to be eliminated; an impression that is sometimes given with all the regulations, media stories and the growth of a 'blame culture', as discussed in **Chapter 1**. In more reasoned discussions, risk is in fact seen as a vital necessity in business, tourism and adventure, as will be explored further in **Chapter 3**.

One of the key themes to emerge from the literature on tourism and instability was the importance of perceptions in relation to destination safety. Dimanche and Lepetic (1999, p.20) for example, note how risk perceptions of crime in Florida was inflated by some dramatic attacks on tourists, yet at the same time the general crime figures were actually falling for the State. Carter (1998, p.351) offers another interesting example, noting how peoples' view of the risks and dangers of individual African countries was often reduced down to a 'single, undifferentiated territory' of a dangerous African continent. A point

also observed by Lepp and Gibson (2003, p.607) who use Enders *et al's* (1992) concept of the 'generalisation effect' to show how conflicts are projected onto neighbouring countries, even though they may not be affected by it in real terms. In short, all these elements show that a critical factor that tourism organisations must often manage is the *perceived risk*, not necessarily the *real risks* or dangers (Beirman 2003, p.5), whilst also recognising how these perceptions will vary according to different groups or market segments catered for (Anson 1999, p.59).

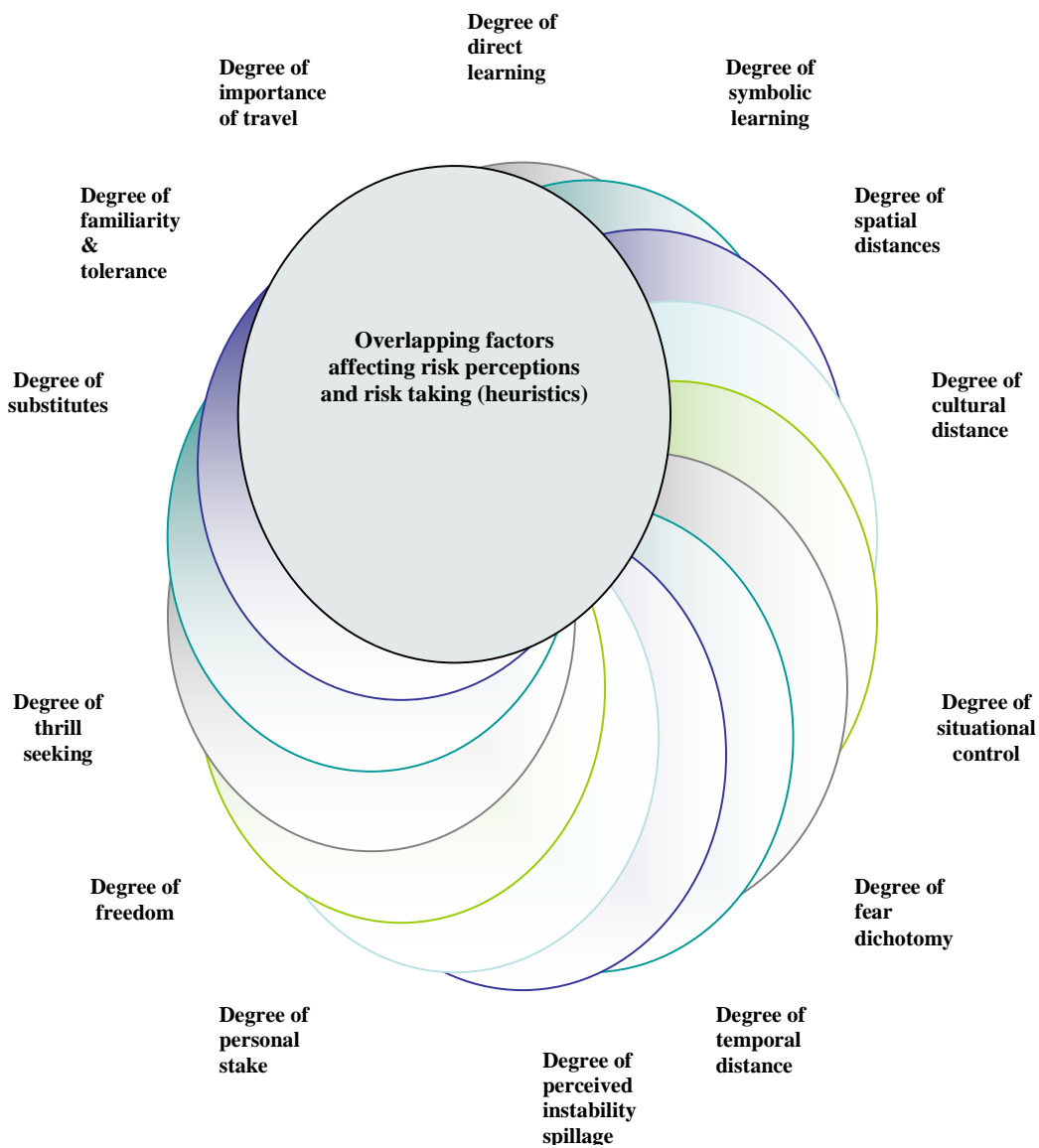
One can draw upon a wide range of theories and factors to help understand how hazardous events frame perceptions and influence travel behaviour. Frostdick (1997, p.173) highlights the disagreement between writers who argue risk is best understood from an individualistic, behavioural perspective, such as Slovic (1991), cited in Frostdick (1997, p173), or from an anthropological viewpoint, which argues how risk perception is a social construction.* Glaesser (2003, pp 37-42) however, illustrates how a mixed approach can be used, which draws on theories from the disciplines of psychology, physiological, sociology and anthropology, in order to distil the key factors that can be used to understand the decision making process in response to crisis events. Whilst a very useful discussion, Glaesser does not go onto construct a model that can be used to conduct an analysis of risk perceptions.

In relation to this work, it was not possible to conduct a full analysis of all aspects to the travel decision-making process. All that is done here is to distil some of the key factors that were found to be useful in helping to understand how risk perceptions are created, which are presented within a theory of heuristics. This theory relates to how people solve problems, or make decisions based on our own experiences, through a system of trial and error, rather than some structured, systematic method. The reason for its usefulness in this work is that it reflects how most people evaluate risk, whereby our 'cognitive capacity' (Maule 2004, pp.21-23) to make accurate probability risk assessments is often limited by a whole range of factors, therefore we tend to rely on our past experiences to make the assessment, but in doing so this brings many possible problems and misconceptions

* Mary Douglas (1992) is a key writer here, with the development of the grid-group model and the four key groups: hierarchists; egalitarians; fatalists and individualists.

(Maule 2004, p.21; Lewin 2001, p.41). The theory of heuristics is used to construct Diagram 2.1, highlighting the wide range of factors that can inform experiences and can effect people’s perceptions and ultimately their willingness to travel, with a short explanation of these factors given in Table 2.1.

Diagram 2.1 Reflecting on the factors influencing risk perceptions



Source; Author

The reason why the factors are shown as overlapping is to try and reflect the inherent *messiness* in travel decision making, whereby it is a complex, composite range of factors which help inform the decision, many of which may not always be fully recognised or appreciated by individuals. The mix of these factors and their relative importance will clearly vary from destination to destination, and indeed, individual to individual, but what it does offer is method to reflect on how different clients perceive destinations and is applied in **Chapter 7, Section 7.3**.

Not all of the factors that are highlighted in **Diagram 2.1** and **Table 2.1** need discussion in depth, but there are a number of critical underpinnings that are important to understand. One of the interesting themes to emerge from the literature is the evidence that it is the content, nature and severity of the outcome of the risk event, rather than the likelihood of it occurring, that is a key element in framing risk perceptions. Sonmez *et al* (1999, p.121) and Moore (1983, p.147) for example, argue that that travellers response to risk has little to do with the actual or real probability of being harmed, with Tarlow (2002, p.3) commenting that the perceptions about a crisis event tend to be almost as devastating as the crisis itself. The result is that it can lead to ‘distorted’ perceptions (Glaesser, 2003, p.43), or ‘incongruities’ (Vertzberger 1998, p.20) in assessments. It is sometimes stated as the difference between the notion of the *real risk* (if there is such a thing, which is examined in more depth in **Chapter 3**) and the *perceived risk*. This is commonly illustrated by the examples of people who are more scared of flying than driving, even though the latter, statistically speaking, is more likely to cause death or injury; or the often cited case of people being more scared of a shark attack, than coconuts, even though coconuts are reputed to cause far more injuries or deaths than shark attacks.*

* Glaesser (1993, p.42) uses the example of shark attacks and coconuts. He illustrates how the perceived risks of a shark attack is contrary to the reality, whereby death and injury is far more likely to occur from falling coconuts. The latter is perhaps so synonymous with tropical holidays, whilst the former more with horror – the differences in perception are understandable. In 2000, 150 people died from falling coconuts, whilst the number of shark attacks was 79, with the death rate in the world usually being between ten and twenty people.

Table 2.1 Summary of the key variables which frame risk perceptions

Influencing variable	Description
Degree of symbolic learning	This relates to what is learnt about a destination via the media and marketing. If learning is primarily based on this, when events occur which contradict the sold image, the loss of demand may be more severe. For example, a destination which sells itself as an idyllic, tropical paradise designed for relaxation, can find negative images of instability far more devastating on the demand in comparison with a location which caters for 'hard' adventure trekking. The role of the media cannot be underestimated, as so many writers argue, such as Stone, (2001, p.181), Falon (2003, p.140), Sonmez <i>et al</i> (1999, p120), Anson (1999, p.58), Hall <i>et al</i> (1996, p.107) and Dimanche <i>et al</i> (1999, p.19). The concept of <i>media amplification</i> can also be relevant here.
Degree of direct learning	This relates to learning from doing, which is particularly relevant in relation to independent travellers, who can draw on a greater range of experiences in order to make more objective judgments, and can interpret an event beyond the dramatic newspaper headlines.
Degree of familiarity and tolerance	This can manifest itself in a variety of ways. After September 11 th travelling to long-haul destinations meant more unknown elements, resulting in people tending to switch, or alter their travel plans to the more familiar destinations, such within a country or familiar neighbouring countries.
Degree of spatial distances	Glaesser (2003, p.39) points out that knowledge and familiarity can be intimately entwined with physical distances, which can mean people who live near unstable countries can view the risks differently, and make more subtle distinctions and assessments of the risks.
Degree of cultural distance	This is an old idea which relates to the notion of cultural empathy and cultural distance. The more a group of people are seen as similar, the more individuals can relate to them and hence the difference in reactions. Douglas (1992) makes the important point that risks are made in the context of cultural relativity and notions of 'otherness.'
Degree of situational control	This relates to the degree of control people have of the risk, with the more control we have, the less we can feel fear or perceive something as a risk, which can further help explain the driving/flying fear paradox.
Degree of temporal distance	Glaesser (2003, p.44) says that 'according to available heuristics', the perceived probability of an occurrence increases depending on how easily it is remembered, hence the differences in behaviour immediately after a crisis event in comparison with months or years later.
Degree of personal stake	At its broadest level, this relates to the financial investment put on risk (Ritchie <i>et al</i> 1993, p.34), but the notion of stake should be extended to include such things as reputation, prestige amongst peers, or the notion of social risk.
Degree of substitutes	Floyd <i>et al</i> (2003, p.23) citing Sonmez (1998) points out how research has shown that when tourists are faced with the threat of terrorism, tourists can substitute risks for other destinations with perceived safer alternatives and generalising risks to other potential countries.
Degree of freedom	This relates to the degree that people freely choose to travel, or feel obligated to travel as part of work or other possible commitments (Ritchie <i>et al</i> 1993, p.34).
Degree of thrill seeking	Lupton (1999) makes the general observation of how risk taking and pleasure seeking can be intimately entwined. The reasons are not too difficult to fathom, particularly when one examines the many humanistic theories that explain human motivation, such as stimulation theories. It is a very subjective element, but helps introduce the notion of <i>risk tolerances</i> and why certain people may be more willing to undertake the risk of travel than others.
Degree of perceived 'instability spillage'	This relates to the notion that political events and crises can be associated with countries or regions beyond the borders of the country where they are taking place. This perception can, indeed often is, based on ignorance (e.g. the problems with the Israeli/Palestine conflict being projected onto all middle-east countries), but its importance cannot be stressed enough.
Degree of importance attached to the holiday	Whereas in the past, tourism was often seen as discretionary spend and so highly inelastic, but as argued in Chapter 1 , it has become more complex as it is an important measure in the quality of life. This helps explain why demand tends to be diverted, rather than reduced.
Degree of fear Dichotomy	The false dichotomy of fear, which can either produce paralysis of actions, whilst at other times it can produce resolution.

Source: Author

Sonmez (1998, p.418) illustrates this point with the example of terrorism attacks on travel demand. He notes that in 1985, of the 28 million Americans who travelled abroad, only 162 were killed in terrorist activities, with the probability of 0.00057% of an American becoming a victim of terrorism. He states however, that in 1986 an estimated two million Americans changed their travel plans in response to terrorist attacks and political events. Viscusi & Zechhauser (2003, p.99) and Heng (2006, p.51) also illustrate this point in relation to 9/11 which resulted in nearly 3,000 deaths, which although shocking, is still relatively small in comparison with the number of people killed in road accidents (approximately 10% of the annual highway accidents in the USA), or even from smoking, but this does not prevent the terrorist risk being regarded as more serious or dangerous. For Viscusi *et al* (2003, p.99), the key difference relates to fact that the latter risks of driving and smoking involves a voluntary element, whilst for 9/11 they comment that the deaths ‘demand attention’ as they were dramatic, clustered and received extra-ordinary publicity.* The *real risk* then can matter little, because a *perceived risk* is based on a variety of subjective feelings, which are believed, and so, as Larkin (2003, p.86) notes, are seen as real truths to the individual concerned.

The work of Sunstein (2003, p.121) gives a further insight into the value of adopting heuristics. He noted that in the face of ignorance people assess probabilities through various heuristics, the most notable being to draw on any recent examples of the event, whether these are through direct experiences, or indirectly, such as accessing news reports. He observed that in the aftermath of a terrorist attack, the event is more readily recalled and so may be given an increased sense of probability; a process which he describes as ‘probability neglect,’ which helps explain the excessive over-reaction to low-probability catastrophe risks. What was of interest was how more emotive descriptions of events, or the visual images generated, particularly when the ‘badness’ of the outcome is focused on, can have far greater impacts on perceptions in comparison with raw statistical odds,[†] and is cited as one of the reasons why such events can initiate such large scale

* Viscusi *et al* (2003) also note how before the attacks such a risk would not have even been part of most Americans mindset as a possibility.

† He used an experiment based around arsenic, water supply and the risk of cancer and how it is described. He noted the differences in response and the willingness to pay in order to reduce the risk, with the more

changes in the patterns of behaviour in the short term, as the risks are over-estimated. Mairal (2008, p.43) gives another useful insight into this theory, by providing a very interesting discussion of how notions of risk probability are constructed not by statistical analysis, but by the narrative and story, with each repetition and hearing of the story reaffirming and heightening the sense of risk.

Heng (2006) also gives some useful insights into risk perceptions. As with others, he emphasises the distinction which can be made between perceived risks gained through science and those gained through direct experiences (heuristics). Using Slovic's work, who he describes as the 'father of risk perceptions' (Heng 2006, p.46), he notes the three risk dimensions that frame perceptions: the dread factor (lack of control and the potential catastrophic fatal effects); the unknown factors (risk tends to be over-estimated if it is novel, un-observable, with relatively unknown consequences); and the scale of the risk (the number of people exposed). Heng goes on to argue that risks which result from human actions, such as terrorism, and new technologies, are especially feared. Whilst these differences between real and perceived risks are important, some, such as Eduljee (2000, p.16), citing Schrader (1980) and Adams (1995, p.23), do question the whole distinction between real and perceived risks. As they argue, both experts and lay people's views are rooted in cultural systems and shaped by psychological profiles, which means one can never really talk of a real risk.

What the different theories on risk behaviour clearly highlight is the need to understand customers and clients in a more holistic way. It shows how one must consider not only the economics of demand, the physical supply of a tourism infrastructure, and the social/cultural situations of the stakeholders involved, but also the complex area of psychology and how this influences perceptions, of which issues of safety and well being can act to both attract or divert people to destinations (Bentley and Page 2001b, p.708); something which also reinforces the dangers of looking at the demand for travel in a reductionist, hierarchical way, which only focuses on pleasure travel as a discretionary spending item. It also reveals that what organisations need to manage may not necessarily

emotive the description the greater the willingness to pay. He noted how probability did affect behaviour, having little or no impact on emotions

be any notion of the *real risks*, but what the clients *perceived risks* of travel to a destination are, as Beirman (2003, p.6) is keen to stress.

2.4 The post-modern tourist and the new security paradigm

As tourism continues to grow, seeping into all areas of the globe, based on the simple law of averages it would suggest that the likelihood of tourism being affected by political events and instability is increased. There are, however, additional trends in tourism that suggest other reasons why it is important to understand and assess political risk. Many of these trends can be encapsulated in the theory of Poon's (1993, p.87) 'post-modern' tourist. The 'old tourist' was characterised by having a mass, standardised package, which lacked flexibility. Consumers tended to be inexperienced (or travel illiterate), seeking sun, with the hotels of a more standard, large type. This old pattern of tourism, which boomed after the Second World War, whilst still having markets, is being challenged by new tourism patterns of behaviour. Poon's (1993, p.34) post modern tourist is characterised by being more flexible, segmented and socially/ environmentally conscious,* with consumers now far more travel literate, having a greater confidence, flexibility and the means to book and make up their own travel itineraries. A more detailed description of the characteristics of the post-modern tourist is presented in **Box 2.2**. Whilst these descriptions are very broad and reductionist, they do help convey some of the key trends occurring, which points to a more complex, niche based tourism market.

The notion of a 'post-modern tourist' seems to be reflected in a number of recent tourism market research reports. Of particular relevance is the growth in the 'experiential or experienced-based economy', which has implications for not only tourism, but in all aspects of life for people in the developed world. Mintel (2002), the World Tourism Organisation (2003a) and Franklin (2003) all emphasise how the industrialised world is in transition from a service based economy, to an experienced based economy, which in the context of tourism, means creating a better travel experience, with the opportunity for travellers seeking something different, and a sense of 'personal discovery' (Mintel 2002), or more optimal experiences. Both Mintel and the WTO predict that it will be the

* Weaver (2000, p.176) also makes a comment on the more knowledgeable consumer which means ethics will be more important in the future.

experience factor, rather than the location factor, which will be the key for many future tourism markets. The focus is thus switching to delivering unique experiences that personally engage the consumer. In one sense, travel can be understood as returning back to its root origin, whereby the word *travel* is derived from the word *travail*, which means to overcome adversity and hardship, or conduct a hard or agonizing labour (Hall 1994 p.92).

Box 2.2 Growth of the post-modern tourist?

The following points are drawn from a diverse range of literature to illustrate the key features of post-modern tourism:

- Proliferation of small, niche service operators, which also reveals the many markets for the more obscure types of adventure travel (Mintel 2001).
- Polarisation of tourists' tastes, which deliver extreme experiences, ranging from extreme luxurious comfort, to risk-laden adventure.
- The growth in the adventure sector (Swarbrooke *et al* 2003, p.93 and p.117), with the WTO (2001) identifying adventure tourism as a significant niche market for the year 2020. For example, Explore, an adventure tour operator, which was established in 1981 saw a 20% increase each year for its holidays and now organises over 30,000 holidays around the world (Bryne 1997).
- The growth in physically and mentally demanding holidays, which can make people feel fitter, look better and have a sense of self-fulfilment.
- Travel experiences which can give the individual kudos by being able to tell a good story (Mintel 2001).
- Adventure being segmented into more sophisticated, innovative market segments, such as: family adventure, multi-activity holidays, extreme activities (looks at the novel, extreme physical challenge), adventure with a purpose (charity or aid tourism,) and the prestige traveller (no-expense spared and motivated by the prestige of the destination).
- Growing cash rich, time poor segments.
- More tourism services which have a 'conscience' and aim to be ethically sound in relation to human rights and the environment. Related to this is the growth in aid tourism, where people volunteer, or pay to do community or environmental projects.
- Growth of 'serious leisure'.

All of these issues can be of help when evaluating the risk exposure of tourism organisations.

So far, what can be seen is that tourism is a huge industry and one that is still growing. Changes in the figurations* of society mean that people seek more opportunities for *optimal experiences*,* which stretch far beyond a simple holiday on a beach. The

* Used here to refer to the complex interaction of economic, social, political and individual forces.

demand for new and varied destinations, where new and more complex or ‘multi-layered’[†] experiences can be obtained, seems set to increase. Mintel argue that:

‘One of the major determinants for the future destination is the move to a better travel or holiday 'experience'. An increasing number of travellers seem to be searching for something different. They are looking for the new frontiers, and in a world where the media can take you anywhere at the flick of a digital remote control, there is a growing need for tourist products that offer a sense of personal discovery.’ (Mintel 2002)

The results of these changes can already be seen, particularly by the growth in the adventure tourism sector, which has been one of the most rapidly growing sectors of the tourism industry in recent years (Swarbrooke, Beard, Leckie and Pomfret, 2003; Mintel 2002 and 2003b). In the past, adventure travel and expeditions were once the preserve of the few, as dictated by the social and economic figurations of the time. Today, this has changed, where many more people have the means to explore the world because of social freedoms, cultural acceptance, economic ability and technological developments, which helps give an insight into Sonmez *et al* (1999, p.13) observation of the growth in destinations that are more prone to significant natural disasters, or political turmoil.

The implication of these trends for tourism and political risk management is potentially profound. It is of interest that Poole-Robb *et al* (2002, p.10), as part of the Merchant International Group (MIG) noted how the globalization of markets, and the demands for profits and returns on shareholders, is encouraging executives to enter new markets, often, they note, without due diligence or research. A point which seems particularly important for tourism organisations, who in the face of the competitive dynamics of the market place, are compelled to develop new tourism destinations, but which may be more vulnerable to instances of political change and instability. In relation to the independent traveller, a more meaningful experience will be sought which may involve travel to

* Csikzentmihalyi’s (1992) work focused on the condition of human happiness and meaningful experiences. He argues that growing affluence had not necessarily brought an increase in happiness, noting that happiness is not the result of good fortune, or something that happens, but is the cognitive interpretation of events, which when it all comes right is described as an *Optimal Flow Experience*.

[†] The idea of the multi-layered experience is the author’s concept, referring to how people may want to experience a variety of emotional states, ranging from relaxation, to being thrilled and excited.

remote parts of the world, whether it is for a sense of personal discovery, or to get involved in more altruistic activities, such as development or aid work.

What these trends also emphasise is the importance of the notion of the 'undiscovered' destination or location, which Franklin (2003, p.273) argues are becoming few and far between, as in the post-modern world more or less every surface of the globe seems to have been rendered consumable in a touristic way. It is a bold statement, which perhaps overstates the case too much. On closer examination, not every part of the globe has been commodified for the purposes of tourism. There are many countries in the world, which have potential for tourism development, but are held back by endemic political and security problems. The paradox, perversity even, of conflicts today, is that whilst it is a destructive force, in relation to tourism, it can work to preserve a potential destination, even adding to its stock of attractions, as people return and visit sites of past conflicts, in much the same way thousands visit the Normandy invasion beaches in France. These trends also challenge the more traditional pattern of the tourism lifecycle, as illustrated in **Box 2.3**, where instead of an incremental, linear development of tourism infrastructure, it can be characterised by its speed and variety. Tourism developments are not steady, meandering rivers, following a set course, rather they can emerge with the force of an explosive flood river, where there are many courses and much chaos.

Box 2.3 The importance of the independent backpacker

What adventure tourism constitutes is open to some debate, with some of the adventure package tours perhaps being more of an exercise in re-branding, rather than offering a real adventure. The growth of this sector reflects the growing desire to gain more from the holiday experience. Mintel (2001) also highlight the parallel growth of a smaller number of independent back-packers, which they describe a little simplistically as the hippy backpacker. As Pryer (1997) indicates, this sector of the independent backpacker can be as complex and sophisticated as any other tourism niche, with segments ranging from the more stereo-typical 'hippy backpacker', or a gap-year student, to the 'plastic card travellers' and the mature adventurers. Pryer says:

'Whilst it is impossible to quantify the size of the group at present, the fact that travelling emerged in the 1960's and for many mature adventurers it is a life-time activity, suggests it this is a significant group. The mature adventurers is therefore well-equipped and motivated to go where few visitors have gone before. Such a group is motivated by their own prestige, self-fulfilment and the need for authenticity with their experience giving them greater insight into what is and is not authentic.' (Pryer, 1997, p.231)

The independent back packer playing a vital role in opening up new destinations has long been recognised. A cycle that involves: discovery, local responses, visitor growth and then external investment (Pryer 1997, p.228). Plog (1973) used personality traits based on psychographic types to try and understand the role of the traveller in opening up destinations, identifying the allocentric (people who seek more novel experiences and risk), mid-centric and psychocentrics (people who are risk averse, conservative and seek safety and prefer the familiar). Cohen (1972) developed a useful, if dated tourism typology, which distinguished between the organised tourists and the non-institutional tourists, comprising of 'explorers' and 'drifters'. The explorer, whilst they want to get off the beaten track, seeks an established superstructure, such as reliable transportation. The drifter, by contrast shuns the organised travel, adapting to indigenous ways. The slightly derogatory term of drifter, lead Vogt (1976) to use the term wanderer. Pryer (1997, p.227) expands on these typologies, to give the most sophisticated overview of the independent traveller segment of the tourism industry, commenting how the psychological barriers of discovering, or rediscovering, new destinations does not hold any fears for a growing group of people, usually young, where they see it as a 'rite-of-passage' testing their adult competence by embarking on the trip. Furthermore, Pryer explains the critical role of the traveller as pioneers for the countless others who will follow. The implication of these trends is again very important as the destinations which are travelled to may be existing or former war zones, where the kidnapping and execution of travellers in Cambodia in the late 1990s, illustrating the dangers of this travel.

2.5 Chapter summary

Tourism is an industry very sensitive to political change. But it is a relationship that must not just be examined from the point of view of the simplistic, deterministic, linear, inverse relationship, where as political instability increases, demand reduces. Whilst much of the literature tends to focus on the impacts of political events, such as terrorist attacks on tourists, what is often ignored is that tourism can also show signs of

remarkable resilience, where demand is usually diverted, not stopped after crisis events, together with tourism being capable of returning to unstable destinations remarkably quickly. Furthermore, to view tourists as a homogeneous group, is to ignore the complexities of the different niches or segments and how they interpret and react to political events.

Into the complex global political milieu goes the growth of the post-modern tourist and the experiential economy, which can place greater demand on perceived untouched destinations. The result is that travel and tourism is increasingly likely to bisect or interact with global political events, which further stresses the vital importance of monitoring the political environment to ensure existing services and clients are safe, or new opportunities are seized. All of these things have important implications when analysing the value of existing models, as discussed in **Chapter 6**, or developing new models, as discussed in **Chapter 7**.

Chapter 3

The babel of risk management: clarifying the language and culture of risk

3. 1 Introduction

In **Chapter 1**, it was noted that risk and risk management could be understood as both a *culture* and as a practical *management process*. This chapter primarily concentrates on the former point, with **Chapter 4** focusing on the practical process elements. Literature is drawn from the different subject fields identified in **Chapter 1**, in order to conduct a critical comparative review of the different ways that *risk, political risk and political instability* can be defined, understood and utilised in the construction of risk cultures and paradigms.

The rationale for this approach is its importance to a number of the thesis objectives. The first relates to the objective of identifying the core concepts of risk management in order to help establish a consistent vocabulary of risk management. The second is based on the objective of identifying examples of good and bad practice from the different fields. The third relates to how understanding risk paradigms can help unlock the workings of many political risk models, as it influences what is viewed as a risk, which in turn shapes what is analysed, assessed and controlled. By attempting to achieve these objectives, it has the cumulative effect of making an important contribution to clarifying a confusing language of risk, or the *babel*, which can conspire against the effective communication of risk, the failure of which can make the whole risk management process sterile. It also has the added benefit of helping to clarify an appropriate culture or belief system, which, as Allinson (1993, p.3) notes, can be so vital in giving the risk management process direction and purpose.

This chapter begins by examining a variety of more generic risk definitions, highlighting the core concepts and descriptors used. These are then compared and contrasted with the specific political risk definitions, whereby some striking differences are highlighted. Just what exactly constitutes a political risk is also intimately explored, drawing a sharp

distinction between the more general notions of *political instability* and the many possible political hazardous events, triggers and risk impacts.

3.2 Exploring general risk definitions and paradigms

There are no shortage of writers who note the many inherent ambiguities in risk definitions, such as Klinke and Renn (2001, p.159), Maule (2004, p.19), or Callow (1998, p.4). Considering the diversity of literature examined, and the different levels of management for which it is written, this perhaps comes as no surprise. Using the Oxford Online Reference system (2007) revealed over 1,000 hits,^{*} which also helped show the ubiquity of usage. Interestingly, however, the pattern that emerges is that variations are not necessarily between the different subject fields or disciplines, but are more likely to reflect the cultural and temporal context that the work is written in. In short, the notion of risk can be understood as a social construction and a portmanteau word[†] (Moore 1983, p.3) hence highly malleable and open to disagreement (Adams 1995, p.3; Brown 1999, p.274; Maule 2004, p.19; Klinke *et al* 2001, p.159) and so constantly evolving (Mythen 2004, p.13).

In **Table 3.1**, a sample of *risk* definitions are given, based on a content analysis of the many risk definitions discovered and examined, which were drawn from a variety of subject fields. The sample highlighted here is used to help illustrate conceptual variety, rather than frequency of usage. From this table, two key distinguishing properties emerge in relation to the notion of *risk*. The first relates to what can variously be described as either the *probability* (Brown 1999, p 274; Glaesser 2003, p. 43), or *likelihood* (such as Klinke *et al*, 2001, p.161), or *chance* (Moore 1983, p3), or even *frequency* (Smissen *et al*, 1999, p.286), although strictly speaking, as Grainger-Jones (1999, p.197) and Jablonowski (2001, p.33) note, the notion of frequency is not the same as likelihood, as it simply refers to the number of times an event or situation occurs, which can *then* be used to help formulate the probability of occurrence. The second concept relates to the notion

* These ranged from the fields of art and architecture, biology and sciences, computing, earth and environmental sciences, economics and business, encyclopaedia, English dictionaries, history, law, medicine, military history, names and places, physical sciences and mathematics, politics and social sciences, science, and religion and philosophy.

† This refers to the idea that it is blended together from various sources and cultures.

of a *severity* of outcome, or *magnitude* (Royal Society 1992, p.4), or *level of threat* (Howell 2001, p.3), or the *gain or loss value pay-off* (Moore 1983, p.3). Whilst the likelihood tends to have a quantitative dimension, the severity often has a more qualitative dimension. Whatever the descriptors used, it is clear that the notion of probability and severity of outcome, are core concepts, which Klinke *et al* (2001, p.161) describe as the two ‘central categories’ of risk.

Table 3.1 Sample definitions of risk

Definition	Subject Field	Type
‘Risk is sometimes taken as synonymous with hazard but risk has the additional implication of the chance of a particular hazard actually occurring. Hazard is best viewed as naturally occurring or a human induced process, or event, which has the potential to create loss. That is the source of danger. Risk is the actual <i>exposure</i> of something of human value to a hazard and is often regarded as the product of probability and loss.’ (Smith 2004, p.12).	Environmental hazard and risk management	Asymmetric
‘Risk is the potential to lose something of value, or simply the potential accident’ (Brown 1999, p.274).	Adventure management	Asymmetric
‘...Risk (is) the probability that a particular adverse event occurs during a stated period of time, or results from a particular challenge. As probability in the sense of statistical theory, risk obeys the formal laws of combining probabilities. Explicitly or implicitly, it must always relate to the ‘risk of (a specific event or set of events)’ and where appropriate must refer to a hazard specified in terms of its amount or intensity, time of starting or duration.’ (Royal Society 1992, p.3).	General risk management	Asymmetric
‘All projects involve risk; the zero risk project is not worth pursuing.... Risk involves both threat and opportunity.’ Chapman <i>et al</i> (1997, p.xiii).	Project management	Symmetric
‘Risk management is a rational approach to the problem of dealing with the risks faced by a business. It is about managing or optimising risks; it is not necessarily about eliminating them, because risk is inherent in adventure activities – and should remain so.’ (Cloutier 2002, p.241).	Adventure	Symmetric
‘We often speak of the “risk of fraud” or the “risk of getting run over.” Sometimes we use the word quantitatively; for example, we might say that there is a 20% risk of losing our money in a particular situation...In these examples we are using the word “risk” in the sense of an undesirable outcomes. This is often referred as “downside risks”. However, investments might also have an upside potential.’ (Lewin 2001, p.36).	General business management	Symmetric.
‘Risk management can be defined as the process of anticipating, preventing, or minimising potential costs, losses, or problems for the event, organisation, partners and guests. Risks occur in terms of finance, organisational viability, safety and health. Risks occur naturally and cannot be ignored, and events are prone to particular types of risk.’ (Getz 1997, p.241).	Events management	Asymmetric
‘Risk can be considered as a frame that creates contexts which bring together an “object of risk” (a hazard or source of potential harm), an “object at risk” (a target of potential harm) and an evaluation (implicit or explicit) of human consequences. Risk is therefore a relational order through which connections between people and ‘things’ are constituted and guide their actions.’ (Mairal 2008, p.42)	General management	Asymmetric

One important theme to emerge is the distinction between the notion of *risk* with *uncertainty*, particularly in the field of economics and statistics. The distinction is made between *risk* and *uncertainty*, whereby if the outcome of a project or event is not known, or highly subjective, then this can be categorised as *uncertainty*. If, on the other hand the outcome can be given some degree of assessment as to its probability or likelihood, then this is classified as a risk. Equally, if something approaches 100% probability, it becomes a reality rather than a risk (Irwin 1998, p.61). Whilst risk can be understood as a product of uncertainty (Klinke *et al*, 2001, p.163; Swarbrooke *et al*, 2003, p.12), many argue that it should not be regarded as the same thing.* This conceptual distinction is one articulated in Knight's 1921 book *Risk, uncertainty and profit*; a key text that has helped frame many subsequent discussions on the notions of risk (as noted by Boyne 2003, p.2; Michaels 1996,p.25; Mythen 2004, p.13; Bouchet *et al* 2003, p.3).

Whilst this conceptual difference between *risk* and *uncertainty* are easy to appreciate, Michaels (1996) and Mythen (2004, p.13) make the comment that this distinction has perhaps become received wisdom, whereby in reality such clarity between the two concepts may not be so easy to draw (Mythen 2004, p.14; Bouchet *et al* 2003, p.3). Viscusi *et al* (2003, p.100) also comment that in relation to terrorism, the risks are highly imprecise and difficult to predict, which means one is dealing with uncertainty, or even ignorance, because of the difficulty of attaching statistical probability. Heng (2006, p.44) makes this criticism in relation to political forecasting, arguing that to truly distinguish between risk and uncertainty is near impossible, as the probability rating will always have an element of arbitrariness about it. This question is returned to in **Chapters 7 and 8**.

Also evident in a number of the definitions is the notion of a *hazard* (such as the Royal Society 1992; Smith 2004, p.12; Sadgrove 1997, p.4; and Poole-Robb *et a*, 2002, p.3). A *risk* whilst intimately related to the concept of a *hazard*, can be regarded as a distinct concept, even though as many writers note (such as Smith 2004, p.14; Mythen 2004, p.13), a *hazard* may be used as a synonym for risk.† Whilst many definitions do not make

* Klinke *et al* (2001, p.164) expand on this idea of uncertainty and introduce the concept of 'incertitude', which refers to the degree which reliable predictions can be made.

† Heng (2006, p.48) comments that Beck is a key writer who has 'muddied' the waters between the two concepts as he tends to use them as synonyms.

reference to the concept of a *hazard*, its importance should not be ignored. For example, in the Royal Society's 1992 influential report on risk, it places clear conceptual distinction between the two terms, referring to a *hazard* as any property, situation or indeed anything which has the potential to cause harm, which Sadgrove (1997, p.4) says can range from a trailing wire, toxic chemicals or excessive financial borrowing. In the Royal Society's report, the *hazard* essentially refers to the object, or conditions that could cause harm, defined as the 'loss to a human being or population' (Royal Society 1992, p.30), which can become 'realised' under certain conditions (Royal Society 1992, pp.2 - 3). Ritchie and Marshall (1993, p.144) give another possible dimension to the concept of a hazard, noting that some may define the hazard as the actual potential outcome, with the term risk regarded as the subjective interpretation of these outcomes.

The concepts of *hazard* and *risk* are intimately linked by the extent that risk events can emerge from different hazards. Here there is ambiguity in the extent that the *hazard* is understood as the *source* of the risk, or is the actual *cause* of the risk, together with whether the *hazard* automatically equates with harm and loss. For example, Smith (2004, p.12) makes the distinction between a *hazard* and a *risk* (see **Figure 3.2**), referring to the *hazard* as the cause of the risk.* Haddock (1993, p.8) in the field of adventure also cites the hazard as relating to the causal or contributing factors to incidents and 'undesired events which result in loss.' The British Mountaineering Council (2001, p.15) using the Health and Safety Executive (HSE) guidelines use the term *hazard* to simply indicate anything that can cause harm (such as a rock fall, bad weather), whilst the *risk* (such as the rock fall hitting people, or bad weather causing hypothermia) is the chance that it will do so. Others take a slightly different view of the *hazard*, such as Hewitt (1997, p.25), who stresses that the *hazard* is the source of an event, change or accident, not necessarily the initiator or cause. This view of a hazard is to see it as the 'objective conditions, agent or event' (Hewitt 1997, p.25) which may lead to a negative event, or, crucially, could also lead to opportunities. In this sense, the *hazard* is understood in a more neutral way, with Ritchie *et al* (1993, p.144) noting that the hazard will occur irrespective of the risks

* Smith (2004, p.12) cites Okrent's (1980) analogy of two people crossing an ocean to illustrate the difference between a risk and a hazard. The hazard is the deep water and large waves, which create the danger of drowning. If one was to cross the ocean in a rowing boat, and one in a ship, then the risk or probability of drowning would vary between the two.

perceived. Chapman *et al* (1997, p.8) writing from a project risk management perspective, further illustrates this point with an example of how both good or bad weather (the *hazard*) can mean the installation of an oil rig can go over or under schedule, with subsequent cost reductions or increases.

From the subject field of environmental hazard and risk management, Smith (2004) identifies the notion of the importance of recognising the *point of interaction* between people and a potential hazard. In essence the idea refers to risks only being created when people impinge on, or meet with a hazardous situation. For example, simply put, severe weather conditions are hazards that will always occur, but if they do not bisect human settlements, then no risks are generated. Mairal (2008) discusses particularly well this notion of relationships between hazardous objects and notions of risk. He illustrates this by saying:

‘I can say a tsunami is very dangerous but I never say that a tsunami is risky. Nevertheless, I can describe my proximity to the tsunami as risk. So risk is not derived from the object but from my relationship to the object.’ (Mairal 2008, p.48)

Mairal’s point is particularly useful, as he notes that objects can be *at risk*, or there can be objects *of risk*. It is an interesting point and perhaps a little surprising it is not more frequently referred to by other subject fields. Whilst variations have been found, the notion of a hazard existing as an objective condition from where risks can emerge, dependent on the point of interaction with tourist activity, seems to be of most value, and is explored in more depth in **Section 3.5.3** in relation to political risk events.

Another striking feature about the definitions given in **Table 3.1** is how one can distinguish between the risk definitions that are *symmetric* or *asymmetric* in their focus, with the latter having the additional strong association with notions of *danger or perils*. Generally, definitions of risk tend to veer towards the *asymmetrical*, which means the primary focus is given to a notion of loss and its avoidance. What is noticeable is that there are an increasing number of *symmetric* definitions, whereby risk events are regarded as not only creating loss, but also opportunities, or upsides as Burmester (2000, p.250),

Czinkota, Ronkainen, Moffett and Moynihan (1998, p.237), Reinhardt (2001, p.255) and Tchankova (2002, p.290) all note. The fact that this symmetrical skew can appear across the subject fields, helps illustrate the argument noted earlier that risk paradigms are not so much defined from the subject field written for, but perhaps more the time and context they are written in. *

The *symmetric* way of understanding risk can be understood as reflecting a newer paradigm of risk management, which is sometimes labelled as the *third* or *fourth age* of risk management, as illustrated by writers such as Chapman *et al* (1997, p.8), Sadgrove (1997, pp.1-2) and Tarlow (2002, pp.202-209)[†] and was raised in **Chapter 1, Box 1.1**. How *new* it actually is can be open to some debate, as the notions of the symmetrical impacts from risk events can be found in the literature going back many years. The key difference now, however, is that it has become more clearly articulated, by more writers and adopted by more organisations, so it certainly can seem new. At its most basic level Bernstein (1998, p.12) and Ford, Blanchard and Blanchard (1992) argue that to take risks is to be human. In relation to adventure management, many, such as Cloutier (2002, p.241), Swarbrooke *et al* (2003, p.171), Priest and Glass (1997, p.123) and Haddock (1993, p.7) state that to remove all risk is to destroy the essence of the activity, with Ryan (1994) arguing that it plays an important part in framing the travel experience, and Ewert (1989, pp 2-5) illustrating its importance in creating learning opportunities. In the area of business management, this new paradigm is reflected by the view that uncertainty is seen as a 'friend' rather than the adversary that must be battled (Bernstein 2001, p.9), as it is from uncertainty and hazards where both market threats and opportunities are created. In this sense, risks are viewed as inevitable and inherent in all human activities (Chapman *et al* 1996, p.xii; Moore 1983, p.ix), which is vital in the process of change and economic development (Moore 1983, p.1; Burke 1999, p.230). Waite (2001, p.3) states this more bluntly by saying that without risk there is no profit. Also, very importantly, in this

* Exceptions can always be found, such as Daniel (2004, p.45) who although recognises the more neutral and opportunistic aspect of risk, still prefers to focus on the negative aspects as he argues this reflects the 'common sense' understanding of risk; another example is Withers (1988) in relation to industrial hazards.

[†] Tarlow uses Alvin Toffler's book *The Third Way* (1981), who discusses how the world was going through a socioeconomic paradigm shift, with the first wave being pre-industrialisation, followed by the second wave of industrialisations, with the new paradigm shift occurring in the 1970s, where goods are mass produced, but with greater consideration to aspects of quality and individualisation. Postmodernism refines these notions further.

paradigm, control measures are seen as a *trade-off* and *balancing* between the good and bad risks (Swarbrooke *et al*, 2003, p.171; Clarke *et al* 1999). The World Economic Forum (2007, p.6), illustrate this paradigm and the ‘idiosyncratic’ nature of risk, noting how problems of climate change (referred to as a driver of change), whilst seen as a problem for many big businesses, may ultimately improve their resilience to oil price shocks as they strive for energy efficiencies.

3.3 The confusion between the many types of risk

When examining the literature on risk management, a bewildering vocabulary is discovered, not only between different risk subject fields, but also within the fields themselves. This confusing vocabulary is a problem a number of writers have noted, with periodic attempts to review the literature on risk descriptors in order to try to develop some conceptual clarity, such as Frosdick’s (1997) journal paper, which is one of the better, more comprehensive attempts, but is by no means definitive. This confusing language clearly has important implications for the effective communication of risk, therefore it must be explored further. To help convey this confusing vocabulary, **Figure 3.1** illustrates the messy palette of risk-related terms and descriptors that were found during the review of literature.

Figure 3.1 The messy palette of risk



Source: Author

The many terms used in **Figure 3.1** is far from exhaustive. It does however show the variety of terms that can be used, some of which can refer to discrete concepts, whilst others, as illustrated in previous sections, are used as synonyms, along with examples of the different terms having ‘bled’ into each other in relation to their conceptual meaning, all of which only adds to the confusion when trying to understand risk management. In order to deal with this perplexing vocabulary, it can be helpful to develop a typology with which to classify these many different terms, whereby the encompassing terms of *risk types*, *categories*, *dimensions*, *levels* and even *textures*, are used in more precise ways, rather than interchangeably as often occurs in the literature. In all, four key generic

categories are developed for this work, which relates to: *the dimensions of risk; the levels of risk; the sources of risk; and the impacts of risk*. The many different risk descriptors identified in **Figure 3.1** are organised into these categories, and presented in **Table 3.2**.

Table 3.2 Typology of risk types

Category of risk type	Description	Key risk related concepts
Dimensions of risk	The dimensions of risk is a category designed to classify the many different types of risk which relate to how risk may be measured, or a particular property it has.	Objective risks, Perceived risks, Real risk, Subjective real risk, Objective real risk, Acceptable risk, Individual, Community, Societal risk, Inherent risks, Contours of risk, Dread risk.
Environmental levels	This refers to the different environmental levels within a country or organisation that the hazards either emerge from, or impact upon. In the literature, which includes political risk literature, there are numerous ways that they can be identified, with the terms often used interchangeably, such as with the use of the macro and micro terms.	Macro/micro, Operational/strategic, Internal/intermediate/external, Global/international/national/regional/local/organisation.
Sources of risk (hazardous categories)	Clearly, the sources of risk are intimately related to the levels of risk, but can be given further sophistication by considering more specific categories within each layer. The importance of this is that it helps put political risk in context of the many other possible sources of risk.	Political, Economic, Social Technological, Legal Environmental/ecological, Sectoral, Aesthetics, Customer, Business Financial, Compliance, operational, Suppliers, Internal.
Impacts of risk	The notion of a risk impact is not a generic risk category referred to in the literature, but has been developed here to help organise certain risk terms and concepts. The notion of <i>impact risk</i> is used to refer to the different ways a hazardous event may affect or impact upon an organisation, which also can convey what parts of the organisation are exposed to the risk event. This category is also intimately related to the environmental levels of risk management. What is of particular importance is to recognise how non-tangible aspects of the organisation need to be considered, such as reputation and brand. As Regester and Larkin (2005, p.2) note, a brand that may have taken years to build can be destroyed in days, even hours.	Physical assets, Financial assets, Reputation, Ethical concerns, People (physical and emotional), Operational processes, Strategic plans, Legal and regulatory compliance.

Source: Author

What must be noted from **Table 3.2** is that it does not necessarily solve the problem of different conceptual risk currencies, by establishing one language of risk. There is little doubt that the categories developed here may jar against other peoples' understanding of the terms and what should be included. Merna and Al-Thani (2005, p.11) for example use

the basic categories of the 'Dimensions of risk' (used to refer to what was previously described as the 'core pillars' of risks, which relates to the notions probability and consequences of an event taking place), the 'Sources of Risk' and 'Typical Risks' (which mixes up the risk impacts and the dimensions of risk). The purpose of this table is to therefore enable clarification of the core concepts in risk management and to develop a lexicon to help translate the many different descriptors of risk given in the literature. This is returned to and given further clarification in **Section 3.6**.

3.4 A comparative analysis of political risk definitions

The review of risk definitions and paradigms has consciously kept the discussion separate between the subject field of political risk and the other fields. This is done to reveal more sharply the similarities and differences between the fields. When comparing political risk definitions with other subject fields, one is often given the impression that the literature on political risk has sometimes operated within its own risk debate cul-de-sac, whereby there is not only a lack of a consistent definition of political risk within the subject field - as Brummersted (1988, p.78) and Monti-Belkaoui *et al* (1998, p.76) point out - but also in comparison with many other risk definitions, such as those discussed in relation to business management.

In **Table 3.3** a sample of political risk definitions are given, drawn from a content analysis conducted on a larger sample. As before, the main focus of the analysis was not necessarily the frequency of conceptual usage, but rather to look at the similarities and differences. If these political risk definitions are compared with the previous definitions of risk in **Table 3.2**, some interesting points can be noted. Most striking is that the three core concepts of *probability*, *severity* and a *hazard* are not applied in any consistent manner. One interesting illustrative example is Zonis and Wilkins' (2001, p.177) definition, which was the only one to refer to a concept of a *hazard*, which they say refers to specific political events, such as an act of expropriation, whilst the more general notion of political instability is cited as the risk. In fact, if framed from the earlier conceptual understanding of a hazard and risk, it is evident that they are poorly applied as political instability can be viewed as a broader hazard category, whilst political violence is a more

specific one, and so can both be regarded as hazards, whilst elements such as contract frustration is much closer to a risk, rather than the hazard. There is also no reference to any notion of probability or severity. This example is far from unique in terms of the conceptual messiness in which terms are applied.

Table 3.3 Sample political risk definitions

Definition	Type
'Political risk is a phenomenon that characterises an unfriendly human climate in both developed and developing countries. A high crime rate or an upsurge of violent unrest, even in highly developed countries, qualifies such countries for the dubious title of "political risk". Political risk essentially refers to the potential economic losses arising as a result of governmental measures or special situations that may either limit or prohibit the multi-national activities of a firm.' (Monti-Belkaoui <i>et al</i> 1998, p.75)	Asymmetric
'Political risk refers to unwanted events resulting from government policies or actions, and political risk assessment (PRA) is a broad review of the influences of government policies and actions on selected industries or corporations.' (Tsai and Su 2002, p 374)	Asymmetric
'Much of the business literature defines international political risk narrowly as risks to company resources because of political decisions. Growing awareness that political systems are interdependent with other national systems led to recognition that political risk includes social as well as political decisions, events, or conditions that could cause investors to lose money' (Parker 1998, p.434)	Asymmetric
'A political risk event is one that threatens a firm with financial, strategic or personnel loss due to non-market forces. A political event itself does not necessarily constitute a risk to business. Even revolution as the most dramatic form of "political instability is neither a necessary nor sufficient condition for changes in policy relevant to foreign investment. In fact political instability can present opportunities as well as risks to business.' (Kennedy 1987, p.5)	Symmetric
'Political risk is the uncertainty that stems, in whole or in part, from the exercise of power by governmental and non-governmental actors. Political instability and politicised government policy pose the best-known political risks. Political violence, expropriation and creeping expropriation, contract frustration, and currency inconvertibility are amongst typical hazards.' (Zonis <i>et al</i> 2001, p.177)	Asymmetric

What is also striking about the definitions was the strong asymmetric outlook, focusing on possible losses which may occur as a consequence of a political act or event - particularly those associated to the notion of political instability, as Monti-Belkaoui *et al* (1998, p.77), Parker's (1998, p.434), Tsai *et al* (2002, p.373) and Rugman and Hodgetts's (1995, p.356) definitions all illustrate. There are a number of factors that can help explain this strong asymmetric skew of political risk definitions and understandings. Bouchet *et al* (2003, p.11) comment that one of the reasons for this approach has been because of computational difficulties of modelling upside/opportunity risks. Another factor is given

by Howell (2001, p.12), who notes that the painful experiences and financial losses which businesses experienced in the past have influenced the mindset and models developed for the present, which are designed to prevent such losses occurring again in the future, such as acts of expropriation.

These differences in the definitions, and the apparent grounding in an older risk paradigm, raised the question of whether there were some subject field necessities for having these variations in descriptors and concepts utilised in political risk management? From literature reviewed, it seems that this is not the case, as it was always possible to find approaches utilising the more familiar risk concepts, frameworks and third age risk paradigms in relation to political and country risk. For example the World Economic Forum (2007, p.8) in its global risk assessment approach, shows how it is possible to utilise the concepts of probability and severity of impacts, with its assessment of instability being plotted on a graph in relation to likelihood and a severity scale related to the number of deaths. Similarly, Bouchet *et al* (2003, p.10), and Kennedy (1987, p.5) also illustrate a more symmetrical understanding of political risk with their referral to notions of opportunities, gain or upsides.*

The impression one is left with is that many of the political risk approaches seem to be based on received practice and literature for the particular subject field, having changed only incrementally over time, resulting in some of the approaches failing to reflect how the conceptual understanding and the type of political risk events have changed. Wells (1998, p.15), Moran (1998, p. 8), Markwick (1998, p.44) and Stapenhurst (1992, p.64) for example make such a comment, noting the preponderance of models which can simply focus on notions of political instability, or expropriation; events which have perhaps been super-ceded in terms of importance by aspects of global terrorism, state failure and corruption,[†] but which may need different methods and approaches in order to be properly analysed and assessed. A variation of this criticism is Prideaux, Laws and

* Sometimes it was also found that there may not be an explicit recognition in the formal definitions, but notions of upsides were implicit with some of the models, such as the ICRG model (Howell 2001, p.34).

[†] Moran (1998, p.8), Wells (1998, p.15) and Markwick (1998, p.44), for example, point out that part of the literature on political risk assessment is outdated because of its strong focus on expropriation and nationalisation, but which have declined in the 1980s and 1990s. In 1975, for example, there were 83 cases of expropriation, yet in 1981 to 1992 there were no more than 11 cases (Moran 1998, p.8).

Faulkner's (2003, p.476) critique of crisis models that are based on the analysis of systems in peaceful and tranquil times, rather than the more complex, dynamic business environment that has developed. This is critically examined further in **Chapter 6**.

3.5 What constitutes a political risk?

The previous sample of political risk definitions begins to hint at what events may be viewed and understood as a *political risk*, as so many of them are defined in relation to acts or events, such as government policies and particularly notions of instability. Kobrin, (1979, p.76), cited by Stapenhurst, (1992, p.65) also noted the frequency that political risk can sometimes be used as something of a synonym for political instability and the negative impacts it can generate, but this is an approach raising a number of problems. It is therefore important to explore further just what can be understood as a *political risk event* and notions of *political instability*.

3.5.1 Examining the conceptual differences between political instability, democracy and political risk

Arriving at a definitive definition of political instability/stability seems near impossible, as it can vary considerably, depending on the ideological or theoretical perspective it is viewed from. A problem that has led some, such as Calvert (2002, p248) to describe the concept as being the least clear in political science, or Theocharous (2002) arguing it has almost become meaningless through indiscriminate use, or simply too quickly associated with violence (Theocharous, 2002). This does not mean, however, that what is understood as political instability does not need to be examined.

In relation to the literature concerning tourism and the political environment, Hall's 1994 and 1996 works have been particularly influential in setting the conceptual parameters of political instability in this subject field. The definition he provides of political instability is relatively clear and direct, defining political instability as:

‘...a situation in which conditions and mechanisms of governance and rule are challenged as to their political legitimacy by elements operating from outside of the normal operations of the political system. When challenges occur from within

a political system and the system is able to adapt and change to meet demands on it, it can be said to be stable. When forces for change are unable to be satisfied from within a political system and then use such non-legitimate activities as protest, violence, or even civil war to seek change, then a political system can be said to be unstable.’ (Hall *et al* 1996, p.106)

Sonmez (1998, p.422) using Cook’s (1990, p.14) definition describes instability in a similar vein, defining political instability as a situation where a government has been toppled, or is controlled by factions following a coup, or where basic functional prerequisites for social order and maintenance are unstable and periodically disrupted. Hall (1994, p.93) citing Lea & Small (1988) goes onto identify five dimensions of political violence associated with instability, which are: demonstrations, strikes, terrorism, civil war, external war, which are of relevance to the next section on the more specific political risk events.

Other writers focus more on the notion of stability, rather than instability, such as Calvert, (2002, p.248) who argues that a stable political system is ‘one not easily adjusted, altered or destroyed,’ but noting that a key to government survival must still be a constant adjustment or ‘adaptive to change.’* Wilson (1995, p.25) also focuses on notions of stability, observing that if the regime is ‘durable,’ violence and turmoil are limited, and the leadership can stay in office for several years. What is particularly worthwhile noting is Poirier’s (1997, p.679) point that political risks are not just generated from weak governments, but also strong ones, as they can often have the confidence to tackle organisations and deal with key issues.

Whilst these definitions have their uses, there are many problems with them. For example, Smith (2003, p.220) makes the important point that outside a Marxist tradition, instability is often seen as dangerous and deviant. The notion of instability, he notes, is very much in the eye of the beholder, saying:

* Calvert (2002, p.249) utilises the concept of *system maintenance* referring to how a government holds onto power, relating to resource controls, interest arbitration and political socialisation.

‘...stability is a highly normative concept. What is instability for one person might well constitute the welcome overthrow of a detestable regime for another. (Many in the West welcomed the instability in Communist Eastern Europe and the Soviet Union). The USA has long been actively engaged in destabilizing regimes that it does not like. One person’s stability is another person’s repression.’ (Smith 2003, p.220)

Therefore to focus on instability may simply indicate a preference of one regime type over another; or, to put it another way, is it reflecting a concern with stable governments or stable *democratic* governments?

What is certainly evident in much of the early writing on political stability is how the notion of democracy and stability were intimately entwined, such as in Lipset’s 1959 work, *Political Man* (cited in Lane and Ersson 1994, p.18), where the conditions which create stability focus on explaining democratic liberal systems, more specifically American, and the notions of pluralism and civic cultures. The result of this bias or skew can mean that non-democratic governments are viewed as more unstable, and therefore more risky, whilst democratic, liberal systems are viewed as more stable, and therefore less risky. Howell *et al* (1994, p.76) makes a similar point noting the common conceptual confusion between authoritarianism and instability, whereby they are often mistakenly seen as synonymous. Adopting such notions are simplistic, deterministic and a potentially dangerous for an organisation to hold, as it can mean that they can become ‘blinded’ to the risks posed in democratic systems. Cothran and Cothran (1997, p.478) for example note how countries such as Mexico or Columbia* can be defined as democratic, yet have severe problems in relation to criminality and drugs which pose many threats to the tourist. Smith (2003, p.222) gives a further insight into some of the simplistic assumptions about democracy and stability, arguing that failure of democracy should not be equated with a breakdown of stability, as he illustrates using the examples of Botswana, Gambia and Mauritius. Equally, Paris (2004, p.5) argues the thesis that the gaining of liberal democracy is not a panacea for establishing state viability and stability, as the experience of Yugoslavia and many other countries reveal. Democracy, then, does

* Also labelled a narco-democracy

not guard against turbulence, political volatility, proper representation of people and giving legitimacy (McNutt 1996, p.78), and so by implication generating fewer risks, as **Box 3.1** also shows. It is also important to note that the examples of tourism growth in Cuba under Castro,^{*} or Spain under Franco, illustrate that authoritarianism is not a barrier for tourism, although, in view of the new business dynamic of the post-modern tourist, discussed in **Chapter 2**, there could be many other risks, particularly in relation to aspects of reputation and ethics which need to be considered.[†] This is reappraised in **Chapter 6**.

^{*} It is interesting to note that Cuba's political system can be seen as part of the attraction, almost being presented as an exotic animal, with people viewing a visit as the 'last chance to see' something which will soon be lost to the world.

[†] It is perhaps also worthwhile noting that the author has observed an apparent higher degree of tolerance for left-wing regimes, as opposed to right-wing regimes as Myanmar illustrates. This has not been properly tested, but is noted as it is an interesting area to explore further in future research.

Box 3.1 Political risk in democratic developed countries

It is vital that one does not skew the analysis of political risks to just notions of political instability as they relate to developing authoritarian countries. In the first instance, such concepts are full of vagaries, and in the second, it can mean many political hazards and risks are missed. Indeed, Moran (1998, p.8) and Wells (1998, p.22) note how the 'spread of democracy' poses many new risks, ranging from more powerful local governments taking on foreign enterprises, and the significant impact pressure groups can play in affecting operational activities. The following examples illustrate how developed, democratic countries can generate a variety of political risks:

- In the USA, since September 11th there has been increased regulation and bureaucratic requirements for people travelling to the USA, such as the need to stipulate the first nights accommodation (failure to do so risks a \$1,900 fine, or expulsion, for which the airlines would be responsible), and passports needing to be machine readable or have an integrated micro-chip.
- In the USA the travel restrictions on US citizens travelling to Cuba remind one that a fundamental ingredient of tourism is the right to freedom of movement, which any government has the capacity to deny.
- In February 2000, Joeg Haider, leader of the far right Freedom Party won the Austrian election and assumed power. The result was immediate and dramatic. The EU placed a number of sanctions on Austria, there were protests from Israel and many others, and the US expressed 'deep concern' with many bilateral talks stopped. The result damaged Austria's reputation abroad and even had repercussions on tourism flows
- The racial riots that occurred in France, beginning in Paris, and then spreading to other cities in November 2005 had many significant disruptions on travel. Later, in Sydney, Australia in December 2005, racial riots also took place which generated many risks, such as Cronulla beach becoming a no go area, particularly at night. Both illustrate that democratic countries can have marginalized groups that can vent frustrations through more violent means.
- Actions of Christian fundamentalist groups in America, such as the Oklahoma bombing, or the Atlanta bombing during the Olympic games, or the election of Poland's conservative, staunchly Catholic government elected in 2005, which then launched its 'moral revolution' (focusing on Sunday trading, homosexuality and backing the death penalty) show that religious forces are not only important in relation to Islamic countries.
- The increased terrorist threat at election times, even if it is only a perceived threat, means that this needs to be considered for the risk they may generate, as the Madrid train bomb illustrates.

Whilst the nature and scale of the political risks for democratic developed countries are not on the same frequency developing countries, they are not immune from the sort of political risks more strongly associated from those developing countries, such as riots, the election of extreme, controversial governments, terrorist activity during election time, restrictions on freedom of movement and the impact of religious forces.

Bernard Crick (2000) in his eloquent essay, *In Defence of Politics*, first published in 1962, provides a useful discussion on the nature of politics and democracy, drawing on

many key political philosophers, ranging from Aristotle, Hobbes, Mills and Marx. Crick is keen to stress that the essence of politics relates to collaborative decision-making, resource allocation and compromise, and can be contrasted with alternative approaches such as the tyrannical rule of a single absolute individual. Politics, he argues, is a process of discussion, and discussion demands in the original Greek sense a 'dialectic', which if it is to be genuine and fruitful will need opposite or contrary views (Crick 2000, p.33). What is of particular relevancy is Crick's argument that democracy is not a synonym of politics; indeed, democracy can be the enemy of politics. He draws on a variety of arguments, such as in J.S. Mill's work and the tyranny of the majority, which he notes does not mean minority consent, and who may have their views ignored or expiated from political discourses. It is intimately tied in with notions of populism and what this can bring, such as for example Hitler coming to power by democratic means and the subsequent corruption of political processes.

What Crick's essay also suggests is that tensions can be regarded as an inherent part of political processes; a view which is accentuated if one understands politics as intimately involved with the allocation of resources (succinctly summarised by Sydney Hillman's often cited quotation that politics is the science of 'who gets what, when, where and how'), or if one views the political environment as a system, whereby there are *inputs, processes and outputs*, such as in the approach adopted by Daniels, Radebaugh, and Sullivan's (1998, p.104). Hague and Harrop (2001, p.121) comment that as part of this political process the use of violence is often presented as an aberration when orthodox political processes break down; in fact, he argues that this is too simplistic a view, as the use of violence is not just used by so called 'fanatics,' as it can be a feature in stable states (see also **Box 3.1**), and so can be considered as part of the political process, particularly if one recognises that all states rule through a mixture of force and consent. To talk of true notions of political stability then, can be something of a misnomer, because, as Delury (1987, p.xvii) notes, the study of politics is a study of conflict; a comment that should not be seen as a pejorative criticism, but as a way to view a political system and very useful in framing one's cultural mindset in political risk analysis.

Marxist, Neo Marxist and Structuralist perspectives take these inherent notions of

tensions in politics much further. Marx's dialectic approach to history and politics, based on class conflict propelling societies forward, until a communist state is achieved, gives a provocative approach in relation to understanding political change throughout history. Even if one does not accept the determinism of Marxist theory and class conflict driving change, the basic premise of the inevitability of conflict still has relevance, as depicts politics as a dynamic process (Calvert 2001 p.270), with political systems constantly moving between relative periods of stability and instability (Lane and Ersson 2000, p.294).

So from both a Liberalist and a Marxist perspective, the notion of political systems having different groups that create tension and drive change as inevitable processes provides some important imagery of how politics should be viewed. Whilst the sources of these tensions creates disagreements between the perspectives (for example, is it class conflicts which drives change?), together with what is the direction that political systems may be drawn towards (such as Hobbes arguing that the tendency of people is to be drawn to war, hence the need for a strong state), one can still accept a more vibrant, dynamic view of politics. To take such an approach fits in much better with a fourth age risk paradigm, or a Complexity/Chaos theory paradigm (discussed in **Chapter 5**), where political change is seen as a constant, not an aberration, and so has important implications in relation to developing relevant risk cultures which in turn can help drive the actual risk process, as is illustrated in **Chapters 4 and 7**.

3.5.2 The anatomy of political risks

Poirier (1997, p.677) citing Kobrin (1979) makes a key conceptual distinction between *political risk* and *instability*, stating that instability is a feature of the environment, whilst political risk is something which directly affects an organisation. This is an important differentiation, with Poirier (1997, p.678) using it to critique many political risk models as they are applied in an abstract, macro generalist sense, rather than focusing on the more specific conditions as they relate to an organisation; as Poirier (1997, p.680) citing Chermak (1992, p.168) notes: 'it is not the event which is important but rather the effect the event has on a firm's operating conditions.' This is a crucial point as it relates back to the idea that it is the *point of interaction* that can turn a hazardous event into a risk for an

organisation, or Mairal's (2008, p.42) notion of objects *at* risk and objects *of* risk, discussed earlier.

When examining in more detail what various writers and models identify as political risks, one can observe more conceptual vagaries and confusion, whereby political risk can in fact be used to refer to a mix of specific events, or the impacts of the events on an organisation, and even notions of causation. Monti-Belkaoui *et al* (1998, p.78) are some of the few writers who discuss these conceptual distinctions between the political *risk events*, the influencing *causation factors* and the *outcomes* of these events. Despite some limitations, such as a lack of articulation as to just what exactly the *outcomes* refer to, these conceptual constructs provide a useful foundation with which to continue to explore the many different elements of political risk. These constructs therefore act as a basis for the elements which form the *anatomy of political risk*; a term used here far more specifically in comparisons with Vertberger's (1998, p.17) use of the terms.

Four key constructs are developed for this work, which go to form the *anatomy of political risk*, and is based on a systems theory approach. The four key elements are:

- **Underlying conditions (Inputs):** This relates to the idea that different situational factors (such as economic or social conditions) generate, drive or cause certain political hazardous events. Interestingly, Burton, Kates and White (1993, p.249) note how one can make further conceptual distinctions between the underlying causes, immediate causes and the direct consequences. These are explored in more detail in **Chapters 4 and 6**.
- **Political system modifiers (Process):** One of the elements that some models note, such as the Political Risk Service (PRS) model, is how the nature, or processes of the political system, such as whether it is a democracy or an authoritarian regime, affects the degree of risk. This is explored in more detail in **Chapter 6**.
- **Hazardous political events (Outputs):** These relate to the key events generated from the political environment, which are understood here as the political hazards, as they do not automatically equate to risks for an organisation. This is a different

conceptual understanding in comparison with many political risk models, which would just label these events as political risks. This is explored in more detail in the next section and **Chapters 6 and 7**.

- **Spark or catalyst events (Trigger):** This relates to the idea that for a hazardous event to occur, something may need to initiate it, hence the notion of a triggering event (Testas, 2004), which has a number of variations in the descriptors used in the literature, such as a *spark*, *catalyst*, *flashpoint*, or *shock event* (PMSU 2005, p.2; Prideaux *et al* 2003, p.477), or the slightly more complex STINGS* produced by the Fund for Peace (2007). This is explored in more detail in the next section and **Chapter 7**.
- **Organisational impacts (Risks):** The notion of *impacts* has already been highlighted in relation to **Table 3.2** and the typology of risks. The key point to appreciate is that the hazardous event generates risks when the organisation *interacts* with the event in some way, which can relate to various physical, ethical and financial impacts. This is explored in more detail in **Chapter 7**.

These conceptual elements and their relationship to each other can be further illustrated by using two different analogies. The first relates to the risk of a forest fire. The underlying *hazardous causation conditions* or *factors* can be a long, dry summer, drying out the forest, creating large amounts of combustible materials that create the hazardous conditions. The *catalyst*, *trigger* or *spark* could be a lightning strike, or a dropped cigarette, with the consequence that a *hazardous event* occurs: the actual forest fire. The *modifying* factors could relate to such things as the nature of controls put in place, such as the park authority's policy on how to deal with fires (Do they let them burn? Have they placed fire breaks to help minimise the potential damage?). In terms of the *risk*, this relates to when some specified element, such as people who may live in, or near the forest (the *point of interaction*) are considered in relation to the hazardous event. It is here that the hazardous event can be analysed in terms of potential likelihood of occurrence,

* Which is an acronym standing for: Surprise (e.g. currency collapse); Triggers (e.g. assassination, coup d'états); Idiosyncrasies (e.g. Non-contiguous territory); National Temperaments (e.g. cultural or religious perspectives); Spoilers (e.g. disgruntled followers).

and assessed in terms of severity of *impact*, which in this case could relate to the cost of a home being burnt down, or the physical dangers presented to individuals.

A political analogy could run like this. A country could have a variety of hazardous conditions, or *underpinning causation factors*, such as high levels of poverty, be ethnically diverse and have poor to no welfare structures, which can contribute to feelings of anger and frustration. The political system itself can act as a *modifying factor*, in the sense that if it is an authoritarian regime, then there may be few or no legitimate means of expressing grievance, so if these frustrations are unleashed, they can be marked by the scale of demonstrations and a greater chance that they could turn into violence. The *trigger* that could unleash these pent up frustrations could be events such as an economic crisis, or a death of a key individual. What could then happen is a variety of *hazardous events*, such as demonstrations, riots, changes in government, or even a revolution. These hazardous events become the risks once they are contextualised to specific industries and organisations and how they may *bisect* the events. The *risk* of these events is placed within a notion of *probability* of occurrence, together with an assessment of the *impacts* they have on the tourism organisation, such as cancellations of tours, the risk of physical injury to individuals, or even the possibility that these events lead to political reforms, which in turn can mean the destination may become a more attractive destination.

3.5.3 Clarifying the key hazardous events, impacts and trigger events

It is worthwhile developing some further conceptual clarity between the *hazardous events*, *impacts* and *triggers*, as this helps to better understand the mechanics of different models, or for developing any new model. It also allows for the development of a number of useful, synthesised reference tables that are utilised later in this work, particularly in **Chapters 6 and 7**. The reason why the *causation* anatomy element is not discussed in more detail in this chapter is because this needs to be explored more thoroughly in **Chapter 4**, as it is crucial in terms of the practical process elements of risk management.

When scrutinising the literature on political risk, a large number of political risks can be identified, some of which relate to quite specific events, such as a terrorist bomb attack or acts of expropriation, whilst others refer to more general notions or categories of risks,

such as sovereign risks, which tends to focus on financial losses to a firm. Furthermore, as noted earlier in **Section 3.4**, it is rare for the political risk literature to refer to the concept of a *hazard*, which can be contrasted with other subject areas usage of the concept, with the reasons for some of these differences seemingly representing the different research trajectories and received practices developed, rather than any necessary subject field imperative. This commonality in usage in other subject fields, whilst at the same time not finding any serious impediment as to why it cannot be used in the area of political risk management, are key reasons why a concept of using a political hazard is utilised in this work.

In terms of developing broader typologies to help categorise the many events that can be generated there are a number of classifications that could be used. Goldstone, Bates, Gurr, Lustik, Marshall, Ulfelder and Woodward (2005, p.4) for example, in their comprehensive review of the major political instability events since 1955, developed four key 'severe types': Revolutionary wars, Ethnic wars, Adverse Regime Changes and genocide and politicides.* The problem with this typology is that it focuses too much on notions of instability as it relates to conflict, and ignores many other hazardous events that could generate risks to an organisation, such as new policies, or corruption. These many limitations and the desire to develop some sharper conceptual clarity between the different anatomy constructs, means that a new typology is developed for this work, which allows for more specific events, or actions to be categorised. The categories developed are given more detail in **Appendix A**, but can be summarised here as:

- **Structural workings of government:** This relates to the hazards that can emerge from the day-to-day workings of government, such as taxation changes, infrastructure initiatives, passport controls and dealing with bureaucracies.
- **Regime change:** This relates to a whole political system being changed, such as the move from a democratic system, to an authoritarian one, or vice versa.
- **Government change:** This refers to where the government alters in some way, whether it relates to changes in leadership, or changes in the parties holding the

* Between 1955 to 2003, they identified: 111 adverse regime changes; 74 ethnic wars; 62 revolutionary wars; 40 genocides/politicides.

reigns of power. Whilst there may be little radical change, there can be numerous micro impacts, such as tourism taxes, particularly at a local level.

- **Security and conflict events:** This refers to some of the key events often focused on in political risk models, relating to war, politicide, terrorism, riots, demonstrations and strikes, which can emerge from the political environment, often when there is a failure of politics, rather than because of politics.
- **Natural/disease events:** For many years the impact of the natural environment has tended to be ignored in many environmental risk-scanning models. In relation to politics, it is increasingly recognised that what happens in the natural environment can have profound impacts on the political environment, particularly in relation to the response from the political environment to these events.
- **International interaction events:** This relates to the idea that events beyond a country's border, or the relations they have with other states, can generate many political hazards.

A number of comments need to be made about these categories. In the first instance some of the events identified have very tangible properties to them, such as a terrorist act, whilst others less so, such as corruption, which is why it can be more useful to refer to a concept of an *output*, identified in **Section 3.5.2**, rather than be too dogmatic about a specific event. The events also vary in terms of their speed and scale, where some events, such as a terrorist attack can have a dramatic impact on tourism, whilst policy changes can develop more incrementally. Finally, there can be the temptation to look at the events and place them on a severity scale, but as has already been highlighted, the event/risk relationship can be more complex, as the hazardous events, such as war, do not necessarily mean there are more risks to a tourism organisation, as will be explored and discussed in **Chapter 6**. What the speed and scale of the event can however indicate is whether it can be classified as a crisis event and what the appropriate actions should be, as will be discussed in **Chapter 4**.

These output events also overlap with the notion of a *trigger event*, which is presented as a separate anatomy stage. The notion of a *trigger* or *spark* event is not the same as saying

they directly cause the changes or crisis (although they can have causal attributes);* these, as Elliot (2004, p.416) points out, are more likely to be rooted in more complex and deeper socio-economic-political-environmental conditions of a country. What they can however illustrate is that certain events are portentous of future crises, or act as the *marker points* of times of great change. Whilst the use of *trigger events* is not a concept commonly referred to in risk literature, it is interesting that many more recent risk models that have been developed, such as the Failed State Index (FSI), or the PMSU (2005, p.2), both refer to the concept.† The fact that the notion of a trigger event is not utilised more widely in models tends to reinforce the bias of many of the models towards the strategic level, which can make them appear more static when considering operational risks. **Table 3.4** presents some sample key triggering events identified from the literature, which helps act as a useful reference table, and is used in the later scenario analysis conducted in **Chapter 7**.

The use of the *trigger* concept is not without its problems. For some political situations the decline or improvement can be more incremental, with no visible, dramatic single event that marks the period of change. Zimbabwe is a good case in point. There is also the danger that too much significance may be attached to these events, particularly as they can be highly emotive at the time they are witnessed or experienced, which can distort any objective analysis of situation, such as being too optimistic or pessimistic of situations. Despite these problems, the advantage of having a concept of a *trigger event* is that it provides some useful imagery when scanning news sources, particularly if one frames the concept within a context of a *weak signal*, discussed in **Chapter 1**.

* For example, the Wall Street crash did not cause the great depression of the 1930s. It was however an event which marked the turning point in a downward trend in the USA and global economy. The causes of the great depression went back many years, with the crash the visible manifestation of these underlying problem and a key, tangible marker event when the economy began to unravel.

† In the Royal Society's influential 1992 report they illustrate the concept of a spark event with Nelson's Column. The column represents the objective hazard, with the risks being the possibilities of pieces of the column falling off onto people below, which is likely to have a severe outcome. What the Royal Society recognised was that there may need to be some event to initiate or spark these harmful risks (described as the adverse event), such as severe weather conditions (e.g. lightning and wind), which can mean the risk of pieces falling off could increase (Royal Society 1992, p.3).

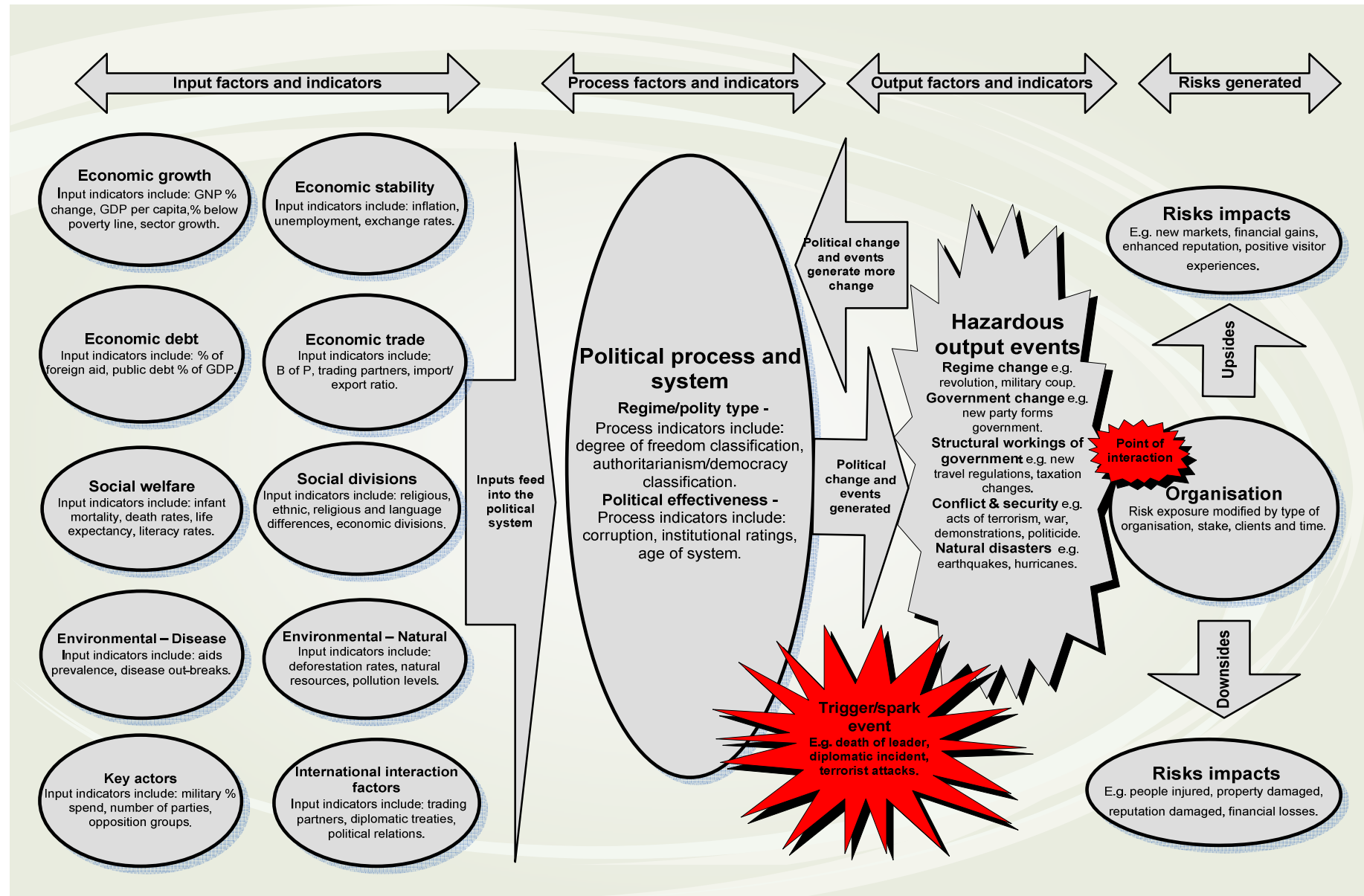
Table 3.4 Trigger event typology

Event	Description
Key political leader dies	This may be through natural causes, an accident or assassination. How they die can affect the outcome and people's response, whether it may be a public demonstration of grief, or a violent reaction of others. The type of political system also can affect how much change may be initiated. For example, in Western democratic societies, the change initiated may simply be a change in policy direction, whilst for an authoritarian system it may a more radical regime transformation.
Key political leader removed from power	Sometimes political leaders can stand down, be ousted or forcefully removed.
Death of significant 'other'	Can be the leader of the opposition or a pressure group, or even an ordinary person who can become significant by the symbolism placed on them
Key statements and actions of politicians	This represents the important area where certain statements or actions made can initiate a wide variety responses from other governments or people. It can result in demonstrations (peaceful and violent), riots and boycotts of goods and services.
Terrorist acts	Acts of terrorism are designed to shock, and are being marked by their increased lethality and strategic use, such as targeting terrorists.
Natural disasters	The scale of natural disasters can initiate a change in tone of political relations, sometimes fostering feelings of corporation and good will in the face of suffering, although they seem to be short-term benefits.
Elections	Elections are not the panacea for stability that is sometimes portrayed. They can indeed play a vital role in creating a sense of legitimacy and so ensure more long term stability, but the events themselves can mean volatile times. The important point to recognise is that it puts into perspective the notion of democracy reducing violence/political risks.
Other	The important point to appreciate is that one should never underestimate the power of what can initially seem unimportant events, as they can soon escalate into bigger problems; a process that is accentuated by globalisation and the speed of communications.

Source: Author

All these conceptual anatomy strands are drawn together in **Diagram 3.1**. One of the important features to recognise from this approach is that it is embedded in a systems theory approach (discussed in **Chapter 5**). From the previous discussion on instability the importance of appreciating the dynamic nature of political systems was highlighted, therefore to try and reflect this dynamism, writers such as Hauss (2001, p.36), utilise systems theory in order to avoid the tendency to present institutions as being regular and predictable. It is an approach adopted here, whereby one can begin to show how the different anatomy elements relate to notions of *inputs*, *outputs* and *processes*.

Diagram 3.1 An overview of the key risk factors for analysing political hazards and risk



Source: Author

What the diagram perhaps does not fully convey is the interplay of forces and notions of complexity theory. Simply put, political hazards can beget more political hazards. Furthermore, the discussion on what is meant by political stability illustrated that a notion of stability is perhaps a misnomer, as systems are constantly changing. Chapman *et al* (1997, p.4) for example talks of the 'roots of uncertainty', which he argues depends on the complex interaction of the 'who, what, when, where, how and why'. The notion of interaction drivers is also raised by Zonis *et al* (2001, p.178), although their focus is more on the key actors or agents of change, rather than the more expansive notion of how this can also extend to the events themselves. Despite this weakness, it does at least illustrate the key conceptual constructs which provide a key foundation for discussions conducted in subsequent chapters of this work.

3.6 Chapter summary

This chapter illustrates how it is possible to develop a language and culture of political risk management that is commensurate with other areas of risk management. This has vital implications in relation to the communication and practical utilisation of risk management practices, as will be illustrated in the next chapter. The utilisation of the concept of a political hazard is particularly illustrative here, showing that despite the fact that it is rarely used, does not mean it cannot be used.

A crucial aspect of risk management, regardless of the subject field utilised, is that the cultural paradigm one adopts can have profound effects as to how risk is viewed and understood. This in turn has implications when conducting the practical process of risk analysis, assessment and developing control measures, which are considered in the next chapter. For this work, the cultural risk paradigm that seems to be the most appropriate, relates to the fourth age of risk. This paradigm views change as inevitable, with political change and events being rooted in complex systems, generating both opportunities and threats to an organisation, together with encouraging sharper conceptual clarity between the concept of a hazard and a risk.

In relation to the notion of political stability, whilst it is an initially attractive concept, it reveals itself to have many limitations. The tendency in the literature can be to focus on

notions of instability and the losses this may cause. It may therefore be better to accept that the notion of instability is in fact a constant factor, reflecting the inherent dynamics of political systems. Framed in this way, a cultural paradigm can be developed which further underpins the notion that change is inevitable, but one where these changes can vary in their frequency, speed, scale and severity of impacts. Viewed from this perspective, it can help to avoid simplistic assumptions, such as viewing democratic systems as stable, and risk free, whilst non-democratic systems are unstable and risky. The real challenge is to try and understand *why* these hazardous outputs or events may occur, determining their *likelihood*, then assessing what aspects of the organisation will be *exposed* to the hazard and *impacted* upon. These are the issues that are critically examined in the next chapter.

Chapter 4

Clarifying the ‘essential’ and ‘non-essentials’ in political risk management processes

4.1 Introduction

Macdonald (1993, p 224) highlights a fundamental difficulty for decision makers, whereby it is increasingly difficult to separate the ‘important’ and ‘unimportant’ information needed to analyse and assess the political environment; a point which he illustrates by referring to President Kennedy expressing his frustration in relation to his analysis over Southeast Asia, stating ‘I don’t know what the essential and non-essential areas are.’ This problem is intensified in the modern age by the huge amounts of data which can be accessed via the internet, together with the many different theories and perspectives which can be applied, and the numerous models or tools which can be utilised. Whilst in **Chapter 3** a key focus was on *what* can be understood as a political hazard and risk, this chapter focuses on the practical process of data collection, analysis and assessment, paying attention to what factors should be examined. This chapter begins by illustrating the diversity of methods that can be used to analyse and assess political risk, particularly the differences between the formal, structured deductive and inductive risk processes, compared with the more ad hoc, intuitive methods that seem to be the norm for many tourism organisations. The rest of the chapter focuses on the key process stages involved in risk management, with a key feature of the discussion aiming to draw out and clarify just what should be the ‘essential’ and ‘non-essential’ elements are in a political risk process relevant for tourism.

As in **Chapter 3**, the same comparative approach is used to critically review the literature. This approach is particularly relevant in relation to the thesis objectives of clarifying the language of risk, and looking for instances of good and bad practice which can help in the development, or refinement of a political risk model relevant for tourism. Very importantly, it utilises a number of the conceptual frameworks developed in **Chapter 3**, particularly in relation to the *anatomy of political risks*, to inform the review of literature in this Chapter.

4.2 Identifying and categorising the many methods of political risk assessment

In essence, the rationale of conducting a political risk assessment is to generate information to help inform decisions and plans. A straightforward notion, but one that can be fulfilled in numerous ways, which vary in their complexity and resources employed. Data and information, for example, may be collected for the purposes of making immediate, short-term operational decisions, or more long-term, strategic plans, which then move the assessment into another discrete subject area of forecasting. The methods used to collect data and information can also vary. An organisation can for example use ready-made political risk assessments to inform operational and strategic decision-making, such as government advice, or one of the commercial consultancies, such as those offered by the PRS group. Alternatively, and of particular interest for this work, there is always the possibility for an organisation to conduct an in-house political risk assessment, where it collects relevant raw data in order to conduct its own analysis and assessment of the political risks. Interestingly, Brummersted (1980, p.80) makes the observation that the method of risk assessment ultimately used can depend very much on certain organisational, or parochial objectives.

The tendency in the literature on political risk management is to focus on models and methods which have structured methodological approaches, but which may vary in relation to the variables focused on. In the *PRS Handbook on Political Risk*, Howell (2001) for example, reviews twelve different political, country or credit rating* methodologies are examined in some detail; something which makes it a rare and particularly useful book. These twelve models are also amongst the more commonly cited in the literature, as further illustrated by Brink's (2004, Chapter 3) and Bouchet *et al* (2003, Chapters 3 to 7) discussion of these models. Whilst all these books offer a good

* It should be appreciated that whilst there is a degree of overlap between these types of risk assessment, there are conceptual differences. Howell (2001, p.4) gives a useful distinction saying 'Country risk is of a larger scale (to political risk), incorporating economic and financial characteristics of a system, along with the political and social, in the same effort to forecast situations in which foreign investors will find problems in a specific national environment.' Credit risk models essentially focus on the risk of repayment failure for a country.

range of methods and models that can be used for examining political risk, they are by no means comprehensive in covering all the possible organisations, or models which could be used. The database offered by COUNTRYRISK.COM (2006) – an online magazine which focuses on country risk analysis - graphically illustrates this, listing and categorising forty-five different organisations that are involved in political and country risk management. Yet even here, wide-ranging as they are, this database still does not convey the full global picture of the possible methods and organisations that could be used. To show this breadth, the key methods and organisations that have been referred to in this work are organised into a simple, three group classification and presented **Table 4.1**. The models placed in the Commercial Organisation section of **Table 4.1** are the ones which tend to be given most discussion in political risk literature, with the models in the other two sections receiving little or no discussion, hence the reason they are examined more closely in this work, many of which are returned to in **Chapter 6**.

Table 4.1 Sample selection of the methods/organisations used for review and comparative risk factor analysis

Category	Methods/Organisations Reviewed
Commercial Organisations & Consultancies *	1. A.M BEST. 2. A.T Kearney Globalisation Index. 3. Bank of America. 4. BERI. 5. Coface. 6. CRG. 7. Economists. 8. EKNN. 9. Euromoney. 10. Fitch. 11. General Motors. 12. Institutional Investor. 13. HIS Energy Group's Political Risk Rating Index. 14. ICRG. 15. MIG. 16. Moody's. 17. Nord Sud Export (NSU). 18. ONDD. 19. PRS. 20. Rund & Associates. 21. Standard and Poor's Rating Group.
Academic Universal Approaches	1. Bouchet <i>et al</i> (2003). 2. Brummersfield (1988) conceptual frameworks. 3. Brink (2004). 4. Bunn & Mustafaoglu (1978). 5. Crick (2000). 6. Kennedy's (1987) Conceptual Framework. 7. Jodice (1984) key Criteria/ factor analysis. 8. Monti-Belkaoui <i>et al</i> (1998) Key factor analysis.
Government/Agency Based (Research)	1. Country Indicators of Foreign Affairs (CIFP). 2. Fund for peace. 3. PMSU (2005). 4. Polity IV. 5. Freedom House. 6. World Economic Forum Global Competitiveness Reports. 7. Government travel advice.

Source: Author

What this table begins to reveal is that political risk approaches can vary according to:

- *who* is used;

* Even here, it should still be noted that there were a number of commercial consultancies not utilised because of the difficulty of accessing data, such as for Country metrics (more geared for financial risks), Deloitte & Touche Country (provide more of a country profile focused on financial risk), Frost & Sullivan (no structured model available) or the IMD.

- *what* data is used;
- *what* variables/factors can be focused on;
- *when* they can be used;
- *how* they can be classified;
- and *which* methodological theories and tools are applied.

It is a complexity that is not always fully conveyed in the literature on political risk. Whilst over the past twenty years, a number of writers have attempted to review and classify the many methods that can be used for political risk management, such as Monti-Belkaoui *et al* (1998, pp.78-89), Kennedy (1987, p.9), Howell (2001, pp.8-9) and Stapenhurst (1992, pp.19-20), the key difficulty is that they still do not necessarily convey the full range of possible methods and organisations that can be utilised in political risk analysis and assessment. Indeed, one can even end up classifying the classifications themselves in order to try to make sense of them. To illustrate the diversity and complexity of political risk methods, **Table 4.2** maps out the variety of approaches which can be utilised to analyse and assess risk using the categorisations of *who*, *what*, *when*, *which* and *how* with a more detailed table appearing in **Appendix B**. These are not rigid, single casements, as different models can be categorised in different ways and appear in more than one category. For example, the International Country Risk Group (ICRG) model, explained in **Box 4.1**, is highlighted by the shaded area in **Table 4.2**, to show that it can be classified as an example of a *commercial* consultancy, which produces a *macro country* status profile, more suitable for *strategic* assessment, which uses a *Delphi* type approach in the forecasting method, and attempts to *quantify* the risk, having a more *deductive*, empirical approach in its methodology.

This table is important as it acts as a reminder that risk assessments relevant to tourism organisations can extend beyond the commonly cited methodologies in the literature on political risk, such as recognising the role of ad hoc methods, government advice, or even the use of various analytical tools, such as trend extrapolation or scenario writing, a number of which are examined in more detail in **Chapter 7**. The table also reveals that political risk analysis and assessment can be conducted within existing managerial processes and planning practices – such as with the familiar PEST (LE) and SWOT environmental

scanning frameworks. The implication of this is potentially vital. It hints that it is possible to embed the analysis and assessment of political hazards and risks into existing management models and practices, with the implication that it does not necessarily have to be something new, or addition to, rather it can represent a simple refinement of existing processes. What cannot be gauged is any sense of relative accuracy, and so this is scrutinised in more detail in **Chapter 6**.

Box 4.1 An example of a structured, deductive country risk methodology (ICRG)

Table 4.1 and 4.2 illustrate the variety of methods that can be used to analyse and assess political risk. The ICRG is an example of a structured model that is commonly cited in the literature on political risk. The ICRG produces an overall country risk rating which is derived from developing assessments based on a composite score derived from an economic, political and financial country assessment. The rating is based on a percentage score that is categorised on a five-point scale, which, in theory, conveys the country risk. Hence a percentage rating score of 0.0 – 49.9% is deemed as very high risk, whilst a score of 80-100% is deemed as very low risk. This is derived from the formulae:

- **Country x rating = 0.5 Political Rating +Financial Rating +Economic Rating.**

This percentage rating is derived from the percentage values obtained from the economic, political and financial categories, which are weighted accordingly:

- **Political = 100 points, Economic=50, Financial = 50.**

Each of these three categories has a number of sub-criteria (twenty-two in all). In relation only to the political category, the following sub-criteria and point scores are used:

Government stability = 12 points	Military in Politics = 6 points
Socio-economic conditions=12 points	Religious tensions= 6
Investment profile = 12 points	Law and order = 6 points
Internal conflict = 12 points	Ethnic tension = 6 points
External conflict = 12 points	Democratic accountability = 6 Points
Corruption = 6 points	Bureaucratic quality = 4 points

One of the points of interest about the ICRG assessment risk scores is that it uses a lower value to indicate a higher risk (e.g. 0 – 49% relating to a very high risk category), where as with most other models the reverse is true, such as the EIU model.

If one compares it to the anatomy of risk model developed in **Chapter 3**, one can clearly see the conceptual confusion of the many elements, whereby *input*, *process* and *output* data are all mixed in together, with little conceptual notion of a *hazard*, or the risks which could be posed. The limitations of the model are further discussed in **Chapter 6**.

Table 4.2 Categorising political risk approaches/methodologies

Who is used	What data can be used?	What is focused on (level and variables/factors)?	When are they used?	How the methods or approaches can be classified	Which analytical tools/methods can be used
<p>1. Consultancies/agencies (e.g. Coface, BERI, PRS)</p> <p>2. News agencies (e.g. BBC, Reuters)</p> <p>3. Government (e.g. USA State Department)</p> <p>4. In-house assessments (e.g. local in country contacts)</p> <p>5. Other (e.g. Travel Guide books)</p>	<p>1. Country status/Input data (e.g. inflation rates, GDP per Capita)</p> <p>2. Incident/Output data (e.g. terrorist attacks, crime rates)</p> <p>3. Advice data (e.g. UK FCO, Travel Guides)</p> <p>4. Ethical data (e.g. Amnesty International, Freedom House)</p> <p>5. The qualitative/quantitative mix (e.g. pressure group opinion versus economic statistical data)</p> <p>6. Political system classification (e.g. democracy, authoritarian)</p>	<p>1. The level of analysis (e.g. global, national, regional, local, macro, micro)</p> <p>2. Actor/source approach (e.g. governments, pressure groups)</p> <p>3. Structural conditions approach (e.g. economic, social conditions)</p> <p>4. Relative deprivation approach (e.g. frustration gap theory)</p> <p>5. Government/regime type approach (e.g. democracy versus authoritarianism)</p> <p>6. The value systems (e.g. political ideologies, religion, nationalism)</p> <p>7. Systems theory/institutions (e.g. division of powers, institution types)</p>	<p>1. Short-term operational decision making (e.g. tour cancellation)</p> <p>2. Medium, to long term strategic decisions making and planning (e.g. Capital projects)</p> <p>3. The type/scale of assets at risk (e.g. use of builders, client profiles)</p>	<p>1. Intuitive, deductive or inductive, adapting Frosdick (1997) (e.g. deductive, theory construction based on input data analysis)</p> <p>2 Degree of methodological structure (e.g. Old Hands, intuitive type approach)</p> <p>3. Country, political or credit risk categorisations (e.g. country risk assessment looking at economic, social and political conditions together)</p>	<p>1. Intuitive assessments (e.g. creative thinking exercises)</p> <p>2. Scanning approaches (e.g. PESTLE, SWOT)</p> <p>3. Forecasting tools/methods used (e.g. Trend analysis, Delphi techniques)</p> <p>4. Analytical tools used (e.g. Scenario writing, HAZOPS)</p>

Source: Author (see Appendix B for the more detailed table)

4.3 Identifying the process stages of political risk management

In relation to the more systematic, structured methods of risk and political risk management, disaggregating the practical process elements, or stages, is complex owing to the many variations in the approaches taken. A difficulty that is compounded by: a) the conceptual confusion of the descriptors used to convey the different process stages; and b) the lack of explicit discussion on the actual risk process stages in the context of political risk literature. To help deal with these two key issues, the following short discussion seeks to develop some conceptual clarity with what can be understood as the key process stages and the descriptors used to convey them.

One of the more immediate difficulties is the confusion between what is understood as *risk analysis*, *risk assessment* and *risk management*. When examining the literature from across the subject fields one can find many instances where these terms are used inter-changeably, the opposite way round, or even ignored;* differences, it should be stressed that are not necessarily dependent on the subject field from which they are written. Howell (2001) and Sadgrove, (1997) for example, give definitions of *risk analysis* and *risk assessment*, arguing that *risk analysis* essentially involves examining the origins, or causes of the threats (Howell 2001, p.3), or the background factors to the risks (Sadgrove 1997, p. 20). *Risk assessment*, however, according to their definitions, relates to considering the level of probability of a risk happening and the severity of impacts that may occur, which often involves ascribing some measure or value to the risk. Howell (2001, p.3) stresses that these differences between *analysis* and *assessment* whilst small, are none-the-less important, commenting that for many organisations what they most want or need, is the political risk *assessment*; yet it is in the *analysis* element of the risks where the most important work takes place, as this forms the foundation of any risk assessment and forecast. Although alternative definitions to analysis and assessment can be taken, such as with Nickson and Siddens (1997, p.41) and Hahn (1996, p.71), or the terms used the opposite way round, such as

* Frosdick (1997b) provides a useful article (but far from perfect) on clarifying the language of risk, highlighting the many differences and controversies, particularly with the difference between scientists and managers. He comments that in some disciplines the word *analysis* is used in a more encompassing way, rather than referring to a particular stage of risk management, OR notes how the term *risk estimation* is used in the field of engineering, in order to quantify risk.

in Keeling (2000, p.40), it is the Howell and Sadgrove conceptual understanding of *analysis* and *assessment* that is felt most appropriate for this work, particularly as their understanding aligns with many dictionary definitions of these concepts.

The term *risk management* can also be confusing. It is often referred to as a separate process stage from the *analysis* and *assessment* stages, focusing on the development of actions and control measures to deal with the risks identified; the Royal Society's, (1992, p.3) work is an example, highlighted here as it has informed a great deal of the writing on risk management. This, however, seems a limited way of understanding the concept of management, as a number of writers note, such as Tarlow (2002, p.207). Frosdick (1997, p.167) also comments on this ambiguity, noting the duality of its usage, whereby it can either refer to an encompassing process, or one specific process stage. To overcome this confusion, he notes that one can distinguish between *risk management*, used to refer to the control of risks, and the *management of risks* (MoR), used to refer to the whole risk process. The Office of Government Commerce (OGC) (2002) is an important exponent of this distinction, using the term MoR to refer to the encompassing risk process. Although it is useful to recognise these distinctions, the preference in this work is to still use the simpler term of *management* to refer to the whole process, and the term *control* as the process stage dealing with the actions taken to deal with hazards and risks.

These basic process elements can be broken down further according to the number of sub or 'nested' processes (Ritzman and Krajewski 2001, p.2) they have. Again, one can find numerous variations in the approaches taken. To try to make sense of these differences a comparative content analysis was conducted (see **Appendix C** for the comparative table), which helped to distil the key process stages common to most of the models, which are presented in **Table 4.3**. In all, five key stages were identified, together with their important nested processes. Whilst it is not presented as a definitive answer to what the key process stages should be, the table's value is in acting as another lexicon to help understand the language of risk.

Table 4.3 Overview of the risk management process

Risk Management Process (Encompassing)	
1. Risk Context Process Stage (Nested)	<i>What is the purpose of the organisation?</i>
	<i>Who are the key stakeholders/clients?</i>
	<i>Identifying what in the organisation is exposed to risk and the manner of its exposure.</i>
2. Risk Analysis Process Stage (Nested)	<i>Identification or discovery of the key political hazards and risks.</i>
	<i>Identifying the factors that create or cause the political risks.</i>
	<i>Analysis of suitable indicators of causation and the critical paths indicated for events/scenarios.</i>
3. Risk Assessment Process Stage (Nested)	<i>Record data in appropriate formats to help in assessment.</i>
	<i>Categorise key political risks.</i>
	<i>Ascribe a value to the political risk based on severity and likelihood.</i>
4. Risk Control Process Stage (Nested)	<i>Categorise risks into basic control matrix.</i>
	<i>Develop risk plan.</i>
	<i>Develop crisis plan for extreme risks.</i>
	<i>Implement plan at a strategic and operational level.</i>
	<i>Communicate plan throughout all levels of the organisation.</i>
	<i>Reappraise risks in light of any new control measures.</i>
5. Risk Monitoring Process Stage (Nested)	<i>Continue to monitor and update records.</i>
	<i>Amend assessments and control measures as appropriate.</i>

Source: Author*

What there is very little indication of in the literature is the balance, or the mixture of resources that should be employed at each stage. One of the few insights discerned from the literature was from the field of project risk management, which suggests that more resources should be spent on the early research and development project phases, as opposed to the actual completion of a project in order to avoid more costly mistakes. Marks (1988) echoes this sentiment, arguing that more time should be spent on collecting good quality data (about 70% on this research phase), and less time on the analysis. How accurate a ratio this is, is far from clear, but it offers an interesting idea to explore and is returned to in **Chapter 7**.

* This table synthesises a variety of approaches from different subject fields (See Appendix C for more details), with the format style, not the content, adapting an approach used by the British Standards Institute (2002).

A number of additional comments should be made. The first is that there could be a danger of viewing these process stages in a too linear and deterministic way, which may underplay the inherent dynamism of the risk phenomena studied. These process stages must therefore be viewed in a cyclical, dynamic sense that are constantly conducted, as stressed in **Chapter 3**, and by writers such as Tchankova (2002, p.292) and O'Hara, Dickety and Wymanl (2003, p.38); as Richter (1999, p.41) stresses, just as political problems rarely suddenly emerge, so too do they rarely suddenly disappear. This gives further impetus for the use of complexity theory, which is discussed in more depth in **Chapter 5**.

4.4 Exploring process stage 1: context considerations

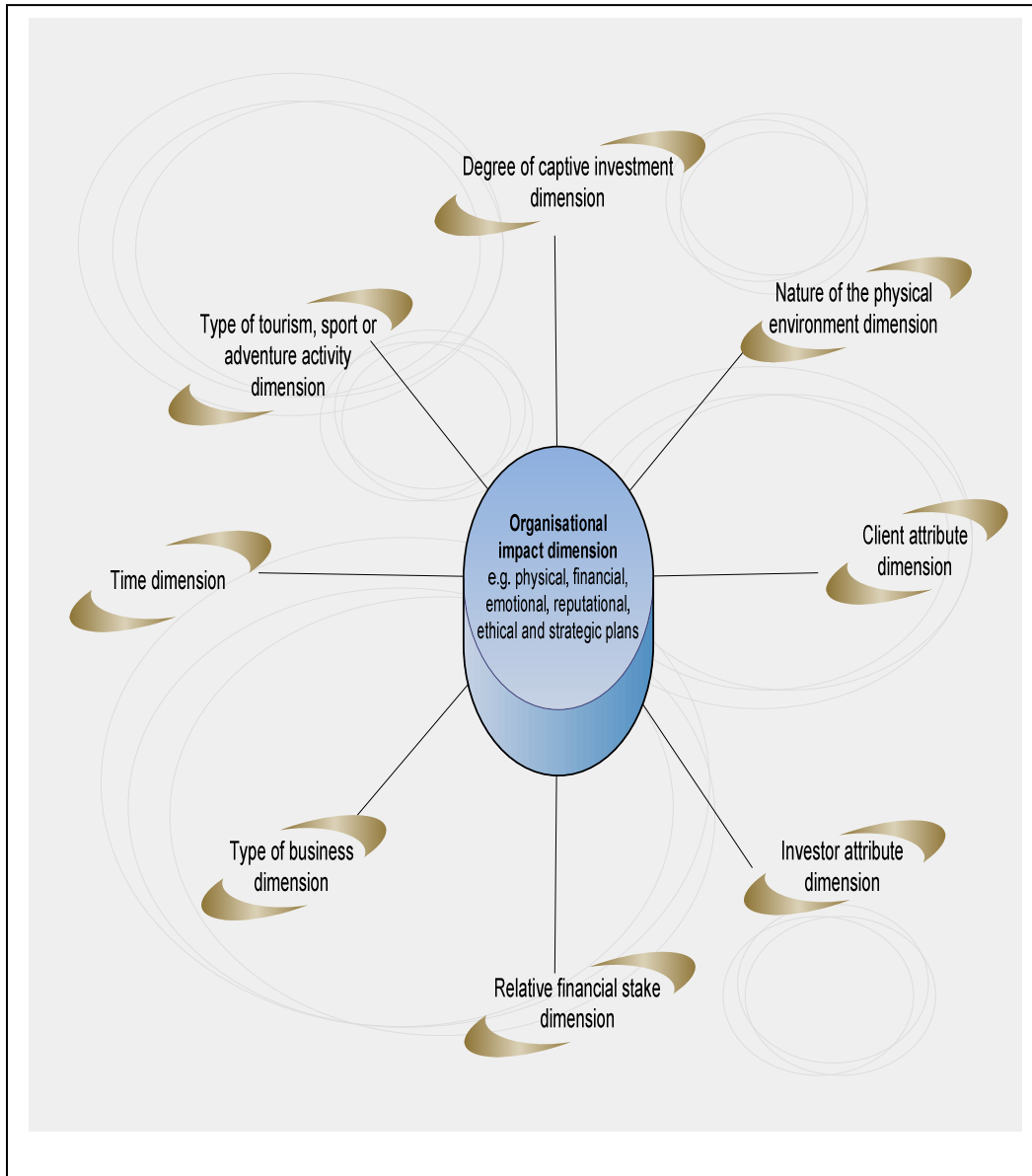
Developing a clarification of the process stages is of immeasurable benefit for structuring the rest of the literature review. The subsequent discussion is therefore based around exploring and discussing the key process stages identified in **Table 4.3**. It begins with the contextualisation stage in relation to the organisation itself.

Although the context process stage is not referred to by all writers, those that do have a great deal of credibility, such as Turnbull (1999, p.6), Patel, (2001, p.14), Carey and Turnbull (2001, p.11) and Wheelan (2000, p.67). Many writers who identify this stage tend to focus on having a clear understanding of the organisation's aims, objectives or operational ethos which subsequently helps to frame both *what* assets may be at risk, as noted by Meulbroek (2001, p.67), Zonis *et al* (2001, p.177) and Howell (2001, p.10), together with *how* they may be at risk. Hawkins (2006 p.125) illustrates these points, emphasising how the risks generated depends on the industry, with Frynas and Mellahi, (2002, p.541), going further by showing how it can be firm specific, using the case study of Nigeria and the oil industry and how political problems affected oil companies differently in the country.

The notion of *risk exposure* is not a concept commonly referred to in the literature on risk, although attributes of it are. That is to say, whilst it may not be addressed as a direct, distinct concept, singular attributes of the concept *risk exposure* may be highlighted, such as how the length of time a project has been in operation can affect the degree of risk. The approach developed for this work is to represent the notion of *risk exposure* on two dimensions, both of which are presented in **Diagram 4.1**. The

first dimension relates to *how* different additional external dimensions can affect the *degree of risk*, such as time, type of assets and type of clients (the outlying elements in **Diagram 4.1**). These elements are then considered in relation to *what* internal aspects of the organisation can be impacted upon, which were highlighted earlier in **Table 3.2**, in **Chapter 3**, and relates to areas such as physical, emotional, financial, ethical and reputational impacts (the centre circle in **Diagram 4.1**).

Diagram 4.1 The dimensions of risk exposure



Source: Author

This two dimensional approach is unique to this work, as the two conceptual constructs are either blurred in the literature, such as with Howell (2001, p.10), or

simply presented as a disjointed list, such as Burns-Howell, Cordier and Erickson (2003, p21) method of just listing physical assets which could be exposed to risk. The advantage of the two-dimensional approach developed for this work is that it synthesised a variety of points drawn from the many subject fields, and helps in the contextualisation of the risk management process.

One of the factors in **Diagram 4.1** that needs particular attention relates to *who* is at risk. Customers and clients are at the heart of tourism services, therefore they must be given priority in consideration, but as highlighted in **Chapter 2**, the degree of risk exposure can vary differently depending on the type of client. The importance of this means it is explored in more depth in **Chapters 6 and 7**. A number of illustrative examples in **Box 4.2** highlights further how this has become a more important element in relation to understanding the risk exposure of the organisation.

Box 4.2 Your Government's actions can affect your reputation and risk exposure!

In 1985 Green Peace had been active in protesting about the French nuclear tests on a Pacific Atoll. In response, the French Secret Service planted a bomb on the Green Peace boat, the *Rainbow Warrior*, whilst it was in a New Zealand harbour. The subsequent sinking and death of one of the activists resulted in such a sense of outrage that the demand for French imports and goods disappeared in New Zealand (Burmester 2000, p.263). Subsequent nuclear tests only served to intensify this boycott of French goods. Although not directly tourism related, the scale of the commercial repercussions graphically illustrate how the business environment had changed in relation to consumers. It also shows the speed that businesses can disappear in response to government policies, actions or comments. The publishing of the Danish cartoons of the prophet Muhammad, in 2006, further illustrates this in relation to the speed that opinion was inflamed in the Islamic world, and the immediate impact it had on many organisations, with the Danish government issuing messages of caution to Danish travellers to certain countries.

Harmon (2001, p 138) and Hall *et al*, (1996, p.115) have all noted how *who* you are affects the degree of risk. In the past, waving a British or American passport may have been regarded as a means of reducing risk; today, it can increase the risk, with some advice saying that passports should be hidden as they have been used in instances of kidnapping and execution (as kidnaps in Iraq have illustrated, where Italian and French hostages were released, whilst a number of American and UK people were executed). Other examples include the attack on the Hotel in Kenya in 2001, which was frequented by Israeli travellers; or the aid workers kidnapped in Sri Lanka in 1999 who were working for Save the Children, a Norwegian based Charity, the government of which was attempting to broker a peace deal in Sri Lanka at the time. Cummings (1991, p316) presents the issue from a slightly different angle by stressing that whilst a business traveller is a key target, he says it is often not who you are, but what you represent which makes you a target.

4.5 Exploring process stage 2: risk analysis

The *analysis stage* of the risk management process can be regarded as the most intricate and difficult of all the process stages. It is in this stage that the business environment is scanned and analysed in order to identify (or discover) the key political hazards, why they may occur, and the risks to the organisation. Considering the complexity of this stage, this section is broken down into two further sub-sections focusing on clarifying the language of analysis (**Section 4.5.1**), followed by a more detailed review of some of the key factors and indicators utilised in various models and literature (**Section 4.5.2**)

4.5.1 Clarifying the language of analysis

When looking at the many models which can be used to analyse and assess political risks the familiar difficulty of different descriptors used to refer to various concepts emerges. Rightly or wrongly, in relation to the structured methods of political risk assessment, there is often a positivistic skew in the approach, which can mean there are inherent notions of an x (independent) and y (influencing) variable, with some giving further subtlety by adding a notion of an intervening variable. These descriptors of x and y variables whilst not always directly referred to, are often an implicit part of many models, but may be variously described as *risk factors*, *risk components*, *risk indicators*, *risk variables* or *risk criteria*. For example, the ICRG refer to *risk components* and *sub-components*, with the value attributed to each component being described as a *risk indicator*; BERI uses the terms of *criteria*, *causes*, and a notion of *symptoms* (such as societal conflict) and a *risk index* (essentially an indicator); EIU use the terms *risk categories*, with each category value being constructed by examining a variety of *risk factors*; and the Office of Government Commerce (2002, p.106) notes how a *risk indicator* can sometimes be a *risk factor*, which they state can be best expressed in terms of cost. To convey this variety, **Table 4.4** highlights which models tend to use which descriptors.

Table 4.4 Who uses what terms (factors, indicators and variables)

Descriptor	Who
Risk Criteria	Jodice 1984. Fitch. PRS (17 Variables, with each variable followed by more specific sub-criteria). BERI (causal criteria).
Risk Factors	PMSU (2005, p.2). Brink (2004). Rund & Associates. Monti-Belkaoui <i>et al</i> (1998). General Motors. NSU. ICRG.EIU.
Risk Variables	Brummersted (1988). BERI. Euromoney. PRS. Institutional Investor. Moody. ICRG (12 weighted variables).
Risk Component	ICRG
Political sub category	Economist (2 subcategories of political risk, with each having a number of risk factors);
Risk Indicators	EIU (make reference to specific data in reports, but not the models)
Other	BERI Symptoms’.

Source: Author

The simple question raised here is to what extent are these terms used as synonyms, or are they referring to different conceptual constructs? Brink (2004) helps to give some clarification as to what some of the differences are between a risk factor and an indicator, stating:

‘Risk factors should be relatively easy to understand, and should reflect something measurable, believed important or significant in its own right, or should reflect or represent something important beyond what the factor itself is a measure of. This constitutes an actual factor *indicator*, rather than just a figure or a statement.’ (Brink 2004, p.77)

Michaels (1996), writing in a more generic risk management context, also highlights some crucial conceptual distinctions between a *causation variable* and an *indicator*, saying:

‘...effective risk management depends on the ability to differentiate risk causes from risk indicators, quantify risk consequences, set priorities for combating risks, and take preventative measures in a timely fashion.’ (Michaels 1996, p.20)

In all, hundreds of the different factors, indicators and variables were scrutinised and compared from all the models highlighted in **Table 4.1**. From this analysis a number of comments can be made, which are:

- Factors offered by the many models often have a composite component to them, in the sense that they may involve interpreting a number of more specific variables, to help formulate an assessment. The ICRG for example

have a Political Risk *Component*, which in turn has twelve *variable* categories, with one of these relating to political stability, * which is given a grade score between 1 to 12. This variable, as they describe it, is considered in relation to a number of additional *factors*, such as war, or terrorism.

- A smaller number of models prefer to utilise specific pieces of data as the *factor for analysis*, such as Rundd & Associates who use the term *Domestic Economic Factor* to refer to some quite specific pieces of data, such as GDP growth rates. Interestingly, Rundd and Associates use the concept of *variables* as a subset of an *indicator*, when others will utilise it the opposite way round, which again is another example of the conceptual vagaries in the risk literature.
- The different models and factors focused on can often reflect the temporal context that the models were produced in. For example, older models such as the ICRG, EIU, Euromoney, MIG and Moody tend to ignore environmental factors in their structured analysis, whilst newer models, such as the PMSU (2005), the FSI and more recently the World Economic Forum (2007, p.15), all highlight environmental factors, such as climate change as a key driver of change and a generator of risk.
- They can be heavily skewed towards focusing on notions of political instability and the risks of credit payment failure, which is too narrow an approach in relation to the needs of the tourism industry.
- Despite the attempts to use more objective criteria, these will always be the product of subjective interpretation, particularly when developing or producing an assessment value for a composite risk factor.
- There is little clarity about the difference between *input* and *output* factors and indicators: a useful conceptual distinction highlighted earlier **Chapter 3, Section 3.5.2**, in relation to understanding the anatomy of political risk.

To help deal with this conceptual confusion, the Oxford Referencing Online database (2007) was used to clarify the key features of the terms or concepts. In the context of

* In Theocharous's (2002) research project for example, he simply lists forty-two risk events as the indicators of stability. Whilst there will be many instances when a causation variable and the data used to indicate it will be blurred, it is important to stress that they can also be very different concepts, which has many important implications when evaluating the accuracy of any model.

this work the following points try to develop some conceptual clarity between the different terms:

- **Risk Factors:** This refers to a broad theoretical component, such as a notion of political effectiveness (or lack of), which can help analyse and assess what may drive certain political hazardous outputs or events. Factors can have a composite quality to them in that they can utilise a variety of pieces of data to act as measures or indicators of the factor.
- **Indicators:** Although Bryman *et al* (2003, p.73) distinguishes between an *indicator* and a *measure*, with the latter being relatively unambiguous and usually quantifiable, whilst indicators are ways to tap concepts that are less quantifiable, and so are used to stand in for a concept, in practice the difference can be more ambiguous. Therefore, the indicator will be used to refer to the pieces of data that are used to measure the variables or factors, which can be both qualitative and quantitative in its basis. For example, the risk factor of political effectiveness mentioned above, can use qualitative indicators, such as critiques made by the human rights group Amnesty International, or more precise qualitative indicators, such as the corruption score given by Transparency International (TI).
- **Risk Variables:** These are used in a traditional sense, referring to an attribute (Bryman and Bell 2003, p.34) of some sort which can be dependent, independent or an intervening variable. For example, Goldstone *et al* (2005, pp.4-8) identify the onset of political instability as their independent variable, with infant mortality, calories consumed per capita examples of their dependent variables, and the nature of the political system an example of an intervening variable. It is worthwhile noting however, that the methodological philosophical position of this work, discussed in **Chapter 5**, which is not framed in a positivistic framework, means these terms are used less frequently in comparison with the other two concepts.

4.5.2 Examining the key political risk factors, variables and indicators.

If developing some conceptual clarity in the political risk analysis process raises many problems, the next stage of identifying, or ‘isolating’ (Brink 2004, p.25) what *factors*,

*variables or drivers** entwine to generate the critical paths of political events (Vertzberger, 1998) is far more challenging. It is also here that the notion of ‘essentials’ and ‘non-essentials’ used to open this chapter, are explored at a more intimate level.

To convey the scale of the challenge, in **Chapter 3** numerous political hazardous events were identified, ranging from acts of terrorism to corruption, each of which could easily form the basis of a research project in its own right. Yet in the context of this work, one does not have the luxury of pick and mixing which hazards should be focused on, as to do so is to increase the negative risk exposure to an organisation, or opportunities are missed. It should also be appreciated that a wide range of literature was examined for this work, which gave many useful insights into political change and conflict, such as Huntingdon’s (1996) clash of civilisations thesis, or Bellamy, Williams and Griffin’s (2004) work on peacekeeping operations. The problem with these works is that they do not always lend themselves to practical application in the risk analysis process, therefore the decision taken was to primarily focus on models and theories which provide more precise information on factors and indicators.

Initially, when many of the risk models highlighted in **Table 4.1** were examined, the criticism made by writers, such as Brink (2004, p.56), that they lack transparency in their methodology seemed a little strange, as on an initial reading they can seem quite detailed. On closer inspection, it soon becomes evident that for many of the models there are ambiguities over *what* data[†] is used, *where* the data is sourced from, and *who* does the interpretation of that data to produce an assessment value. A similar problem can be levelled at the variety of theories developed to understand political change and conflict. For example Garrison (2007, p.128) gives a useful discussion on the onsets of civil war, reviewing the literature and developing a critique of a number existing theories used to explain conflict escalation. He expands on some of the existing risk factors that are used for understanding conflict (such as notions that weak states typically respond with repression when challenged), developing a model

* Zonis *et al* (2001, p.178) give another variation by noting the difference between *external drivers* (such as political instability), *interaction drivers* (relationships to companies and governments) and *internal drivers* (aims of the business).

† Brink (2004, p.37) notes that the difference between *information* and *data* is that *data* plus *interpretation* equals *information*, whilst *intelligence* is information which has been collated, corroborated, analysed and applied to a set of circumstances

based on regime and challenger interactions. Whilst presenting the model as an equation, it can still be hard to fathom just what actual information should be used and from where it can be obtained. In short, it is far from clear how it can be made operational in more mainstream management practices.

A key difficulty raised in **Chapter 3, Section 3.5.2**, was the conceptual confusion between the many different elements involved with political risk. To help clarify the concepts, **Diagram 3.1** was produced, which was developed using a systems theory approach, with the conceptual distinction made between *input*, *output* and *process* factors. These concepts are used here to analyse further the huge number of factors and indicators that are utilised in existing risk models, in order to help gauge their relevance and value.

Output factors and indicators, primarily relate to the hazardous political events identified in **Chapter 3**. Whilst there can be many references to *output factors*, in terms of more specific *output indicators*, there is less detail. For example, whilst terrorism may be one of the factors cited in the EIU model, in relation to their political risk category assessment, little indication is given as to what aspects or data is used to actually measure it. In theory, output indicators such as the number of acts of terrorism, number of fatalities, or who was targeted could be used, but whether they are in the EIU model is not made clear, hence the issue about the many ambiguities inherent in the models.

This lack of explicit referral to an output indicator is perhaps a little surprising in the area of political risk. In terms of other fields of risk management this frequency-based approach can be a key method for making probability assessments and quantifying risks, as Stutely (2002, p.224) illustrates. To help in this assessment, the notion of Heinrich's *et al* (1980) ratio triangle* (cited by Wharton 1996; p.9; Parry 2004, p.223) is sometimes referred to in risk literature, which states that for every major incident, there are a large number of minor incidents, and perhaps a larger number of near misses. There are certainly many advocates of this approach in relation to adventure tourism, such as Brown (1999, p.275) and Wharton (1996, p.9), although their focus tends to be at an operational level, focusing on activity accidents. Clearly this is skewed towards a more positivistic paradigm, but is not an approach where any

* Which is based on his work published as far back as 1931.

explicit references were found in the literature or models on political risks. This approach offers some intriguing possibilities in relation to political risk management, despite its lack of explicit referral in the literature, and so is returned to in **Chapters 6 and 7** in order to gauge more clearly the value of the approach.

The *process* factors and indicators are used refer to the political system and its institutions. It is very common in databases that provide a country profile to classify the political system in some manner, such as whether it is a democratic or authoritarian system. There seems to be an intuitive sense that the type of political system is important, but just how is not made clear. Certainly, one can gain a sense in some of the literature that democratic systems are less risky; an argument that was shown in **Chapter 3** to be very simplistic. In terms of the structured political risk models, the political system classification and the quality of institutions tends to receive relatively modest consideration in comparison with other factors, although a simple descriptor is often offered as part of a country profile. It is of interest, however, that more recent research has attempted to examine the nature of the political system, or government in a more critical manner, highlighting that the type of the political system can affect the occurrence of certain hazardous events. One of the most crucial pieces of research produced has been from the Political Instability Task Force (PITF) project, which was set up in 1994 as part of a comprehensive research project designed to understand why states fail, and was funded by the CIA. A number of the key findings were presented by Goldstone *et al* (2005, p.12) where one of the important factors which could affect risk of state failure, related to the type of political system. The work produced by the PITF has subsequently influenced many other models, such as the PMSU (2005) approach, and plays an important part in **Chapter 6**.

Input measures primarily relate to trying to gain an understanding of some of the variables that may drive, or cause change and political risk events. For example, social and economic inequalities are often cited as a factor which can generate political tensions and conflicts, and is evident in a number of models, such as with the ICRG or BERI models. These factors can in turn be reflected by a variety of indicators, such as GDP per Capita, levels of poverty, economic polarization, or an ethnic group's economic position. To help give some sense to the numerous possible

factors and indicators offered by the models, one can develop some broad input categories, which also help structure the analysis in **Chapters 6 and 7**. The key categories are:

- **Economic factors:** Whilst some models will use economic factors as part of the political analysis, other models will reserve the analysis of economic factors for what they may label as a country risk analysis. There are numerous possible factors and indicators, many of which can be quantifiable, which adds to their appeal. Economic indicators can be further organised into the broad categories of: *economic stability*, *economic growth*, *debt* and *trade* indicators.
- **Social factors:** These are usually part of the discrete political risk models, often presented as socio-political factors. These various indicators can be organised into two further categories: *welfare* indicators, such as education or mortality rates; and *divisions in society*, such as the number of ethnic or religious groups in society.
- **Environmental factors:** These have grown in usage, with a key area focusing on how resource scarcity and competition can drive conflict; factors which do not always appear in older, structured risk models.
- **International interaction factors:** This manifests itself in a variety of ways, with perhaps the most important factor relating to the notion of how bad neighbours can act to destabilise another country, or ruin its market attractiveness to travellers.
- **Actor factors:** These factors relate to both individuals and groups and how they interact with each other and drive political events. Who, or what, is classed, as an *actor* can be quite broad, ranging from the military, pressure groups, foreign governments and individual heads of government. The notion of actors can be something of a grey area when one attempts to examine more specific indicators, such as data relating to key trading partners, or military expenditure, which can overlap with some of the other input indicator categories. The key point is to try and make sure they are considered somewhere in the analysis process and can be important in relation to triggers.

Over time, there have been periodic attempts to try to distil the core risk factors needed to conduct political risk analysis, which can loosely be described as a universal approach. Some writers, such as Graham (1988, p.73) and Brummersted, (1988, p.78), citing Doyle (1982), present arguments that developing universal models will always be limited, chiefly because: they are skewed for the needs of particular industry; they are developed in a particular time; they reflect many cultural biases; they are too limited in the variables focused on; and they ignore certain types of political risk. Although Simon (2002) argues there is no perfect model, in order to make them better, he advocates a mixed approach, such as using a mix of quantitative and qualitative data, as does Brummersted (1988, p.87).

In the context of this work, Brink's (2004) approach was of particular interest, as it illustrates a recent attempt at a mixed, universal approach, whereby the core risk factors from the most frequently used structured country and political risk models are distilled and utilised. * The model produced is, on first appearance at least, comprehensive and offers some interesting attempts to weight different risk factors for the purpose of producing an overall risk assessment value. Whilst a number of problems may be identified with Brink's approach – such as being less relevant for more immediate operational risk assessments for tourism organisations, with some risk factors being more 'measurable' than others, † – its relative recentness, breadth and the synthesis of many key models, means it is a useful model to refer to when benchmarking different possible political risk factors.

The research that has been conducted into testing the accuracy of the assessments produced by various risk models in comparison with the actual hazards and risks generated, although scarce, are of interest here. Howell and Chaddick's (1994, p.71) study is worth noting as they attempt to replicate the methodologies of three political risk models (Economist, BERI and PRS) in order to test the accuracy of their risk predictions. They offer a number of important criticisms, such as the lack of theoretical underpinnings in some of the models, and note that their predictive power is mixed (with the PRS producing some of the better results, but by no means significant, in terms of risk accuracy), concluding that certain individual factors may

* Although Bouchet *et al* (2003) also discuss a comprehensive range of factors, the difference with their work is that they do not develop it into a coherent, whole working model as Brink (2004) does.

† For example 'political terrorism,' compared with 'legitimacy issues' factor.

act as a better indicator of risk, than the cumulative power of the factors and the composite indexes derived from them. Linder and Santiso (2002, p.2) also test the predictive power of the country ratings and governance indicators for four different crisis events experienced in Argentina (political and social), Brazil (economic), and Peru (electoral political). In their study ICRG again produced mixed results. For example, for Brazil there was a high degree of risk in the same month the devaluation took place in 1999, but with the composite indicator not dropping to the high-risk category until a few months after. For Argentina no significant crisis risk was indicated. They conclude the composite indicators, such as those produced by the ICRG lacked subtlety and were blunt indicators of the crises that developed and the impacts they had.

Bouchet *et al* (2003, p.105) cite Cantor and Packer's (1996) study, who noted that perhaps surprisingly many of the credit models they focused on were quite accurate, with a number of key variables acting as the best indicators. Bouchet *et al* (2003, p.105) also cite Monfort and Mulder (2000), who emphasise the importance of certain key indicators, such as current account over GDP, terms of trade, export growth rate, and investment over GDP. As a more general observation, Bouchet *et al* (2003, p.110) note that in relation to creditworthiness of a government, the risk values produced at the two extremes of high and low risk, most models work quite well; the real problem relates to the countries that receive more intermediate values, or the borderline cases between values, which is of interest and worth reflecting on in this work. In relation to tourism, Poirier (1997, p.678) offers one of the few papers which deals directly with the issue of political risk and tourism, and cites the studies by Dichtl and Koglmayr (1986), which also pointed out that BERI and other models were a poor guide for Multi National Enterprises (MNEs) and political risk. Little else is given in relation to the value of the existing models.

Other areas of research can be particularly helpful in relation to the more specific factors that should be focused on in any risk model. Aspects of the research conducted by PITF, presented by Goldstone *et al* (2005) have already been mentioned in relation to the process indicators. Exploring this work more deeply gives further critical insights into the key factors and indicators that can be focused on. They tested a huge range of theories and variables in both single and multi-variant analysis, together with

a variety of analytical tools, such as stepwise regression and neural networks. This exhaustive study produced some very interesting results in relation to looking for some of the best variables which can give an indication of state failure. They note:

‘It was to our considerable surprise that these expectations (that a complex model would be needed) turned out to be wrong. The Task Force’s analysis has identified some differences across regions and types of instability, but these differences have generally proved minor. Even more surprising, we have found that relatively simple models, involving just a handful of variables and no complex interactions, accurately classify 80% or more of the instability onsets and stable countries in the historical data’ Goldstone *et al* (2005, p.10)

As they observe themselves, they were ‘considerably surprised’ because the factors and methods which gave some of the best correlations and indicators of state failure and instability were not complex, nor reliant on many independent variables and their interactions. Instead they were remarkably simple, whereby a handful of variables could accurately classify 80% or more of the instability onsets and stable countries. It is also of interest how the came back to some very familiar themes, such as Alexis de Toqueville’s work in the 1850s and his conclusion that ‘grievances patiently endured become intolerable once the possibility of brighter future crosses the populations mind’ (cited in Hague *et al* 2001, p.124), which is also an important feature of Gurr and Lickbach (1986) work and their theories of relative deprivation and revolution. *

What these various pieces of work all begin to highlight is that the more factors and data that are analysed does not necessarily mean a more accurate risk assessment is produced. It was a proposition raised by Monti-Belkaoui *et al* (1998, p.13), who compared a limited range of key ratios with a the more complex ICRG, but found similar results (Monti-Belkaoui *et al* 1998, p.124). Indeed, some models, such as the PMSU, seem to adopt an approach of focusing on fewer variables in order to try and better capture the inherent dynamism of political systems, together with reflecting the need to make decisions within relatively short spaces of time because of the speed that events move and interact with each other in the global environment. This clearly has some profound implications for this study, and may suggest that much simpler

* The theory of the J-Curve produced by Davies (1962, cited in Hague *et al* 2001, p.125) is also relevant here in relation to revolutions, frustrations gaps and relative deprivation.

approaches for assessing political risk can be adopted in comparison with Brink's comprehensive universal model.

So where does this leave the attempt to try and help clarify what should be the key essential and non-essential elements? It shows that there are many different approaches to the type of data one can collect in order to analyse the political environment, but they can vary considerably in terms of their worth as an indicator. It also hints at the potential problem of reducing risk analysis into a single, composite assessment. It does, however, provide a platform for structuring the analysis and discussion in **Chapters 6 and 7**, revealing the direction of analysis, the theories which can be utilised (such as systems and complexity theory, discussed in **Chapter 5**), and identifying the indicators which should be given particular consideration in terms of analysis, of which **Diagram 3.1** developed in **Chapter 3** gives an overview of.

4.6 Exploring process stage 3: political risk assessment

Whilst the *analysis* stage is the most complex of the process element, it is in the *assessment* (some use the term evaluation) where the analysis is turned into something more tangible to aid decision making. Its purpose is not, as Howell (2001, p.11) stresses, to offer a prediction of the future, but a forecast of possible futures, which can then allow for individuals and organisations to develop plans and control measures. It is through the *assessment* process stage that the information generated from the analysis can be put into some form of perspective and context, which can then be used to inform what resources should be employed for trying to control or mitigate the risks.

Perhaps the most common approach is to present the risks in a scale of some sort, which may represent a notion of probability of occurrence, the severity of impact, or a combination of the two. One can again perceive the influence of the positivistic scientific approaches (Frosdick 1999, p.34), where the assessment is driven by categorising risk and reducing it down to a more digestible form, which usually means it is turned into a numeric value. The Office of Government and Commerce (2002, p.22) give some useful examples of the descriptors and numerical values that can be used to ascribe a probability of a risk event occurring. The Office of Government and Commerce (2002, p.104) also illustrate that these probability and impact grids can be

combined in various ways, such as producing probability/impact risk maps and grids. These are all useful examples, which represent a synthesis of a variety of approaches, but by no means provide a definitive answer as to which methods are the most appropriate.

In **Box 4.3** four sample scales are presented to illustrate the many variations that can be taken. Looking at the BERI model in that box, a single risk rating is given, with the higher percentage value referring to a more political stable country, with the corollary being that the risks are fewer. In contrast, the ICRG model uses the scales the opposite way round, with a high percentage indicating a low risk environment. What is also of interest is that for political/country risk model examples, the composite risk values are not articulated using the twin risk pillars of *severity* and *probability*, discussed in **Chapter 3**.

Box 4.3 Examples of risk scales													
<p>Example 1: Health & Safety Guidelines Potential Severity Rating (PSR)</p> <ol style="list-style-type: none"> 1. Negligible injury (e.g. bruise) 2. Minor cut (e.g. cut, sprain) 3. Major injury (e.g. fracture) 4. Fatal injury (e.g. drowning) 5. Multiple fatality (e.g. flume collapse) 6. Catastrophic fatality (e.g. Hillsborough) <p>Probable Likelihood Rating (PLR)</p> <ol style="list-style-type: none"> 1. Highly improbable 2. Minor cut (e.g. cut, sprain) 3. Occasional 4. Fairly frequent 5. Regular 6. Almost a certainty <p>A calculation can then be done, called the Risk Rating Number (RRN):</p> <p style="text-align: center;">RRN = PSR x PLR.</p> <p>Note: any RRN of 7+ needs immediate structured management intervention.</p>	<p>Example 2: Economist Intelligence Unit (EIU)</p> <p>Band A – (0 – 20 points). No problems financing debt and trade activities.</p> <p>Band B – (21 – 40 points) No significant foreign exchange controls, but the economic policies may give cause for concern.</p> <p>Band C – (41-60) Record of periodic foreign exchange crisis and political problems.</p> <p>Band D (61 –80) Countries suffering serious economic and political problems. Arrears debt rescheduling and restricted access to official lending are common characteristics</p> <p>E – Highest risk (81 –100) High and rising arrears and severe fiscal imbalances and hyperinflation. Scarce foreign exchange and relations with multinational lenders severely strained.</p>												
<p>Example 3: International Control Risk Group (ICRG)</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Political Risk range</th> <th style="text-align: left;">% range</th> </tr> </thead> <tbody> <tr> <td>Very High Risk</td> <td>0.0 -49.9</td> </tr> <tr> <td>High risk</td> <td>50-59.9</td> </tr> <tr> <td>Moderate Risk</td> <td>60-69.9%</td> </tr> <tr> <td>Low Risk</td> <td>70 -79.9%</td> </tr> <tr> <td>Very Low Risk</td> <td>80-100%</td> </tr> </tbody> </table>	Political Risk range	% range	Very High Risk	0.0 -49.9	High risk	50-59.9	Moderate Risk	60-69.9%	Low Risk	70 -79.9%	Very Low Risk	80-100%	<p>Example 4: Business environment risk intelligence (BERI) political risk index (PRI)</p> <ol style="list-style-type: none"> 1. Stable environment/low risk/advanced industrial country (65-100%) 2. Moderate risk, with complications in day-to-day operations (50-64%) 3. High-risk for foreign investors (40-54%) 4. Unacceptable conditions for foreign-owned businesses (0-39)
Political Risk range	% range												
Very High Risk	0.0 -49.9												
High risk	50-59.9												
Moderate Risk	60-69.9%												
Low Risk	70 -79.9%												
Very Low Risk	80-100%												

Source: ICRG, BERI and EIU (Howell, 2001)

What this comparison of scales also illustrates is the notion that risk is a social construct, whereby the ascribing of a value will almost inevitably go through numerous cultural filters, which then leads to questions about how truly ‘objective’ and accurate the values are; an argument which many writers highlight, such as Adams (1995, p.10), Maule (2004, p.20) and Nicholas (2001, p.312). In the context of assigning probabilities, Jablonowski makes a more blunt observation:

‘Face it: most operational risk managers could not come up with a credible probability for an event even if they wanted to. What is more, they can do a perfectly adequate job of dealing with the domain of hazard risks without being able to.’ (Jablonowski 2001, p.34)

A comment that is just as applicable to the assessment of severity, particularly once one moves beyond the financial impact domain of an organisation’s operations, to more esoteric areas, such as reputation and ethics. This complexity of making an assessment of a risk is affected by a number of additional factors. Daniell (2004, p.95) notes that the assessment should be made not only in relation to the scale of harm and the likelihood of occurrence, but also by the extent it can be responded to, with the assessment value then reappraised in light of these control mechanisms.

What these variations in assessments also illustrate is that there is no single correct set of assessment values associated with a particular subject field. It seems that the variations are not down to logic, or subject field need, but are more likely to reflect different temporal developmental trajectories in the subject fields. This lack of clarity means it is important to explore the scales further in both **Chapters 6 and 7**.

4.7 Exploring process stages 4 & 5: controlling and monitoring risks

A full discussion of the control measures would entail a whole chapter in itself. All that can be done here, important as it is, is to give recognition of the importance of understanding the development of proper measures and plans to control the risks, because if they are not controlled, then the previous analysis and assessment can be worthless exercise. As Bernstein says:

‘Knowing how to risk manage is just the beginning. Knowing how to use these tools is the introduction to wisdom.’ (Bernstein 2001, p.7)

Ultimately, what all this analysis and assessment should lead to is information which can be used as a guide for decision making and planning; a process stage which can be described as the *control stage* of the risk management process. In essence, this process stage should endeavour to ensure risk exposure *avoidance* (Cloutier 2000, p.98), *exposure reduction* (Wilks and Davis, 2000, p. 595; Meulbroek 2001, p.67), *opportunity maximisation*, or even *target revision* (Chapman *et al* 1997, p.10), depending on the risk paradigm adopted. It can also be on the strength of the control measures, particularly in relation to crisis situations, which can then determine the speed and smoothness of the ‘glide path of recovery’ (Elliot 2004, p416, citing Fitzgerald, 1995).*

In a number of risk subject fields – with the notable exception again of the political risk methods – the key control measures are often placed on a broad matrix of key actions, dependent on the level of risk. Wilks *et al* (2000, p 595) and Patel (2001, p15) give examples of a 2 x 2 matrix approach, where risks can be mapped out, based on their probability and severity. Wilks *et al's* (2000) matrix is relatively representative of this approach, and is represented in **Figure 4.1**, with the key control measures based on either *reducing*, *avoiding*, *retaining* or *transferring* the risks. This approach Haddock (1993, pp.25-26) argues is designed to try to manage risks to an acceptable level, whereby risks in the *Hi Freq/Hi Sev* should be avoided all together. Although this matrix approach is common, it is perhaps more suited to second age risk paradigm, as it does not give sufficient considerations to how one could map out the upside risks. There are many variations, but a synthesised table based on the literature drawn from all the subject fields is produced, and can be found in **Appendix D**.

* The analogy is used of how an aircraft can vary their ability to glide based on a variety of factors and conditions and be able to continue with their operations for a short period of time.

Figure 4.1 Basic risk matrix for control measures

High frequency/low severity (Hi Freq/Lo Sev) Reduce	High frequency/high severity (Hi Freq/Hi Sev) Avoid
Low frequency/low severity (Lo Freq/Lo Sev) Retain	Low frequency/high severity (Lo Freq/Hi Sev) Transfer

Source: Wilks and Davis (2000)

A number of important considerations need to be taken into account in relation to control measures. Of particular importance is the recognition of the dynamic nature of developing controls to help manage the risk generated from political events. In the first instance, decisions taken can help modify the risk assessment value, such as contracting work out, or entering into more local partnerships. The second is noting that zero risk trade-offs are near impossible, and may simply result in another set of risk being generated elsewhere; * a process described as the ‘boomerang effect’ (by Heng 2006, p54 citing Beck, but no reference given), where control measures create a completely new set of risks. This is particularly important when considering appropriate marketing strategies, as Beirman (2003) illustrates in relation to rebuilding a destination’s image after a crisis. The other implication is that it is essential that the risk management process is viewed as a cyclical process and monitoring is a constant action, with amendments taken accordingly, which as Haddock (1993, p.26) stresses, should involve developing measures which both prevent risks occurring, or if they do occur, having measures to deal with the risks to reduce their impacts. What cannot be answered here is how frequently the monitoring and review process should take place.

The final point to consider is that in the monitoring stage not only must new risks be scanned for, but also existing hazards and risks must be reappraised in view of the

* For example Viscusi *et al* (2003) examines the civil liberties and terrorism trade-off and how far people are willing to compromise.

control measures put in place; a slightly obvious point perhaps, but one that is rarely highlighted in the literature. It is an approach that also has many practical resource implications, such as the time spent reviewing, or even rewriting risk plans. How control measures, or acts of intervention affect risk should also be understood, whereby there may be a failure to appreciate how a particular action reduced a risk, which means that in the future it becomes viewed as unimportant. Macdonald (1993, p.230) made a similar point in the context of the critique often levelled at America's foreign policy being dictated by the Domino Theory, whereby critics argue that because other countries did not fall to communism, then this empirical observation nullifies the theory. Macdonald makes the simple point that because of American intervention (costly and tragic in human terms as it often was), the domino effect may in fact have been prevented: playing the game, he says, alters the outcomes. Controversial perhaps, but a principle relevant to consider here when trying to place control measures into some form of perspective.

4.8 Chapter summary

What of the essential and non-essential factors? Significant clarification was made as to some of the key factors and pieces of data that could act as indicators, but it is far from complete. What is needed is a deeper exploration of these different factors, indicators, and particularly the sources of data, along with some of the analytical tools which can be used. It is a challenging task, which because of the breadth of political hazards which need to be considered means that any model developed can perhaps never be comprehensive enough. Despite this challenge it will, nevertheless, be attempted in **Chapters 6 and 7**, after further reflection and refinement of the possible approach is given in the next chapter on methodology.

What emerged from this review of the practical process elements of political risk management is again how divorced the literature and models for political risk are in relation to other areas of risk management. The logical response to this may be that these variations can be explained because of the different needs of analysing and assessing different types of risk. This has validity to a point, but what it also shows is how political risk methods have become trapped in their own risk paradigm and do not always seem to appreciate developments which have taken place elsewhere, particularly in relation to the more general work on business risk management.

Frequency of use does not automatically mean relevancy of use, rather that the work operates on received wisdom based on political risks from different times.

Furthermore, these difficulties are compounded by the lack of transparency, or a clear rationale for the factors focused on, or the weightings given for certain variables, along with the lack of conceptual clarity between independent, influencing and causation variables and the data which is used as an indicator of these factors, which can all conspire against the effective communication of risks.

Chapter 5

Methodology

5.1 Introduction

The epistemological position of this work has been shaped from many years of experience teaching leisure, sports and tourism management. These subject fields are multi-disciplinary, combining literature, theories and concepts from sociology, politics, psychology, international studies and business management. Using such diverse materials frequently reveals areas of overlap in the way concepts are utilised in an attempt to understand the world, whilst at other times it reveals crucial gaps in knowledge in certain fields, resulting in rationality becoming bounded. This chapter reflects on these important issues, giving consideration to some of the key theories and paradigms that have helped inform the design and construction of the methods used for collecting data, the discussion of the results and ultimately the model developed in **Chapter 7**. This chapter has three core themes that are:

- Reflecting on the literature in order to help clarify the key issues and paradigms that have informed the methods of data collection (**Section 5.3**).
- Providing a critical reflection of the key ontological and epistemological positions used in this work (**Section 5.4**).
- Explaining the methods of data collection, analysis and a reviewing the strengths and weaknesses of the approaches adopted and the ethical implications generated (**Section 5.5**).

5.2 Reflecting on the literature and the key issues raised

In **Chapters 2, 3 and 4**, the review of literature was crucial in clarifying the language and practical process elements involved in risk management. As such, these chapters make a significant contribution to the achievement of a number of the thesis objectives set, and give an insight into many of the assertions raised in **Chapter 1**. The formulation of a number of reference tables and frameworks offer evidence of the inroads made, acting as important building blocks for the work conducted in **Chapters 6 and 7**.

In relation to the preliminary assertions made in **Chapter 1**, nothing in the literature review has served to dissuade one of their relevance; that current political risk models do not seem sufficiently contextualised; the literature is skewed for particular industries; and risk has become more important in a complex world. The two assertions where less insight has been gained relate to the relevancy of government travel advice in the risk management process, and whether the methods of political risk assessment conducted by tourism organisations are ad hoc, and unstructured in their nature. These areas will therefore be given particular attention in the construction of the methods for data collection.

What the review of literature also raised was a number of additional questions that need examination. These are:

- Is any political risk model developed prone to becoming a country risk model because of the variety of factors and indicators that could be taken into account?
- Are composite indicators, such as the Human Development Index (HDI) better than single indicators of risk?
- Which are the key databases from where the indicators for risk factors can be drawn?
- How can political risk be made more dynamic and operationally focused in order to reflect the inherent dynamism of the political environment?
- Does the number of risk factors utilised affect the accuracy of the assessment made?
- Just what is the best direction of the analysis? Should it take an inductive or deductive approach?

These questions will be given further consideration in relation to the discussion of the results in **Chapters 6** and **7**, and reflected upon in the conclusion.

5.3 Research philosophy and theoretical underpinnings

What the comparative review of literature from the different subject fields and disciplines revealed was the plethora of theories and paradigms that can be utilised in risk management. Despite the aspiration by many to develop a method in the

positivist, empirical scientific tradition, for the area of political risk management and assessment, this can prove an unattainable goal. It is therefore necessary to explore more deeply the ontological and epistemological positions of this work, as this can help the reader understand and appreciate how the data collected and the model developed has been shaped. Furthermore, and very importantly, what this discussion also does is to illustrate how it is possible, even necessary to adopt mixed ontological and epistemological positions for a piece of research which seeks to both understand and describe political risk management as it relates to tourism, and then develop a practical risk model; a little contentious perhaps and so one which needs a more measured discussion.

5.3.1 Background discussion

Clarifying the research philosophical position for some types of research can be arrived at relatively quickly. Not so in this work. The discussion of literature in **Chapters 2, 3 and 4** revealed a number of important themes and issues which have played a crucial role in shaping how this work progressed. The problem is that many of these theories, concepts and arguments cited as influencing this thesis can reveal some contrasting epistemological and ontological positions. Before these are discussed in more detail, it can be helpful to briefly examine the definitions of ontology, epistemology and the various positions which can be adopted, which are used later to frame the discussion in this work.

Ontology refers to what objects or entities exist and how they relate to each other, which combine to influence what is viewed, or considered as the ‘nature’ (Guba 1990, p.18) of reality, with Gray (2009, p.17) describing it simply as the ‘study of being.’ Epistemology on the other hand relates to the theory of knowledge, which considers such questions as what is knowledge, how it should be acquired, and what do we know? Bryman *et al* (2003, p.13) adds that epistemology concerns the question of what is or should be regarded as acceptable knowledge in a discipline. The importance of understanding this, as Gray notes (2003, p.17), is that it provides a philosophical background for deciding what kinds of knowledge are legitimate and adequate, together with clarifying the relationship between the ‘knower (the inquirer) and the known’ (Guba 1990, p.18). The relationship of the two concepts, simply put, is that the whilst the ontological position adopted shapes what is viewed as existing

and can be studied, epistemology can clarify the research process and the design of the methods adopted for the actual collecting of data which will be used for analysis and discussion. In relation to both of these concepts, one can find various positions, which can be described and labelled in different ways depending on the subject area or discipline literature utilised.

In terms of ontology, Bryman *et al* (2003, p.19) states that there are two key fundamental differences or positions: *objectivism*, which adopts the position that social phenomenon present themselves as external facts, which can be identified and measured, and are independent of social actors; and *constructivism*, which views social phenomenon and their meaning as being continuously shaped by social actors through their interactions with each other. Gray (2009, p.17) places these two fundamental differences within a historical context, with the two opposing traditions between the Greek philosophers of Heraclitus, who emphasised notions of a changing and an emergent world (reflecting notions of *becoming*), which formed the basis of constructivism and hermeneutics, and Parmenides, who emphasised an unchanging and permanent reality (reflecting notions of *being*), which forms a key platform for objectivism. Blaikie (1993, p.202) offers another categorisation of ontological positions to social enquiry, stating that they can be divided into the two groups of being either *realists* (the idea that there is a reality which exists and can be observed in some manner), or *constructivists* (the idea that what is viewed as reality is constantly reconstructed between the interaction of different actors). The point of highlighting these differences is to illustrate the various ways that positions can be labelled, of which there can be many other variations found; * however, these are the terms which are utilised to discuss this work's research position.

In terms of epistemology, having the same ontological underpinnings does not necessarily lead to neat and unitary epistemological positions (Gray, 2009, p.14).

Bryman *et al* (2003, p.1) distils the essence of the debate as relating to the extent that the social world can and should be studied according to the principles and ethos of the

*For example, in relation to International Relations, Steans *et al* (2005, p.49) identifies the key epistemological and ontological positions as based around liberalism (or sometimes the optimists), realism (usually presented as the dominant position), and critical theory (which has strong roots in the Marxist tradition, but can also include feminist perspectives). Although these positions are not utilised in this work, they are highlighted to illustrate other alternative ways that one could frame the discussion in relation to research philosophy.

natural sciences. Marsh *et al* (2001, p 529) gives a variation on this difference, describing it as the difference between the scientific (or *positivist*) tradition and the hermeneutic (or *interpretivist*) position. In terms of positivism, this is characterised by seeing the world as objective and tangible, where predictions about the world can be made and causality can be identified, with the researcher and the subject separate (Solomon *et al* 1999, p.23-24; Gratton *et al* 2004, pp.15-16), with the emphasis on trying to identify the causes of social behaviour, with the use of rigorous scientific methods allowing the construction of laws, similar to natural scientific laws.

Alternatively, the positions of *realism* and *critical realism*,* whilst sharing with the positivist school aspects of a *foundationalist* based ontology † (Marsh *et al* 2001, p.529), it does have a number of important distinctions, particularly in terms of the *critical realist* position. Whilst they might share the view that there is an external reality which can be studied (Bryman *et al* 2003, p.15), the critical realists do not share the same certainty that the variables observed and analysed are a direct reflection of reality, believing that there can be deep structural relationships between social phenomenon which cannot always be directly measured or observed (Marsh *et al* 2001, p.529), and so alternative pieces of data must stand in for them to act as indicators.

In terms of epistemological positions which are based on the ontological position of constructivism, these can be described as *interpretative*, and again have a variety of strands (Gray 2009, p18). In essence, this position is characterised by focusing on the meaning of behaviour, whereby social reality is produced and reproduced by social actors, which can produce multiple realities (Blaikie 1993, p.202). As part of this position the world is often seen as complex, context dependent and focusing more on understanding the world, rather than predicting it. Within this broad perspective, the number of more specific positions cited can vary according to the literature used. Hence (Gray 2009, p.21) identifies the interpretivist strands of *symbolic interactions*, *phenomenology*, *realism*, *hermeneutics* and *naturalistic enquiry*.

* The *critical* element is derived from the ‘generative mechanisms’ (Bryman *et al* 2003, p.15) which offer the prospect that certain key institutes which may be observed, have the capacity to change and transform the world. Steans *et al* (2005 p.49) adds that realism is highly nuanced and can perhaps be sometimes regarded as an area of debate rather than a specific position.

† This refers to the idea that there is a real world or ‘external reality’ (Bryman *et al* 2003, p.15) out there which can be observed and studied (Blaikie 1993, p.202) and which is independent of agents knowledge (Marsh *et al* 2001, p.529). The opposite position of this is stated by Marsh *et al* (2003, p.15) as *anti-foundationalist* who see the world as socially constructed.

5.3.2 Clarifying the ontological and epistemological positions of this work

The previous brief background discussion to the broad ontological and epistemological positions which can be adopted can now be used to frame the discussion on this work's philosophical research position, together with where it sits in comparison with the broader body of literature on risk management. The crucial point to appreciate is how the need to understand the culture of risk (discussed in **Chapters 2 and 3**), and the desire to construct a practical risk model (discussed in **Chapter 4**) can lead to possible tensions in the ontological and epistemological positions adopted. This is elaborated on in the following discussion, where particular attention is given to highlighting how certain key theories and concepts have helped shape this work's position.

Russell and Faulkner (1999, p.413) argue that it has been the older, more traditional positivist paradigm (which they refer to as the Newtonian/Cartesian paradigm), which have tended to dominate the field of tourism research, stating that the implication of this method is:

‘..although it is arguable that this (the positivist) approach has served us well in terms of advancing knowledge in tourism, it has also created some blind spots which have resulted in certain aspects of tourism being poorly understood. In particular, conventional approaches to tourism research are more attuned to the analysis of relatively stable systems, resulting in large gaps in the understanding of turbulent phases in tourism development and the underlying dynamics of change.’ (Russell *et al*, 1999, p.413)

This positivist bias in tourism research gives an additional insight into why the relationship between tourism and political change can sometimes focus on a rather simplistic, inverse relationship between political instability and tourism flows: as instability increases, tourism decreases, as discussed in **Chapter 2**. Indeed, the theme of avoiding simple linear patterns and connections constantly emerged in the risk management related literature. For example, Bentley and Page (2001b, p.711) citing Petersen's accident causation model, where accidents are represented as going through five stages and operating like a domino effect, are criticised as too simplistic. Allinson (1993, p.3) also argues powerfully that causation does not operate in ‘splendid isolation’ from other causes and offers a useful critique of how after a crisis,

the demand to find fault means that it can encourage the focus on mono-causality, such as the often heard ‘human error’ factor (see also **Box 1.1**, in **Chapter 1**, and the arguments about the limitations of legislation by crisis).

In **Chapters 2** and **3**, the literature reviewed further revealed the highly malleable nature of risk, illustrating how it is constantly being shaped and changed in the face of a more complex world. In terms of shaping the methodology and the model developed to analyse and assess political risk, it was emphasised how useful it is to adopt a 4th age risk paradigm, defined in **Chapter 1 (Box 1.1)**, and discussed in **Chapter 3**. This paradigm, simply put, focuses on viewing risks as being able to create both opportunities and threats, which are generated by the complex interaction of many factors, with the interpretation of these risks being highly subjective. A position which was revealed to be marked by a strong degree of consensus in business risk management related literature. The political environment in particular stood out as a layer of the business environment that is characterised by dynamism, complexity and, crucially for this discussion, the notion of inter-dependence of forces.

Other theories give additional insights into the development of a number of risk practices and cultural outlooks. Chaos and complexity theories, for example, are particularly important in this work. These theories, as already noted, tend to be more *interpretivist* in their scientific approach, and are characterised by seeing the world as socially constructed, inherently complex, context dependent and focus more on understanding, rather than predicting, and so stand in marked contrast to the positivist approach. Bernstein (1998, p.332) adds that adherents of chaos theory reject the symmetry of the bell curve as a description of reality, as argued by positivists. Instead, greater emphasis is placed on understanding the wider conditions of the business environment, stressing the interconnection of forces, and the non-linearity of how systems operate, where small changes can initiate profound chain reactions (Faulkner *et al* 2001b, p.331): hence the common referral to Edward Lorenz’s (1993) ‘butterfly effect’, whereby he illustrated through computer simulations on weather conditions how a butterfly fluttering its wings in Beijing, can initiate a cyclone in Florida, USA (Faulkner *et al*, 2001b, p.331).^{*} What is also of relevance is how chaos is not only seen as a destructive force, but also a creative one, such as how

^{*} There are many variations such as MacDonald (1993, p235) referring to Brazil as the origin.

a crisis event actually enters the consciousness of potential travellers to reveal a new potential destination to them (Faulkner and Vikulov 2001a, p.333; Beirman 2003, p.16), together with systems often represented as operating on the edge of chaos, or in ‘tenuous equilibrium’ (Russell *et al*, 1999, p 415).

Aspects of complexity theory can also be found in elements of systems theory which also proved helpful in this work. Indeed, some authors, such as Sherwood (2002) make a quite explicit link. He says:

‘The essence of systems thinking is that the complexity of the real world can be best tamed by seeing things in the round, as a whole. Only by taking a broad view can we avoid the twin dangers of a silo mentality ... and organisational myopia – in which a fix “now” gives rise to a bigger problem to fix “later”.’ (Sherwood 2002, p.1)

The value of using systems theory was highlighted in **Chapters 3 and 4**, with the system designed for this work encapsulated in **Diagram 3.1**, and was constructed to try and help make sense of the confusing language and processes involved in risk management. The use of systems theory is an approach with many advocates from different subject fields, such as Almond *et al* (2000) in relation to comparative politics, or Merna *et al* (2005, p.41) for risk management. This theory was essentially developed by Easton (1953, cited by Heywood, 2000, p.108), having links in behaviouralism and biological theoretical models that seek understanding of one element by understanding its relationship to a whole system. In relation to politics and international affairs, systems theory seeks to explain the entire political system, with all its key components, political actors and systems. Hauss’s (2001, p.36) work was found to be particularly useful here, whereby he attempts to use the approach for the study of international relations and conflict theory. He views change as dynamic and constantly producing both positive and negative impacts, but instead of using the language of risk, Hauss (2001, p.36) frames his discussion using *crisis management theory*. This theory is often encapsulated by referring to the Chinese character for crisis representing not only danger, but also opportunity (Hauss, 2001, p37); a notion, incidentally which Mair (2005) argues is based on a widespread misconception of the

character and based on a ‘spurious proverb.’* Whatever the truth, it has come to represent a conceptual convenience to show complexity, the interaction of forces and how political systems can both grow and decay.

From the subject field of international studies, it is also of interest to note the criticisms made of some of the older linear, deterministic models, such as the prisoner’s dilemma conflict model, which can present international politics as a simple framework of winners and losers. Instead, Hauss (2001, p.17) states it is a more complex set of winners and losers, which is constantly changing[†] (the previous discussion in **Chapter 4, Section 4.7** illustrates this in relation to the ‘boomerang effect’). Interestingly, systems theory, as presented by Hauss (2001, p.17) and many others, also draws out some of the key themes from the realist and the pluralist theorists, which can be blended together to help generate a better understanding of political situations, not only in the context of how conflicts may begin, but also of how they are resolved. It is of interest how some writers, such as Tarlow (2002, p.16) can still find aspects of conflict theory useful in their risk approach, such as in helping to recognise how conflicts can be generated by different groups in a community, and so act as another useful cultural mindset with which to approach projects. The crucial point of highlighting these writers approach is to illustrate how it can be possible to blend epistemological positions, depending on the nature of the subject being studied. This will be returned to again towards the end of this section.

The subject field of the sociology of risk offers other insights into relevant risk management paradigms. In this field, there are some relevant connections with figurational sociology perspectives (Horne and Jarey 2004, p.146). The idea is that a *figuration* is a relational theory where individuals, groups and social structures influence each other, thus stressing a notion of interaction and interplay of forces. Elias’s very influential work *The Civilizing Process: The history of manners* (1978, cited in Horne *et al* 2004, p.147) used game models, rather than game theory, to

* Mair (2005, p.1) notes how the formal Crisis+ Danger + Opportunity whilst ‘catchy’ is, never-the-less, based on wishful thinking, being “peddled by many Western management book.” He goes onto give a detailed analysis of the symbols saying that whilst one part of the symbol does signify danger, the other more likely refers to an “incipient moment” or crucial point.

[†] He notes that for the *realists*, wars arise when states cannot otherwise adjust to changes in the balance of power among the leading states, therefore the focus is on the balance of power. A pattern, which Hauss (2001, p.17) notes can work quite well until we reach the wars in the 1990s, where the arguments are less suitable.

understand the figurations. The useful element in Elias's work is that he is critical of scholars from many subject fields, such as sociology, biology and psychology and the attempts to preserve the autonomy of their fields, which can lead to a myopic view of the world – the point made at the very beginning of this work with the quote by Levi. Elias argues 'these subjects must recognise their "relative autonomy" as interdependent phenomena if a more advanced understanding of human society is to be gained' (Elias 1978, p.96, in Horne *et al* 2004, p.149). Another useful aspect of his work is that he includes many humanistic/behavioural elements. The difficulty often cited with this figurational approach is that it tends to remain descriptive and untestable, which ultimately can mean it explains little (Horne *et al*, 2004, p155). Such theories are therefore better used as an approximation of the world rather than a theory that attempts to predict it. It is perhaps also of interest how more traditional sociological theories, such as Functionalism, have been revived in areas of risk management, as Tarlow (2002, p.14) illustrates, finding it useful to show how the tourism components are interlinked.*

It is for these reasons that aspects of this work's methodology can have an *interpretivist* basis, in order to give more focus to the understanding of complexity and the interconnections of variables, together with recognising that tourism, sport and leisure are 'social phenomena' (Gratton *et al* 2004, p.19), which cannot be reduced down to simplistic deterministic relationships.† The influence of this can be seen in how parts of the methodology were designed, as discussed in **Section 5.5**. In the first instance, the preference was to focus on collecting qualitative data of people's experience of events which could give greater understanding into how risk perceptions were constructed, together with how existing risk assessments are interpreted. In the second, it shaped many parts of the political risk model developed in this work, discussed in **Chapter 7**, which encouraged looking at a variety of factors and how they may interplay with each other, together with adopting a cultural outlook that the risks generated are constantly changing, highly subjective, and dependent on

* Faulkner *et al* (2001b, p.332) consider this in relation to crisis management theory and the 'lock in effect', using tourism systems as an example, show how historical developments, such as rail links, create dependencies with other parts of the tourist system, such as hotels and attractions.

† The challenge, as Bernstein notes is that 'practitioners have managed to cup the butterfly in their hands, but they have not managed to trace all the airflows impelled by the fluttering of its wings, but they are trying' (Bernstein 1998, p.333).

the clients background (with this latter point discussed in detail in **Chapter 2**) and can generate both opportunities and threats.

Yet there was a problem with trying to maintain a pure interpretivist position throughout all the parts of the methodology. Whilst in terms of how one views risks and the political environment, this work is placed more firmly in an interpretivist camp (as this fits much better with notions of complexity theory and the highly subjective way people can construct their perception of risk), when it came to the actual practical process of constructing a political risk model, this can draw the work to a different epistemological position.

When scrutinising the literature in **Chapter 4** which focuses on reviewing a variety of existing risk models, it soon became evident that their design can have a much stronger skew towards the positions of *positivism* and *critical realism*. This is perhaps not that surprising considering that a great deal of the thinking about risk is grounded in such fields as engineering, whereby the desire is to always try to measure and quantify risks in quite specific terms. It was also evident in the various political risk models reviewed, many of which originate in the USA, where there has always been a very strong tradition of approaching political science from a foundationalist ontological position, which manifests itself in both *positivistic*, but mostly *critical realist* positions. Examples of this can be found in **Text Box 4.1**, or the influential work conducted by the PITF, discussed in **Chapter 4, Section 4.5.2**.

In terms of the actual model developed for this thesis, as the research progressed it was found that in order to develop a practical model for analysing and assessing the risks the political environment can generate, the epistemological position would perhaps be better categorised as one of *critical realism*, which some, such as Marsh *et al* (2001, p.528), would distinguish from *interpretivist* based epistemologies. This critical realist position is one which recognises that the world cannot always be directly be observed, therefore alternative pieces of data need to be used and interpreted, whilst also recognising that aspects of world are socially constructed (Marsh *et al* 2001, p.530). In this sense a greater mixture of quantitative and qualitative data can be used, rather than (simply put) just the quantitative for the positivist, or qualitative for the interpretivist. In **Chapter 4** it was highlighted how important it is to not only know what variables should be examined, but just what data

can actually be used and where it can be found. A problem given more detailed analysis and discussion in **Chapter 6**. In those Chapters it is stressed how vital it is find data which can act as an indicator of potential political hazardous events. This is not the same as believing the factor observed has a direct causal relationship to the event rather that it offers a means to tap into the problem to help try and observe and understand it. An example of this is how GDP data is used in the model developed (See **Chapter 7**), whereby it is not argued that a low GDP causes political turmoil, rather that it can give a clue or indicate a political system which could be vulnerable to turmoil, depending on a variety of other factors.

It is also worthwhile highlighting the influence of literature based on another contrasting epistemological position, but which was still found to be helpful. Marxist, Neo-Marxist and Structuralist work was sometimes found to be useful not because of agreement with the perspectives, but because they can often take such a provocative stance in how the world is viewed. The notions of conflict, dialectics, and theories of political stability (see **Chapter 3, Section 3.5** for the Marxist discussion of political stability) in Marxist thinking can still have resonance, which in turn can be useful in understanding and developing a culture of risk management. One area in particular, where work generated from a Marxist perspective encourages some critical analysis, relates to the degree that the people in the third world are exploited by those in the first world. This is an issue of particular importance considering the number of third world locations used as tourist destinations, and the notion of the post-modern tourist, whereby some very provocative questions are raised in relation to the ethics of travel to these destinations

Is the use of work from these different positions and how they are used to help design the methodology irreconcilable? This work argues it is not. Hauss's work (2001) highlighted earlier gave a clue how it can be possible to mix positions. Blaikie (1993, p.201) also argues it is possible to adopt a pragmatic position and try and match the strategy to the nature of the research problem. It also recognises, as Marsh *et al* (2001, p.530) argues the ontological, epistemological and methodological plurality of political science, with no one position able to reign supreme. This is why in this work a sharper distinction is made between notions of risk culture and practical processes, in comparison with other works. The cultural outlook influences how one sees the

world, with aspects of chaos theory helping to frame ones perceptions of change and how it is a constant factor to consider in decision making: yet to make the model practical, one has to simplify the universe, which paradoxically can move one away from complexity. In this work, it was not a case of looking at various positions and realising that was the one which would underpin this work, rather the position was shaped by the difficulty of recognising the malleable nature of risk, but how it was also important for an individual and organisation to understand and develop its risk culture, whilst also having the need to try and develop some quite clear and specific practical process steps to make a political risk model relevant for tourism, operational.

If one did want to attach a specific label to this works ontological position, then it is perhaps best described as a *constructivist realist* (Cupchik, 2001), or a *realist constructivist* (Barkin, 2003, p. 325). The lack of consistency of the terms illustrates again the fluidity of the debate and how it can vary depending on the subject field approached from (Barkin is writing in relation to international relations, whilst Cupchik's work is based more on sociology). This realist constructivist position means that this work does believe in a reality existing, but which cannot always be directly be observed, with the researcher also transforming that reality as they interact with it. This position does allow for a more mixed epistemological position which utilises a variety of methods to collect data, depending on the nature of the problem being examined.

What there is not in this work then is any commitment to single 'grand theory' (Bryman et al, 2003, p.7), or position. To have done so would certainly have made this work a lot easier, but it would have compromised the integrity of the aim of this work. The extent that these differences are seen as a problem can depend on the importance attached to ontological and epistemology purity. For some, this can be viewed as wrong, which can undermine the validity of the data and the conclusions produced. For others who are more familiar with the needs of management decision making, it represents an operational reality, where one needs to constantly reflect and try different techniques to collect and analyse data in order to make a decision, all of which seems intimately entwined with how that data arouses us, or makes us feel in terms of emotion. This work goes with the latter position, desiring flexibility, rather

than purity, hence the development of a model, which synthesises many approaches and work.

5.3.2 Clarifying the inductive, deductive and intuitive mix of this work

The other important question to reflect upon is the inductive/deductive mix which helps in the design of a research strategy. When examining books on research methodology, the inductive/deductive process stages can be presented in seductively simple terms, with the approaches often being more strongly associated with particular epistemological positions (such as positivism having a stronger skew towards deduction, whilst interpretivism can be more focused on induction). In practice, in any large scale research project, the boundaries between induction and deduction can in fact become more blurred, particularly in relation to developing a model which strives for applicability to working environments. When looking at the completed management model in **Chapter 7**, on one level one could generalise and say it is perhaps more inductive than deductive, as it encourages the looking at data in order to formulate opinions and ideas in order to make a decision, such as whether to send a tour group to a country or not. In this sense the inductive process is not used to construct a theory or hypothesis, but to actually make a decision.

Yet it is more complex than this. Whilst this work was not about testing theories of causation (essentially a deductive approach), it is still possible to discern a many deductive strands. It is a point that Gray (2009, p.15) also makes, noting inductive and deductive processes are in fact not mutually exclusive. Hence, the model developed in this thesis, in relation to the input stage of the model (see **Diagram 3.1**), draws heavily upon the theories of relative deprivation and how this can lead to political turmoil, with the work of the PITF being used in terms of the key data that can be used to indicate deprivation and potential problems. For other parts of the model, such as the output analysis stage, whereby the focus is on the incidence of past events, this too is often characterised as being deductive in nature, having a clear grounding in the models rooted in a positivist paradigm. Yet other parts of the model are better labelled as inductive in their nature, such as the use of cause and affect tools, such as Event Tree analysis, which can be found in **Chapter 7 (Diagram 7.2)**.

Into this inductive/deductive mix should also be thrown notions of intuition.* In theory, intuition – the idea that people use their instincts, gut reactions or rule of thumb measures - should have little place in a doctoral thesis, but what was of interest in this study were the glimmers of information which began to reveal just how important intuition actually is in relation to making any risk management model work. This was distilled from both the literature reviewed (see **Chapter 4**) and in the later analysis conducted in **Chapters 6** and **7**, whereby it was observed how emotions can play a vital role in decision making. It is worthwhile noting that whilst traditionally, sharp distinctions would be made between rational, objective management decision making being more effective than emotional based, subjective decision making, in fact more recent research is increasingly showing how the two are in fact intimately entwined. As Lehrer (2009) illustrates through out his book, good decision making requires an analysis of information, which sometimes needs a control of ones emotions, whilst at others it requires giving in to ones emotions. This area was an interesting one opened up in this research project, but it was beyond its scope to examine in more detail, hence its indication as an important area of future research highlighted in **Chapter 8**.

The key point to appreciate is that the risk model developed in this work is designed to help in the decision making process. As such it meanders between the inductive and deductive approaches, using different types of data to try and build up a picture of the risks to an organisation and so help in decision making, which ultimately seems to be interpreted with the decision makers own intuition and heuristics. In terms of the inductive/deductive process and the analysis of the qualitative data collected from various tour organisations, this is discussed in more detail in **Section 5.5**.

5.4 Why primacy is given to the political environment in the analysis for change and assessment of risks

What this reflection of the different positions and theories leads to is the adoption of a more pragmatic *inter-paradigm* stance where merits or truths are seen from many perspectives (Bayliss *et al* 2001, p.5), which has similarities with Hauss's (2001) approach to international relations. It does however have strong leanings towards

* Interestingly Blaikie (1993 p.205) adds another dimension with his notion of *abduction* as an alternative to deduction and induction, but it was not found relevant in this work.

certain areas, particularly in relation to systems and complexity theory. Why then, the legitimate question can be raised, is there so much apparent primacy given to the political environment, which can be understood as just one layer, or aspect of a complex, inter-connected world? To give such primacy could result in a study which is myopic and contradicts the paradigms it purports to adhere. This needs a more measured discussion.

The reasons for concentrating on political risks are many. Some, such as Cartwright (2001, p.63), actually go as far as to emphasise the relative importance of the political environment in relation to the other external environment categories, arguing that there is no greater effect on individuals and organisations than the political process, as it is from this arena that the key legislative and economic determinants are derived. Monti-Belkaoui *et al* (1998) and Brink (2004, p.75) also stress the relative importance of the political environment, with Monti-Belkaoui *et al's* arguing:

‘The most serious risk faced by multinational corporations is political risk, as it can result in various negative host government actions that include among others confiscation, expropriation, nationalization, and creeping expropriation. Management of multi-national corporations need to understand the real nature of political risk, using forecasting models to estimate it, and develop alternative measures to manage it.’ (Monti-Belkaoui *et al* 1998, p.xi)

Whilst there is no doubt that changes in the political environment can have a profound effect on the fortunes of an organisation, whether it is the most important area which generates risk for an organisation is difficult to establish, if not, indeed, a little pointless. Recognising its importance, not its ranking, is perhaps what is most crucial.

In relation to the actual factors of analysis, the extent to which these should be confined to just the political environment, or extended to other areas is also open to some debate. When examining models of political risk assessment, it is rare to find a writer who focuses just on political variables to understand political hazards and risk, as highlighted in **Chapter 4**. Most models will attempt to put the political analysis into a bigger framework, such as Kennedy (1987, p.6), or Monti-Belkaoui *et al* (1998, p.57), who go onto stress the importance of integrating economic and political analysis together, and cite Overholt's (1982) comment that:

‘...the division of academic curricula into distinct disciplines creates the false illusion that politics can be separated from economics....in fact most of politics is a struggle over economic decisions.’ (Monti-Belkaoui *et al* 1998, p.57)

A point also echoed by Hobden and Jones, who state:

‘..one of the main weaknesses of mainstream approaches to the study of world politics is that they tend to draw on utterly misleading distinctions between politics and economics. By concentrating on politics in isolation from economics, such approaches generate a hopelessly skewed understanding of reality.’ (Hobden *et al* 1997, p.134)

In Monti-Belkaoui *et als* (1998, p.57) *work* they therefore attempt to present an empirical link between economic growth and political risks, focusing on such variables as inflation, terms of trade and GNP. The key criticism of this work and many similar models, is not that it is wrong to examine economic variables and their link to political change, but rather why stop at the economic variables? What emerged in **Chapter 4** was the breadth of factors that can be used in risk analysis and assessment, which again emphasised aspects of multi-causality and complexity in the factors that drive political events. Even considering the SWOT and PESTLE frameworks, which limited as they are, act as reminders of the need not to be too restrictive in one’s analysis. Indeed, this is one of the real weaknesses of using a systems theory approach; whilst analogies are often made with living organisms, these have the problems of simplifying the theory too much, because in relation to a political system, just what exactly constitutes a *system* is far from clear and not as defined as an organic body.

In order to address these issues, the approach developed in this study is to use the political environment as the hub of the system used for analysis, represented in **Diagram 3.1**, whereby the key focus is given to the range of political hazardous events raised in **Chapter 3**. One can then work backwards in terms of trying to understand the many factors that can help indicate the likelihood of these events occurring and the possible risks generated. It is an approach which is again perhaps more deductive than inductive, but one which is grounded in an operational reality for

many tourism organisations. This is because there may not be the resources available to conduct a complex, inductive analysis of numerous economic, social and environmental factors, and to consider how these may act to drive certain hazardous events. The issue of resource constraints is one of the reasons Howell *et al* (1994, p.72) recommends initially focusing on the key losses (an asymmetric view) that could be experienced by the organisations. Clearly there is a danger that weak signals, or the ‘hidden risks’ (Poole-Robb *et al* 2002, p.1) may be missed, which could otherwise be picked up in a more expansive, deductive scanning approach, but recognising resource limitations and developing workable model is equally as compelling, and it is far from clear if a more inductive approach produces results any more accurately as discussed in **Chapter 4**.

5.5 Overview of the methods used for collecting data

The early assertions made about risk and tourism for this work were founded on a number of empirical observations based on many years of working in and studying different tourism organisations. The only difficulty with such observations is that they lack structure in terms of how these observations were recorded and the episodic time periods over which they were viewed, which means the reliability and validity of any conclusions drawn will be questionable. The opportunity in this work was to produce a coherent, structured methodology, with which to make proper observations in order to develop an appropriate model and clearer conclusions.

For this research project, there were three key stages in relation to data collection, which have been informed by the literature reviewed, the key theoretical paradigms discussed, the objectives to be achieved, and the assertions to be examined. The three stages were:

Stage 1 - conducting a comparative examination of the relationship between tourism demand patterns and political risk values, factors and quantifiable indicators used in existing models in thirty case study countries.

Stage 2 - collecting primary data from tourism organisations, in order to gain an insight into existing risk management practices, and to help inform the most appropriate descriptors and values, or the appropriate language and culture of risk.

Stage 3 - developing a synthesised risk model that is applied to a single organisation and case study country.

This three stage data collection process also allowed for a form of triangulation, via the use of multiple methods of data collection to help analyse and assess political risks. In theory this can help with reliability, but it is also recognised, as Gratton *et al* (2004, p.108) argue, that errors can simply be reinforced with this method, which are discussed in **Sections 5.5.2 to 5.5.5**. Before however this is discussed in more detail, it is important to explain in more detail the comparative method highlighted in Stage 1, as it played a useful role in both the analysis and the country case study selection.

5.5.1 Clarifying the comparative method

Many books (such as Almond *et al* 2000, p.33) on comparative politics state how fundamental comparison is to human thought. Indeed, it is not too difficult to argue that most research will involve comparison of some type, with Mackie *et al* (1995, p.173) arguing that it reflects the basic nature of social science research. Traditionally, comparative politics would compare different political institutions of government, usually founded on the classic divisions of power, based around the executive, the legislature and the judiciary. Over time, the basis for the comparison has been greatly extended, such as comparing political cultures, electoral systems and the media.

The need for a comparative approach was governed to an extent by the interdisciplinary nature of the phenomena studied (discussed in **Chapter 1**), whereby to understand the phenomena of risk as it relates to tourism, it required using literature from a variety of disciplines and subject fields; hence the early analysis and comparison of literature and definitions in the previous chapters, where concepts and descriptors of risk and risk processes were compared and contrasted. Furthermore, the need to use a comparative method was defined to an extent by the objectives set at the beginning of this work, such as the clarification of the language of risk from the different subject fields, or the examination of the relevance of existing political or country risk models in relation to the tourism industry. It was also found useful when examining the consistency that risk values or system classifications were given to countries by different organisations. Indeed, it was because the comparative method was used in relation to a diverse range of case study countries, that this helped nurture the black swan analogy used in **Chapter 6**, whereby it was always possible to find a

country which did not fit in with the general pattern of findings, such as a country experiencing a violent conflict did not necessarily mean that tourism could not continue to grow, as discussed in **Chapter 6, Section 6.3.1**.

There were two further factors for the use of a comparative method. The first relates to the argument (Mackie *et al* 1995, p174) that the use of the comparative method can help guard against ethnocentricity, which is discussed in more detail later in this **Chapter**, in **Section 5.6**. The second was that the basic methods of comparative analysis which can be used were of benefit in selecting the sample case study countries. The key methods of comparative analysis used in this work related to the adoption of the three common classification of the comparative approach (Mackie *et al* 1995, pp.177-180), which are:

- Statistical global comparisons – This involves looking at all countries based around analysing key statistical data.
- Focused or systematic comparison – This narrows the countries used for comparison to a smaller number of countries.
- Case study comparisons – This essentially involves studying one or a few countries in more detail, but within a comparative framework, which is to say the analysis has been informed by analysis drawn from other countries.

The methods were used in the following ways. Statistical comparison was of help in the selection of a number of case study countries, as discussed in **Section 5.5.2**, such as scrutinising some key statistical data, such as the HDI data produced by the UN, which was of help in terms of reducing the number of countries which could be utilised for the focused comparison. In turn, the focused comparison of thirty countries, allowed for a more detailed analysis of the key factors, indicators and databases. The analysis conducted on these countries is discussed in **Chapter 6**. The case study countries selected were used to both examine further the relevancy of certain factors that offer theoretical indicators of risk, together with highlighting any countries which seemed to go against, or deviate (Mackie *et al* 1995, p.177), against the more general trends (later described as the black swans in **Chapter 6**).

The final analysis was to focus on a single case study (Ethiopia). Although it may seem on first perusal that a single case study cannot form part of a comparative

analysis, in fact the comparative element is still relevant here, as it is using key factors and data drawn from the previous focused comparison, together with looking at Ethiopia's neighbours. The use of this case study was much more in the vein of a test case study, whereby the risk model developed for this work could be examined more closely.

5.5.2 Data collection stage 1: method and rationale for comparing risk assessments, factors and indicators with tourism demand

One of the thesis objectives was to examine a variety of existing political risk models to ascertain their relevance, and in so doing, establish whether the assertion made that they were not relevant held any validity. This would also help satisfy the objective related to identifying good and bad practices in risk management approaches. The early intention was to replicate or adapt studies, such as Howell's *et al* (1994, p.71) work, which examined the accuracy of past composite risk values and forecasts produced by three different models, compared with the actual political events that occurred, and the subsequent losses that were accrued by an organisation (an approach replicated to a degree by Linder *et al* 2002, p.3). For this work, the study is expanded to not only focus on the idea of loss, but also gains, which are measured by tourism arrival patterns.

It was soon realised that this type of postdictive* analysis had a number of problems which would need to be dealt with. One of the difficulties relates to the number of models that are produced by commercial consultancies, as highlighted in **Chapter 4**. The first critical issue related to simple issues of copyright, where many of the models are protected and care must be taken in how they are utilised; this is also examined in the later section on ethics. The second related to the problem that many models could have numerous ambiguities in exactly what data is being interpreted, along with where it is sourced. To deal with these problems the decision was made to select the assessments that were 'open' or free, and could readily be accessed by tourism organisations. There were two exceptions to this open selection category; the ICRG and the PRS models, which are both now part of the PRS Group. The simple reason for this was: a) they are widely utilised by organisations (not necessarily tourism

* The term used by Howell *et al* (1994) to refer to the idea of looking at the causes behind the risk events and comparing the risk assessments scores which were given at the time and the losses accrued.

related) and often discussed in political risk literature; and b) they produce data rich reports that are easy to access to enable a hindsight review. Into this open, ready made assessments category was placed the governmental travel advice, whereby the key English language sites were examined (USA, UK, Canada, Australia and New Zealand) and a content analysis conducted focusing on three themes: advice, assessment of hazards, and specific hazardous events identified. Using all these criteria, the following databases were selected for analysis:

- **Open assessment databases:** Coface, ONDD, EKNN, FH, FSI, Polity IV, CIDCM, CIA *World Fact Book*.
- **Open English language based government travel advice sites:** UK, USA, Canada, Australia and New Zealand.
- **Non-open databases used:** PRS and ICRG.

In addition to the summative assessments produced by these databases, a wide variety of more specific factors, and perhaps more importantly, the specific pieces of data that could be used to indicate or measure them, were examined. The selection of these factors and indicators were the ones distilled from various literature and models, discussed in **Chapters 3 and 4**. Whilst writers such as Brink (2004, p.77) argue that once the analyst knows *what* to look for, the issue of *where* to look for it becomes slightly less complicated, in fact, it was found that this belies just what 'less complicated' means. Deciding on the key risk factors was certainly difficult, but so too was clarifying just what specific pieces of data were actually needed, and from where they could be obtained. Indeed, one of the revelatory aspects of this study was just how vital the accessing of information via the internet has become, which in turn transformed the methodological process, as so many of these databases needed to be examined to assess their relevance and potential use in any risk model.

The strength of the internet is the speed that one can access data: its weakness is that one can become overwhelmed by the quantity of data which can be found, some of it being of variable (sometimes dubious) quality. This difficulty could often be exacerbated by the fact that websites provide links to others sites, resulting in a tangled web of confusing data, and could lead to what Tarlow (2002, p.6) describes as 'selective ignorance.' To help deal with this overwhelming amount of data, some

simple criteria were used to help categorise and form an assessment of the databases, based on what type of data could be collected, who generated it, the cost and the time/frequency that the data was updated, followed by an attempt at ranking the databases using a simple three point scale, which was:

- **Ranking 1** – Essential consultation for building up a risk profile.
- **Ranking 2** – Useful to consult this website for more specialist information, or for triangulation of other materials.
- **Ranking 3** – Limited value, often having a high degree of subjectivity, or reinterprets data that can be obtained from other sources.

After hundreds of databases were examined, it was realised that for many of them, particularly in relation to *input* related data, the number of key databases were in fact far fewer than initially expected. Although data could often be presented in a variety of ways, such as the many organisations that offer a country profile, they often draw their data from the *CIA World Fact Book*, which in turn uses data from the World Bank, the UN or the IMF. As a result the following key databases were focused on in terms of the analysis conducted in **Chapters 6 and 7**, based around the adoption of a systems theory approach discussed earlier:

- **Key output databases:** Memorial Institute for the Prevention of Terrorism (MIPT), PITF, Uppsala Conflict Database (UCDB), Minorities at Risk (MAR), English language government advice sites, travel blogs and various news agencies such as the BBC.
- **Key process databases:** Polity IV, Freedom House, Failed State Index, Transparency International, World Bank, *CIA World Fact Book*.
- **Key input databases:** World Bank, IMF, UN, *CIA World Fact Book*.

In terms of the time period over which the data was examined, this primarily ranged from 1997 to 2005, which gave a good sense of the trends occurring and how political hazardous events could affect tourism flows. At times, particularly in relation to the tourism trends, data was looked at as far back as 1994 to help put certain events into perspective (beyond this period, tourism data becomes more fragmentary and harder

to utilise in a proper comparative analysis). In relation to a number of the open, ready-made assessment databases, data was often limited where information was not available before 2006/2007 (one of the weaknesses of the open databases can be accessing past data in order to conduct a longitudinal study). Despite these problems, it did offer the advantage of replicating the operational conditions many practitioners would face, where there would always be gaps in the information wanted.

The analysis and reflection of all this comparative data was initially carried out through the focused comparison (see **Section 5.5.1**) of thirty case study countries. The number of thirty was not arrived at by mathematical formulation; rather it emerged from the key criteria set, which strived for comparing contrasting political systems and conditions. The following main criteria were initially used:

- Countries which have experienced profound political events such as having emerged from war, or experienced a significant regime change.
- Countries which were currently in a process of political volatility such as an endemic insurgency problem.
- Countries which are regarded as politically stable and of low risk, to act as a benchmark for other countries.
- Uniqueness of political system.
- Significant attacks on tourists.

In addition to these main criteria were a number of sub-criteria which helped further refine the selection of countries. These included having countries from: a variety of global regions; inclusion in Mintel's (2003a and 2004) fastest growing tourism destinations; the scale and strength of their tourism resource; whether the country has any internal conflicts/terrorist problems; where the country sits in relation to the HDI^{*}; how the political system was classified; and having a number of neighbouring clusters so the notion of bad neighbours and conflict zones could be examined. The detailed application of both the main and sub-criteria and the countries selected can be found in **Appendix G**, which also includes the countries selected.

* The HDI is a composite measure, combining life expectancy, literacy rates, education and standards of living, allowing easy comparison between countries and gives a measure of well being and welfare.

Although a great deal of literature was drawn upon in relation to the field of comparative politics, there were also a number of adaptations. Whereas in the field of comparative politics, the main focus can be on comparing the key institutions of government, such as the executive, legislature or the judiciary system, this was found to be too limited in relation to designing a practical risk model. Instead, whilst the key institutions were compared, this was but one part of the factors used in the comparative analysis (**Diagram 3.1** can be used to gain a better sense of the variety of factors that were ultimately used in the comparative analysis). The need to do this relates to the discussion about complexity and the use of systems theory highlighted in the previous sections.

In terms of this section, the final point to consider is how the data was analysed and why certain methods were rejected. In **Chapter 4**, the review of the literature highlighted a number of studies which were conducted which compared risk values, with financial losses, post-political events, such as Howell's *et al* (1994) useful paper. In the earlier stages of this research project it was anticipated that the key existing political risk models would be scrutinised in relation to past risk assessment values given, which would then be compared with actual political events and how these impacted on tourism. It was an approach more rooted in a positivistic paradigm, where a strong focus on statistical analysis would be conducted in order to compare data and looking for correlations in order to see which numeric risk assessments were of most value.

This was moved away from for a number of reasons. The first related to the difficulty with accessing the risk assessment scores for many of the models. Yet even for those models where past risk assessment scores could be accessed, this also proved of limited value. Even with the most basic of statistical analysis it was revealed that correlations could be proved or disproved depending on the countries selected, or the time periods that data was used. In short, this type of statistical analysis gave little insight into the value of the models. The final nail in the coffin for this quantitative type of analysis was as a result of a more detailed review of the literature which revealed highly malleable nature of risk assessments.

This was not to say that the collection and analysis of quantitative data was rejected altogether. What was found particularly useful was to look at the rhythms of tourism

demand in relation to risk assessment values (see **Table 6.5** for an example of this method), qualitative descriptions of government, or actual specific political events, such as wars or acts of terrorism. These are illustrated through out **Chapter 6**, via series of Figures, which illustrate the complex relationship between these factors. As stated in **Chapter 6**, what ultimately proved most interesting were often the unique variations in tourism patterns in response to events, or existing assessments, rather than any broader generalisation that could be formed.

The analysis of the databases also involved collecting a great deal of qualitative related data, particularly in relation to the government travel advice sites. The content analysis of these key databases involved gaining a snapshot of the advice, which was done by collecting the advice issued for June and October 2007 and which focused on four key themes, which were (see **Table 6.2** and **Appendix J** for more detailed examples):

- the assessment scales used (if at all);
- the opening first sentence (and sometimes second if it helps clarify the first sentence) of the travel advice section;
- to identify all the listed hazards/risks;
- and to note any additional advice on travel.

The rationale for this approach was that one wanted to conduct a comparative analysis between the categorisations and descriptions given of a country by the different sites, together with further scrutinising how the data could be built into an existing model. This is elaborated and explored in more detail in **Chapter 6**. It is also important to try and gain an insight into how both operators and their clients interpreted these various risk assessments of travel, political or country risk, which formed an important underpinning for the second key stage of the data collection process, discussed in the next section.

5.5.4 Data collection process stage 2: primary data collection and rationale

When collecting data from tourism organisations, a crucial objective in this project related to clarifying some of the risk vocabulary used by operators, together with trying to place political hazards into some sense of perspective in relation to the risks

these could pose to organisations. An underlying difficulty with attempting to examine existing risk management practises was that in terms of analysing the political environment, tourism organisations would do this on an ad hoc basis, rather than having some formal risk method. The challenge was therefore not only how to select the tourism organisations, but also what information should be asked for.

In terms of selecting organisations, the initial intention was to contact organisations that operated in a variety of supply sectors, ranging from accommodation, transportation and package holiday companies. This proved too difficult because of the scale of the industry and finding an appropriate means of contacting relevant individuals in the organisation. After searching for a variety of ways to obtain a good sample, a much simpler selection technique emerged. The decision taken was to focus on the variety of travel and adventure shows that take place each year in London and Birmingham. This strategy allowed for direct contact to be made in person, rather than a cold call, which could then be followed up with additional questions sent via email. Over a five-year period, the following shows were attended:

- The Times Destinations Holiday and Travel Show, Earls Court, 31 Jan -3 February 2008.
- The Ordnance Survey Outdoors Show 16-18 March Birmingham 2007, NEC.
- The Times Destinations Holiday and Travel Show, Earls Court, 1-4 February 2007.
- The Daily Telegraph Adventure Travel Show 12-14 January 2007, Olympia.
- The Ordnance Survey Outdoors Show 17-19 March Birmingham 2006, NEC.
- The Ordnance Survey Outdoors Show 16-18 March Birmingham 2005, NEC.
- Metro Outdoor Adventure show, Olympia, 19th February 2005.

An immediate, obvious observation which can be made is that the shows have a strong leaning towards the adventure tourism sector. It is however important to note that despite this skew towards a particular sector, the desire was to not frame the analysis within a narrow discussion of adventure tourism. Instead the intention was for them to represent any small to medium size tourism operation, examining how they interact with political hazards around the world. Indeed, the size of the

organisation, rather than the sector operated in was felt to be more important, as one of the contentions in this work is that many existing political risk models are too focused on the needs of particular traditional industries; something which singularly fails to acknowledge that small organisations operate in the global arena just as much as large ones. Furthermore, in **Chapter 2**, the diversity of the tourism industry and how it has become more complex and niche based was highlighted, of which just one of those growth elements happens to be the adventure sector; yet what was also illustrated was that the problems and challenges of scanning and assessing the political environment are common to all organisations. The operators used then, were to give insights into any organisation operating overseas, not just adventure ones.

For the first show attended, a pilot questionnaire was designed to structure the interviews. * The limitations of some of the questions and approach soon became apparent. The shows were often too hectic to conduct a proper structured interview, together with certain questions revealing very little, such as those relating to what the operators understood by risk. What was of interest however was that people were generally happy to reflect on personal experience, and offer additional anecdotal experiences. As a result, this transformed the method adopted, whereby a direct contact would be made at the shows and various questions asked about their operations. This informal interview would then be followed up via an email message that requested a sample risk assessment (if one was done), which in theory would also provide a better indication of the vocabulary of risk used. In addition, three simple questions were also asked, which were:

- What events since 2001 have had the biggest impact on your operations?
- How useful do you find the UK FCO travel advice?
- Do you use any other advice site?

* The pilot questionnaire designed had three key sections. The first section introduced the interviewer and asked a series of qualitative questions on what is understood by risks, political risks and the most common risks that affect the organisation. By beginning with open, generic questions on risk, the hope was that political risks could be placed into some sort of perspective. The second part of the questionnaire (part B) continued with aspects of the vocabulary used, but focused much more on examining instances of good and bad practice. The final part (part C) of the questionnaire finished with relatively straightforward questions which profile the organisation in relation to its size, structure and purpose.

These simple questions meant that the organisations were not being overburdened with requests for information, which it was hoped would ensure a better response rate. It should also be noted that the questions did not ask specifically about political risks and hazards, as the intention was to try to give a sense of perspective in relation to all risks. Whilst for some operators this approach revealed relatively little, for others some rich qualitative data was collected which was very useful for this study. Over the five year period, individual or representatives from 93 organisations were spoken to at the various shows. Of these, 77 were followed up with a request for information in relation to the questions and a request for a sample risks assessment. In turn, 41 of these organisations replied, with the quality of the responses varying considerably. Of this sample, 20 were able to supply a sample risk assessment.

The analysis of the qualitative data took a variety of forms. When examining qualitative data, it is possible to adopt a deductive approach, whereby one, as Gray (2009, p.501), notes can establish the criteria for selection of the types of data which would be focused on; alternatively, an inductive the approach is also possible, whereby no rules are set (an approach usually labelled as grounded theory) and one waits to see what emerges as important or interesting. In this work, the analysis of data collected from the operators did utilise a number of basic criteria in terms of what was being looked for, such as the key events that had affected their operations and the qualitative description given to the value of the travel advice, with a summary of the data appearing **Appendix E**, and discussed in **Chapter 6, Section 6.2.1**. It should be noted that generally the data in that appendix is a summary, with some of the organisational responses left in more detail if they were made reference to in **Chapter 6**. The frequency that certain events and descriptions were recalled were then highlighted in order to try and gain a sense of where political risk fitted into the broader picture of risks, together with the perceived value of government travel advice.

The real value of the approach, however, was the additional pieces of information, descriptions and stories which some operators gave, as these pieces of information helped shine a light on the nature of the problems they were experiencing. As stated earlier, the adoption of this method came about after a more structured approach to interviewing was tried, which revealed little, but where the additional asides the

operators gave were often more interesting than what was being formally recorded. The use of this data, whereby it is left up to the operators to decide what additional pieces of information to give, which could then be used to both describe or illuminate the impact political events can have on operators (utilised throughout **Chapter 6**), can in theory be seen as more inductive in its nature, which again illustrates some of the ambiguities which can occur between the notions of induction and deduction. It was also from some of these descriptive pieces of information collected from organisations, whereby an insight could be found into aspects of causation, such as why one operator could experience a decline in demand in response to an event, whilst another could maintain their demand (this again illustrates the problems of being too prescriptive in the categorisation of what certain methodological approaches and types of data can and can not do).

In terms of analysis of the risk forms collected, a similar deductive approach was taken, whereby a structured set of criteria were applied to analyse the forms and the language of risk. The content analysis of this data can be seen in **Appendix F**, and discussed in **Chapter 6, Section 6.2.5**. The criteria selected were based on the comparison and discussion of risk definitions discussed in **Chapter 3**, where particular attention is given to whether the use of a hazard is given, the types of scales or descriptors used to assess the risks, and the risk culture adopted. Although a frequency profile of certain scales was built up, the most crucial point to illustrate was not their similarities, but just how diverse the approaches were in terms of the practical application of risk management.

When scrutinising the content analysis in **Appendix E**, the data collected from the third question is not discussed in any length. The reason for this is that it revealed little useful information. The initial reason for asking this question was that it was hoped that some new risk model relevant for tourism might be discovered. In fact, the responses just gave some general additional advice sites, or crisis management organisations, which whilst useful for the construction of practical control measures or new sites to refer to, it did not provide much good quality information that could be subjected to more detailed scrutiny.

5.5.5 Stage 3: synthesis, application and case study selection rationale

The final research phase involved the development of a model for political risk assessment based on the findings of **Chapter 6**. This was then applied to a single case study organisation and country, which offered the advantage of a more holistic, intimate, analysis and testing of the model in a real life setting (Kitchin and Tate, 2000; Yin 1994), in order to gauge its value, how it should be refined and to conduct a further evaluation of the indicators and databases which could be used. It should be stressed that because of the time scales involved in writing up the work, it was not a question of doing the risk assessment for the organisation, but rather doing it in parallel with their existing risk assessment. The reason for this was based on a mixture of logistical practicalities, such as the length of time it would take to write up the data collected, and the issue of ethics, which is discussed in **Section 5.8**.

The organisation chosen was XCL expeditions, who were planning an adventure expedition to Ethiopia. XCL is small organisation that has a number of strands to their business, ranging from leadership training, consultancy and expedition planning. They are run by a husband and wife team, who bring in additional staff, or volunteers for different projects. Previous not-for-profit expeditions include destinations such as Guyana, India and Uganda.

The rationale for their selection was partly dependent on some pragmatic criteria, which Denscombe (1998, p.34) recognizes can be an important part of the case study selection process, but should not be the only criteria. The criteria for the case study selection was therefore based on:

- The expedition took place in Ethiopia, which emerged as one of the more interesting case studies in the earlier focused comparison.
- It was a specified project, which made the case study analysis more tangible.
- They agreed to take part and the timing was right.

The expedition taking place Ethiopia was a particularly important criteria for selection. When looking at Ethiopia's pattern of tourism, the travel advice given and the main pieces of data which can be collected, illustrated throughout **Chapter 6**, it soon became evident that Ethiopia would prove a very useful country for a more detailed case study analysis. In particular, it should be noted how the countries has

many ambiguities, where so many measures examined in **Chapter 6** reveal a country which has many political hazards and could generate many risks to tourism organisations; yet paradoxically, there are still many attractive features about traveling to the country, where tourism has continued to grow in spite of the many problems the country faces. It was therefore felt that this complex, paradoxical relationship would give a more rigorous test of the model developed and discussed in **Chapter 7**.

Collecting the data involved attending one of the training weekends, where the group were observed and engaged with via informal discussions and a self-completed questionnaire distributed. This questionnaire focused on collecting data about themselves and their perceptions of the travel risks to Ethiopia. In addition, the organisation was used to help contextualise the risk exposure, which is discussed in **Chapter 7**. As in the previous analysis of operators experiences of risk, the desire was for the participants to write down what they felt was important, with the content analysed in relation to identifying the key events and descriptors used, which can be found in **Appendix K**.

5.6 Evaluation of methods and the degree of ethnocentricity

Although an overall evaluation on the methods is conducted in the conclusion, it is worthwhile giving some preliminary reflections. What this cross subject comparative analysis revealed were the many inherent weaknesses that can be found in any risk management process. The point of this evaluation is, as Frosdick (1997, p.176) argues, that knowing the weakness of a method does not necessarily undermine its value; the challenge is to try and understand what are the tolerable thresholds of inaccuracy that are acceptable by society, the media, staff and customers.

The notion of bounded rationality perhaps encapsulates many of these key problems, where resource constraints will always place limits on the amount of data that can be collected for any analysis. Intimately linked with this limitation, is that any risk management process will always have an element of subjective interpretation involved. Whilst these inherent weaknesses can never be fully removed, they can at least be ameliorated. This was done primarily by utilising a large range of case study countries and organisations. This in turn was underpinned by utilising a variety of

databases, working along the principle of triangulation, partly to help verify the conclusions drawn from the analysis, but primarily to help build up richer, holistic pictures of the nature of the hazards and risks.

It is vital to appreciate that the number of databases, case studies and organisations utilised was not necessarily to prove or disprove assertions based on statistical significance testing, as it was found early on in this study that this could distract from some of the more interesting findings in relation to risk management (this is encapsulated in the problem of induction and the black swan analogy, which is discussed in more detail in **Chapter 6**). This move away from a positivistic type approach was also influenced by the growing belief that, as Merna *et al* (2005, p.2) describes it, risk management is more of an art than a science. The World Economic Forum Report, (2007) illustrates this by noting that many problems are compounded by increasing global complexity, and that decisions are more dependent on approximations of the world, or rule of thumb practices and intuitive experiences (heuristics).

Instead, a great deal of focus was given to highlighting these *differences*, and using qualitative anecdotal evidence from operators to gain an insight into issues. This approach of using anecdotal qualitative data, as Ryan (2007, p.5) notes can become a theoretical as it does not allow for easy generalisations and lacks rigour in terms of scientific enquiry; but Ryan goes on to say that this ignores the strength of this approach, saying:

‘...it can be objected that of necessity in order to communicate there must be shared understandings, and the specificities of given places and times are transferable to illuminate other places and times – and it is in the aggregation of constructed stories that themes emerge, which are testable in the ways required of post-positivistic enquiry.’ (Ryan 2007, p.5)

This is an important point and acts as a key rationale for the methods utilised, and was a factor observed after the pilot study, whereby a single comment or anecdote was far more illuminating about the problems operators were experiencing, or how they approached risk.

The other important consideration is to reflect on the degree that the work is ethnocentrically based. It was noted earlier in **Section 5.5.1** that one of the cited strengths of using comparative analysis is that it can guard against ones ethnocentricity (Mackie *et al* 1995, p.174). This was why a contrasting range of countries were chosen for comparative analysis in **Chapter 6**. Despite this approach, one must still recognise that the model developed in this work, and discussed in **Chapter 7**, is still very much ground in an English speaking, Western cultural context, which is developed for the needs of tourism organisations, whose key client base tends to come from the developed world.

Perhaps of more concern relates to the nature of the organisations who provide the data for the databases which were found useful in the process of political risk analysis and assessment, many of which are American organisations who have a particular agenda or bias (many of which are highlighted throughout **Chapter 6**). To try and deal with this problem and to always try and place the data collected in some sort of context, it is rare that a single database is used for a particular stage of the model developed in **Chapter 7**. Indeed, the model developed has a number of process stages, any of which can stand alone in terms of political risk assessment, but which allows for each model process stage to be compared and contrasted with each other. This means that not only are different databases used, but so are different types of data utilised and contrasted. Finally, it is also emphasised that it is important to explore the nature of the organisation who provide the data to constantly try and put the information into a proper perspective.

The notion of ethnocentricity is often cited or couched in negative terms, but it is possible to try and flip the perspective to see how a degree of ethnocentricity can be an advantage to a business organisation. The crucial first stage of a risk process is highlighted in **Chapter 4**, was the need to contextualise the process in relation to the organisation itself and their key clients. In relation to the latter point, this also relates to aspects of marketing, which is not about advertising, but about designing goods and services which meet client needs and wants (discussed in Chapter 2). To recognise aspects of how the model may be ethnocentric, means it is can help an operator get into the mind set of their clients and how they may perceive the risks of travel to a

destination. This is not a justification for ignorance, rather that operators should try and understand clients perceptions.

5.7 Ethical considerations

Although this section on ethics is relatively brief, this should not detract from its importance, as a number of ethical issues helped shape the methods utilised. One particularly important issue related to aspects of copyright for the many commercial risk assessments and databases utilised. Initially this was seen as a problem, as the intention was to replicate these models to test their accuracy. In the end however, this proved less of an issue, as a deeper exploration of the models revealed many ambiguities which would conspire against their effective application, as discussed in **Chapter 4**. The result is that the direction of analysis switched from using the variety of commercial, closed models, to using open databases which provide form of risk assessment.

The other key ethical tension set up in this work primarily related to what was said to the organisations and respecting the confidentiality of the information they provided. To do this every endeavour was made to explain what was being asked for and why. If any of the data was used from the organisation then permission was sought to use their comments in this work.

Perhaps the most important ethical issue related to the work done with XCL. It was not the intention to do the risk assessment for XCL, rather that a parallel form of assessment was conducted, with XCL maintaining the responsibility for conducting its own assessment. There was still the possibility that as part of my early analysis, information could be found which could be of help to the organisation. The question was whether this should be passed on? On the one hand it could affect the comparative analysis of my approach compared with that of XCL, as I may have influenced it. There is also the problem that I could expose myself to issues of liability if I gave them poor advice. The stance taken was that if additional information was found which could reduce negative risks to the people and organisation, then this would be passed on, but it would not be framed as advice, or any specific recommendations. This was done a number of times, such as providing them with some data and links on terrorism, or informing them of the value subscribing to the

various bulletin services provided by the different governments, not only for Ethiopia, but also for its neighbours. This seemed an appropriate moral choice, as not wanting the expedition to come to any harm outweighed the need for a truly objective comparative analysis.

5.8 Chapter summary

The key paradigm and theoretical perspectives taken in this work can be understood as falling into the inter-paradigm debate where merits or truths are seen in all the many perspectives which can be used to understand global politics and risk management. The desire is not to be too hemmed in by a particular paradigm for understanding world politics and risk; for this study it is felt better to have a plurality of perspectives. This may sound as a compromise and one that lacks clarity of vision, but it is developed for good reason. It is felt necessary for the development of a model that strives for practicality and utility in relation to decision making, that there must always be a degree of fluidity and openness to new ideas and methods, hence the inter-paradigm stance taken.

The purpose of using many of the theories is to initiate cognition of potential risks and how they should be dealt with. By adopting a more neutral position between different theories, which accepts a wide variety of divergent schools of thought - such as Marxist theory – can mean that the weak signals of change, may be more easily identified. In this sense this work takes to heart Tarlow's (2002, p.211) argument that we need to be flexible and be 'walking academics' where multiple methods and disciplines are constantly used to help act as a guide to a managers actions. As he says, it is important to recognise that 'today's correct analysis may be tomorrow's incorrect conclusion' (Tarlow 2002, p.211). The problem of course is that this can lead to possible ontological and epistemological contradictions with the work possibly not being clearly directed, but at least this problem is recognised, with attempts made to manage this issue, such as having stronger leanings in relation to certain theories, particularly notions of complexity theory, systems theory and which can have a strong skew towards a constructivist ontology, but needs a critical realist epistemology in terms of making any risk model operational.

In the context of this body of work, the political environment is therefore used as the *hub of analysis*, rather than the only variable examined. Frequently, the analysis of the variables used to explain change and what can create political hazards may, on the face of it, have seemingly little to do with the political environment; however, it is within the spirit of the more creative, expansive ways of understanding risks, that an open mind is kept as to the causality of events. The attempt will therefore be made to develop a more contemporary risk political model relevant for tourism, which considers the many variables and their interconnectedness. This is examined in the next two chapters.

Chapter 6

Too many black swans? Findings, analysis and discussion of existing political risk models, indicators and databases

6.1 Introduction

This Chapter has two crucial elements. In the first instance it examines the experience of various adventure tour operators and the value of using a number of established political risk models and databases in the risk management process (**Section 6.2**). In the second, the work focuses on the factors, indicators and databases that can be utilised when analysing and assessing political hazards and risks. This part of the Chapter, in turn has three key sub-sections based around the categorisation of output (**Section 6.3**), process (**Section 6.4**) and input (**Section 6.5**) factors and indicators. This categorisation is based on the discussions in **Chapters 3 and 4**, whereby the anatomy of political risk was clarified by adapting a systems theory approach (see also **Diagram 3.1**).

Having all these sections means that this is a long chapter, as there is so much data to reflect upon, but which is crucial in the achievement of a number of the thesis objectives, examining the assertions raised and the fulfilment of the aim. It does this by acting as a key platform for the model developed in **Chapter 7**. In order to make this chapter more 'digestible', each of the key sections identified will be treated as separate papers, whereby the findings will be highlighted, analysed and the implications discussed. Interspersed throughout this discussion are a number of figures, based on the thirty case study countries examined, which highlight the key tourism trends, events and the political system classification. When looking at these patterns of tourism it should be appreciated that it is the patterns, or the rhythm of arrivals in response to political events that is of most interest, rather than the relative size of the markets.

When reading this chapter, it is also worthwhile reflecting on the work of Taleb. In his book *Fooled by Randomness* (2004), he gives a very readable account of a fundamental problem with financial speculation on the stock markets: the over-reliance on complex models based on the statistical analysis of past events. To help

illustrate the difficulty, Taleb uses J.S. Mill's black swan analogy, which was developed to try and encapsulate Hume's theory on the problem with induction: *that no amount of observations of white swans can allow the inference that all swans are white, but the observation of a single black swan is sufficient to refute the conclusion.* (Taleb 2004, p.117). Simply put, the over-reliance on past observations often resulted in people and organisations being caught out by the unexpected event – the black swan if you like – which had not been previously observed. There are two reasons for highlighting this. The first is that it reminds one of the dangers of being too deterministic in utilising theories, or models in making management decisions. The second relates to the problems found when observing tourism patterns and looking for connections, correlations and possible factors of causation in political events and their impact on tourism flows. The difficulty was that just as a generalization was being constructed between variables and indicators, then one of those analogous black swan would come steaming into the gaze of the observer. To begin with this was frustrating. On longer reflection what became clear was that it was these *differences* that are of such importance to this study. When reading the results then, it is of interest to note the case study countries that assume the role of the black swan and confound one's expectations.

6.2 Examining the value of existing risk practices, political risk assessments and databases: findings, analysis and discussion

This section focuses on the value of the many existing political/country risk models and databases identified in **Chapter 4, Section 4.2**, which can, in theory, provide a ready made assessment of a variety of political and country risks. The need for this was clarified in **Chapter 1**, whereby a key thesis objective was to assess the value of existing political risk models and assessments, along with the assertions that many existing political risk assessments are not sufficiently contextualised for the needs of tourism. Although many government travel advice sites – with the exception of New Zealand – do not explicitly use a language of risk, what they provide in terms of advice and analysis is clearly a form of risk assessment, hence their inclusion and discussion with the more widely recognised existing risk assessments. This also means that the assertion made that they lack subtlety can be critically analysed.

6.2.1 Analysing the operators' experience of political hazards

In **Chapter 5, Section 5.5**, it was highlighted that the method which evolved for collecting data from tourism operators was relatively simple, being based around talking to operators at various adventure travel shows, then following this up with three simple questions sent via email and a request for a sample risk assessment, if, of course, one had been carried out (the content analysis on the risk assessments is discussed in **Section 6.2.3**). In **Table 6.1** a summary of the content analysis based on two of the questions is presented.

Table 6 .1 Content analysis summary of responses to questions

	Number of references to key events affecting operations	Number of references made to foreign office usefulness
Content Analysis Summary	Terrorism (15 references, with 11 specific mentions of 9/11); War and instability (12 references focusing on Iraq, Ethiopia, Nepal, India and Pakistan); Disease and natural disasters references (10 references including the Tsunami, foot and mouth, bird flu and SARS); government policies and regulation references (5 references including USA/UK Foreign policy and the war on terrorism); Fuel prices (2 references); Assassination (1 reference); Kidnapping (1 reference); political problems (1 reference).	Don't use it (8 references); Very useful (2 references); Limited use (7 references); Not useful (4 references); Consultation and adherence necessary for insurance (4 references); Alarmist (2 references); Too general/not region specific (1 references).

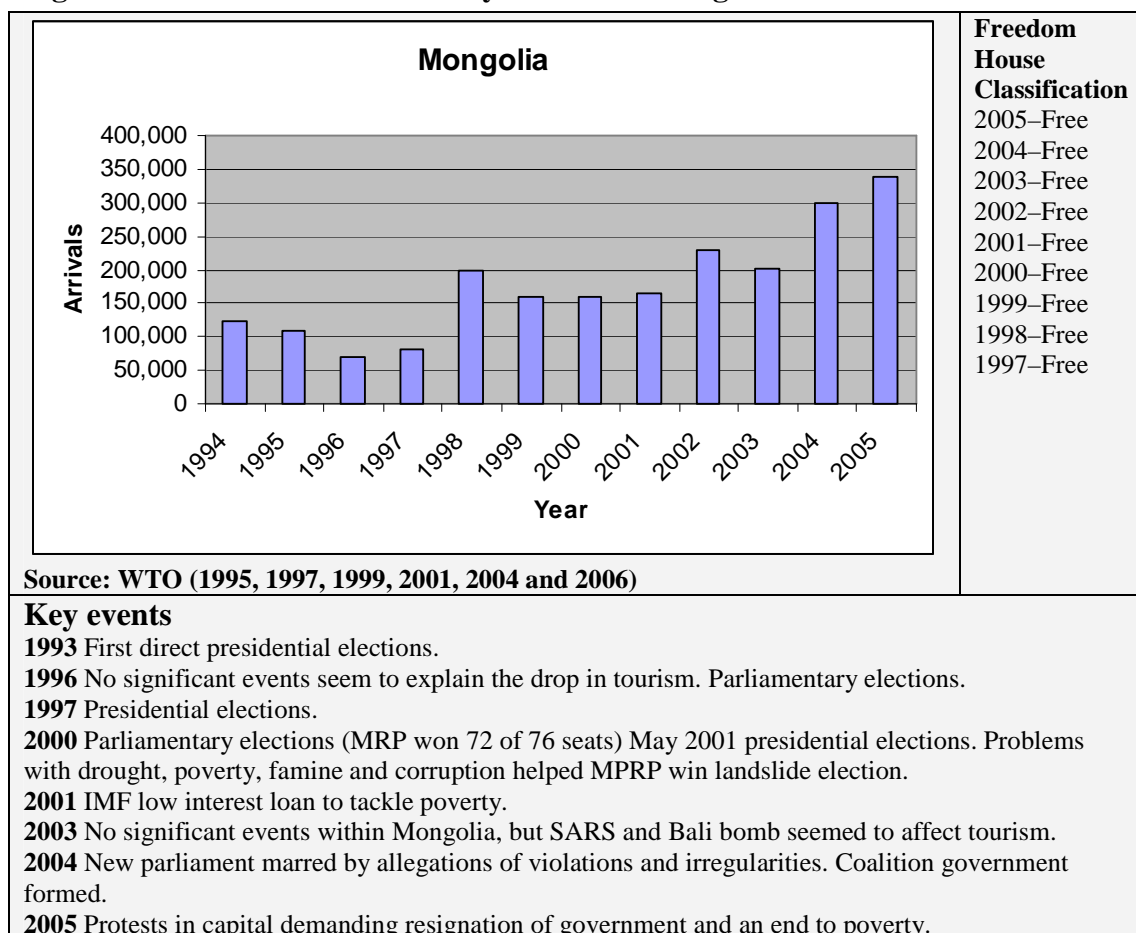
Source: Primary data collected by the author (see Appendix E for the summary of the content analysis)

The first comment to make is that it tends to be more significant events, such as war, acts of terrorism, disease, natural disasters and policy initiatives, which are recorded by the organisations as having the biggest impact on their operations. This is perhaps not that surprising, as it tends to be the more dramatic events that are easiest to recall first. What was of far more interest were the small additional 'slithers' of qualitative information, or incidental details given by many of the organisations (a rationale for the method), as this often gave a far greater insight into the problems experienced by operators and notions of complexity theory, particularly in relation to the issue of conflict overspill.

In **Chapter 4, Section 4.5.2**, Howell *et al* (1994, p.79) and Goldstone *et al* (2005, p.22) highlighted the critical importance of the 'bad neighbours' factor and how conflicts and problems can spill over a country's borders. Obviously, this can result in

many hazards, such as border incursions, land mines or displaced people, but in relation to tourism demand, what can be more devastating is how one country's problems are projected onto another (also discussed in **Chapter 2**), which can have little grounding on the actual reality of the risks posed. There were many examples found to illustrate this problem. Travelpak for example, commented on how they felt the media would blur the Afghanistan conflict with Pakistan, which they said skews people's perceptions of the risks of travel to Pakistan. Panoramic Journeys commented on how their tours to Mongolia seemed to be affected by the 2003 SARS outbreak in other Asian countries, which is also illustrated by **Figure 6.1**, even though the disease did not directly affect Mongolia.

Figure 6.1 Tourism trends and key events for Mongolia



Other operators, such as BOAB (Africa based) and Imaginative Traveller (tours to all continents), commented that in 2002 the growing threat of the war in Iraq seemed to be a key factor holding down demand for that year, but adding that once the war actually started, this seemed to reduce uncertainty, with more people willing to book tours again, resulting in 2003 being one of their busiest years. A more complex form

of *overspill* is illustrated by Icicle Mountaineering, who noted that although many of their operations are overseas, such as their tours to the Alps, the 2003 UK Foot and Mouth crisis affected them as it meant that they could not organise the climbing training weekends in the UK national parks, because of the Government's decision to restrict access to the countryside.

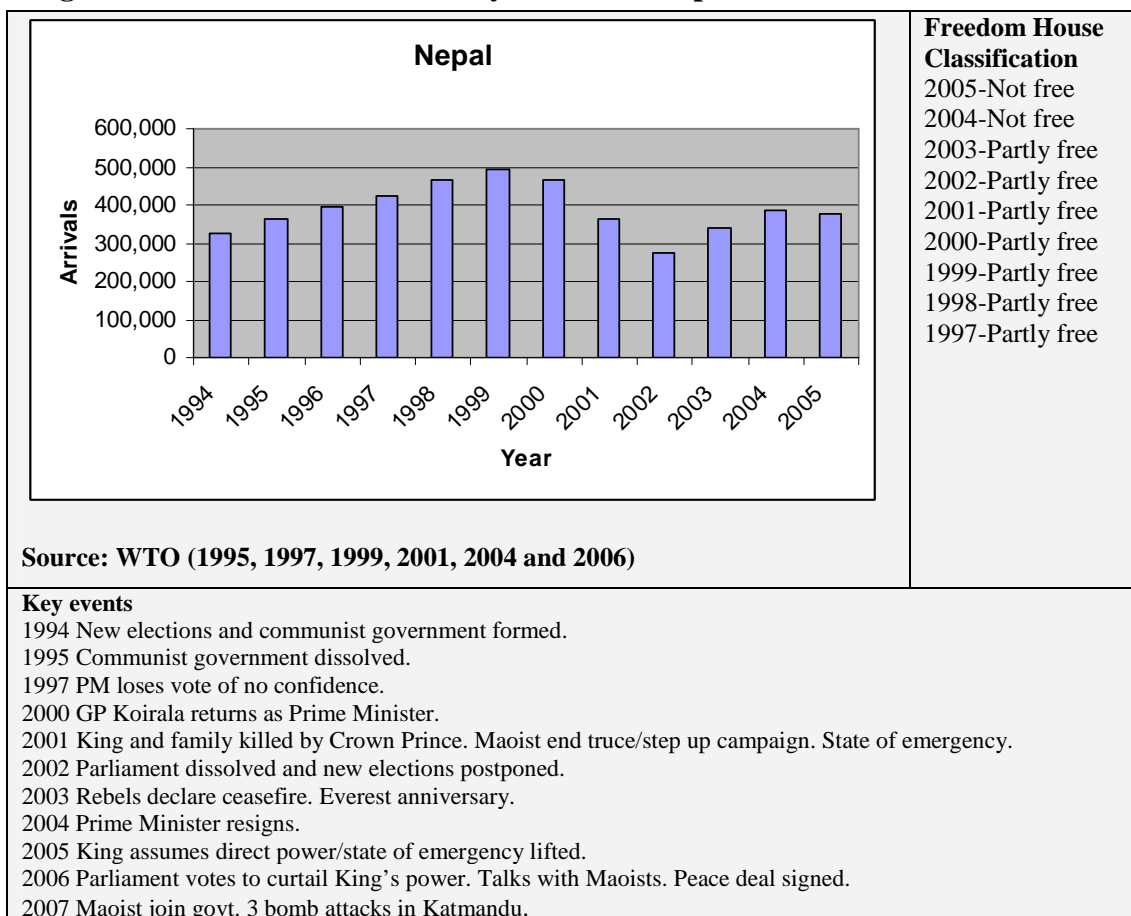
The other key finding was how the type of organisation and clients can affect the risk exposure; a theme previously raised in **Chapters 2** and **4**. For example, the political problems in Nepal over the years meant that a number of operators, such as Spirit of Adventure, Wilderness Journeys and Across the Divide, were forced to cancel trips and expeditions. Others, such as Himalayan Kingdom and The Walking and Trekking Company, who are specialist companies to the region, still managed to maintain their demand (sometimes increase it) despite many political problems and travel warnings. Looking at **Figure 6.2** one can clearly see tourism demand fluctuate in response to both internal difficulties, such as riots, demonstrations, terrorist activity and external events, such as SARS and the Bali bomb, but tourism by no means collapses. For some companies, such as The Walking and Trekking Company and Himalayan Kingdoms, their ability to maintain demand illustrates that their clients exhibit greater resilience, or inelasticity, to events.* The fact that demand does fluctuate in relation to events also helps illustrate the value of a fourth age paradigm, whereby both negative and positive political events are scanned for; something both Spirit of Adventure and Himalaya Kingdom noted in relation to the perceived improvement in the political situation in 2007 which resulted in many more enquiries about trips.

Another interesting illustration of the type of client responding differently to events was found with Across the Divide, who noted that 9/11 resulted in many trip cancellations, with the exception of their charity events, which was probably a reflection of the different stake (see **Diagram 2.1**, in **Chapter 2**) invested by these clients in relation to both physical resources and emotional commitment. Finally, Wilderness Journeys commented how instability in the Himalayan region seemed to lead to a significant increase in their South American trekking and climbing

* One comment given as an aside by a visitor at one of the adventure shows, whilst interviewing a tour operator, was that if they had paid '30,000 bucks' to climb Everest, then it would take more than a curfew to deter them from travelling. Whilst this comment was not recorded as part of a formal interview, it can be these more spontaneous comments or asides that can be far more revealing about demand and motivation.

destinations, which illustrates that demand for travel is not necessarily reduced, but often just diverted elsewhere.

Figure 6.2 Tourism trends and key events for Nepal



6.2.2 The experience of operators with governmental travel advice

To help test the assertion made that government travel advice lacked subtlety as an indicator of risk, operators were asked a simple, open question about how useful they found it. The results of their basic responses can be found in **Table 6.1**, in the previous section. Those operators who responded by saying that they did not use it, stated this because either their operations may have been predominantly based in the UK, or they were operating in perceived safe destinations, such as Whale Watching in the Azores, or Panoramic Journeys (Mongolia based). Most operators, however, seem to recognise the importance of consulting and adhering to governmental advice, as ignoring it can negate insurance policies, or expose an organisation, or individual to litigation and reputational risks. Kumulka and Ontdek also comment on the advice having profound affects on demand, such as their experience in Kenya in 2003, after a terrorist attack, which the UK FCO responded to by advising against all travel to the

country. The operators felt this advice was disproportionate to the actual risks of future terrorist attacks. Go See Kenya (GSK) also commented on this lack of proportion in advice for the problems in Kenya in 2007, whereby they felt the advice was issued for the whole country, whilst they believed the problems were geographically concentrated, with their operations located in areas unaffected by the troubles.

This problem of the advice distorting the level of risk by being too broad was also noted by a number of other operators, such as Bushmasters, Himalayan Kingdom, TravelPak and Wild Rose Adventures.* Indeed, Hinterland Travel, a small tour operator that has years of experience running tours to Iraq and Afghanistan commented that the travel advice is just that – advice. As a consequence they have found themselves in a position whereby they have chosen to ignore the advice, feeling that their own assessments of the risks of travel to particular areas is more refined than the government's. Another interesting comment made by two of the operators (Travel Pak and Great Walks) was that whilst the advice can be updated very quickly in response to events, in relation to reducing the travel warning status, this can seem to take much longer, even though the crisis may have passed.†

An insight into why some of the problems are experienced by operators can be found by looking at the advice methodology by the UK FCO. Jack Straw (2004) presenting a review to Parliament on government Travel Advice, explained that the advice tries to strike a balance between information on travel risks, issuing warnings (such as for terrorism) and actually proscribing travel actions. Whilst the information has a basic, broad standard format, how the warnings and proscriptions on travel are arrived at have many normative elements to them. As Straw (2004, p.27) notes, the assessments constructed are not an exact science, but judgements based on incomplete information, which is informed by a variety of organisations, such as the Joint Terrorism, Analysis Centre (JTAC), the Counter Terrorism Policy Department (CPTD), and the individual consulates. It is then down to individual consulates to

* What cannot be conveyed here was the palpable sense of frustration evident with people when they were being interviewed, with some of the aside comments made suggesting it could be alarmist or was scaremongering.

† This may reflect the principle of CYA! Madeleine Albright (2001) the former US Secretary of State to Clinton, used the term CYA principle, which is an acronym for Cover Your Ass, and means that governmental departments will err on the side of caution.

update and present the information, which, even though there is a broad template, can still mean many variations can appear in some areas, as will be illustrated in more detail in the next section. Despite these problems, and the frustrations which may be generated, consultation of government travel advice is essential, gaining further importance by being one of the stipulations in the BS 8848: 2007 standard (British Standards Institute 2007) for overseas expeditions.

6.2.3 Comparative analysis of government travel advice

Whilst the previous section findings of the operators' experiences seem to lend support to the preliminary assertion made in **Chapter 1**, that government travel advice lacks subtlety, this still requires further scrutiny. Care must be taken in interpreting these results from the operators, as they may not present a properly balanced picture of the advice given. This could be because of sample selection bias, or even that the organisations may simply not be properly interpreting the advice. Furthermore, the organisations were asked primarily about the UK FCO as a majority of the operators selected were UK based operations – the implication of this is that one cannot necessarily say that all government sites are 'blunt' tools in the assessment of risks, rather that it may just be the UK.

In order to put the operators' comments of the value of the UK FCO advice into a better sense of perspective it is useful to examine in more detail the information offered by the key English language governmental advice sites identified in **Chapter 5** (UK FCO, the USA SD, ADFA, CFAIT and the NZMFA), which give guidance for actions, assessments of various hazards, or specific information on actual incidents. As stated in **Chapter 5**, this was done by taking a snapshot of the advice issued for June and October 2007 and conducting a content analysis that focused on four key themes, which were:

- the assessment scales used (if at all);
- the opening first sentence (and sometimes second if it helps clarify the first sentence) of the travel advice section;
- to identify all the listed hazards/risks;
- and to note any additional advice on travel.

A summary of the categorisation of the advice issued by the different governments for the case study countries is presented **Table 6.2**. Despite the variations in scales used, one can discern four key areas of risk advice which are essentially based around:

- Advising against all travel to all parts of a country;
- or advising against non-essential travel to all parts of a country
- advising against all travel to parts of a country;
- or advising against non-essential travel to parts of a country.

When examining and comparing the advice, insights were soon gained as to why some operators could become frustrated. Often, the sites can issue advice that becomes very standardised and formulaic, with the result that after repeated exposure to the advice for different countries, they are soon robbed of their power to convey a proper sense of the risks. The Australian site can be particularly prone to this, as the generic advice given on watching wildlife illustrates, saying:

“Australians are strongly advised to maintain a safe and legal distance when observing wildlife. You should use only reputable and professional guides or tour operators and closely follow park regulations and warden’s advice.”

(ADFA 2007)

This advice is the same for such environmentally diverse countries as Cambodia, Egypt, Cuba, Iraq ^{*} and Zimbabwe.

* Which does at least have the additional statement of saying ‘Iraq is not suitable for tourism.’

Table 6.2 Comparing government assessment scales and travel advice (June 2007) for case study countries

	1	2	3	4	5
UK	No Travel Warning Bulgaria, Cambodia Costa Rica, Croatia, Cuba, Egypt, Burma, Mongolia, Nepal, New Zealand, Norway, Spain, Cambodia, Turkey, South Africa.	Advice against all travel but essential travel to parts of the country India, Indonesia, Libya, Afghanistan, Iraq, Israel.	Advice against all but essential travel Afghanistan (Kabul), Haiti, Lebanon.	Advice against all travel to parts of the country Afghanistan, Ethiopia, Indonesia, Iran, India, Iraq, Israel, Pakistan, Sri Lanka.	Advice against all travel to country Somalia only country listed.
USA	No Travel Warning Bulgaria, Cambodia Costa Rica, Croatia, Cuba (Note restrictions), Ethiopia, India, Libya Burma, New Zealand, Norway, Turkey, Thailand.	Public Announcements Venezuela, South Africa, Zimbabwe.	Travel warnings Lebanon, Iran, Nepal, Sri Lanka, Afghanistan, Israel Left Bank and Gaza, Haiti, Pakistan, Iraq, Indonesia.		
Australia	Be alert to own security Bulgaria, Croatia, New Zealand, Norway.	Exercise caution Cambodia, Cuba, Libya, Burma, Mongolia.	High degree of caution Egypt, India, Iran, Israel, Nepal, South Africa, Turkey, Burma.	Reconsider the need to travel Haiti, Indonesia, Lebanon, Sri Lanka, Ethiopia, Pakistan. Regional: Egypt, India, and Turkey.	Strongly advise not to travel Afghanistan, India Regional: Burma, Iran, Iraq, Ethiopia, Lebanon, Pakistan, Sri Lanka, Venezuela, India, Indonesia.
New Zealand	No Travel Warning Bulgaria, Croatia, Cuba Libya, Mongolia, Nepal, New Zealand, Norway.	Some Risk – Countries or parts of countries we advise caution Cambodia, Costa Rica, Egypt, Ethiopia (Addis Abada), Zimbabwe, Egypt, Pakistan, South Africa, Afghanistan, Zimbabwe, Israel, Spain, Turkey, UK, Burma.	High Risk Advice against non-essential travel or parts of... Libya border areas with Chad Niger & Sudan, Turkey border areas with Iraq, Lebanon.	Extreme Risk - Advise against all travel to country or parts of... Afghanistan, Ethiopia border areas with Eritrea, Somalia, Gambella region, Iraq, Israel (Gaza & West Bank), Haiti, Iran border areas, Lebanon, India (regions), Indonesia, Iran region.	
Canada	No official warning: Exercise normal security precautions Bulgaria, Cambodia Costa Rica, Croatia, Cuba, Egypt Mongolia, New Zealand, Norway.	Exercise high degree of caution (to all country or region) Ethiopia, Thailand, Libya.	Avoid non-essential travel (to all country or region) Haiti, Indonesia, Pakistan, Sri Lanka, Haiti, Lebanon.	Avoid all travel (to all country or region) Iraq, Afghanistan Specified Regions: Indonesia, Israel (West Bank & Gaza), Sri Lanka, Ethiopia, Burma, Haiti, India, Indonesia, Iran, Israel West Bank, Lebanon, Pakistan, Thailand, Venezuela.	

Source: UK FCO (2007), USA SD (2007), ADFA (2007), NZ MFA (2007) and CFAIT (2007).

In relation to the level of warnings given on travelling to different countries, there are some interesting, subtle variations. One example is Afghanistan, where the advice given by Australia, Canada, and New Zealand is to *avoid all travel to country*, whilst the UK is more refined in that it uses this category only for *parts* of the country, with

the advice to Kabul being related to the lower risk classification of *essential travel*. This type of variation in advice is also evident for Iraq. For other countries, they may receive no travel warning classification with the UK, USA* and Canadian sites, but receive a slightly higher warning categorisation from Australia and New Zealand, as illustrated by advice given for Cambodia, Egypt and Indonesia. Indeed Indonesia is particularly interesting, as the advice is notably more cautious from Australia and New Zealand, advising that *all travel* should be reconsidered, or *recommended against travelling*, which extends to Bali, whilst for the UK and Canada they advise against travelling only to specified regions, which is perhaps a reflection of the high number of Australian and New Zealand casualties suffered in the Bali bomb of 2002.

This type of bias or skew sometimes seems to be more a direct reflection of the state of political relations. The USA SD and the advice and descriptions given on Cuba is one of the most striking examples, where more emotive language is often used, opening with the statement of ‘Cuba is a totalitarian police state;’ a descriptor that not even North Korea or Myanmar are given. Another interesting example relates to Nepal, where the UK, Canada, Australia and New Zealand removed, or lowered their travel warning assessments in 2007, whilst for the USA the Travel Warning remained in place, commenting that violence, exhortation and abductions were continuing and advising to ‘avoid non-essential travel.’ This may perhaps reflect the mixed influence of the War on Terrorism policy and the history of fighting the old, traditional communist enemy which dominated American foreign policy for decades.

Inconsistencies with the travel advice are observable in other areas. For example, for Mongolia and Bulgaria, the opening advice summary section begins with the generic statement of the ‘underlying threat from terrorism,’ yet these countries have hardly experienced any form of terrorism over the years. In contrast, for Israel, which has experienced numerous acts of terrorism, the opening statement is ‘Most visits to Israel are trouble free.’ (See **Section 6.5** for a more detailed discussion on terrorism). Why this is the case is far from clear, but it can have important implications in the perceptions of the travel risks to a country.

* The USA SD approach to framing travel advice is perhaps the least refined and formulaic, often having a stronger narrative element, and having only two basic travel warning categories; Travel Warnings and Public Announcements, with Public Announcements often reflecting particular hazardous events which emerge, such as hurricanes or disease outbreaks, but which do not necessarily affect the overall risk of travelling to the country.

Although many operators may complain about the UK FCO advice being over cautious, it is interesting to note that it is often not as cautious in comparison with other advice sites. Furthermore, although the assertion made that government advice can be broad, often too generic, and so lack subtlety, does have some validity, perhaps what is not always appreciated by some operators are the strengths of the sites. Yes the sites do suffer from a prudential type approach, where the advice can become insipid and lack any geographic connection; yet they also offer a very useful bulletin service, allowing for organisations to be constantly updated with changes in advice and events, which are particularly important when building a frequency profile of hazardous events (see **Section 6.5**). The limitations can also be ameliorated by consulting and subscribing to all the bulletin services, which can allow for a process of triangulation of the occurrence of hazardous events, which can, indeed should, extend to getting the bulletins for neighbouring countries.

6.2.4 Comparing non-open and open political and country risk assessments with tourism patterns

One of the stated objectives of this work was to examine a range of existing political risk models and their relevance to tourism. Part of the answer was already anticipated with the assertion made at the beginning of the study that these models do not seem sufficiently contextualised; a view that is readily accepted by many involved in the industry, such as by Howell (2001, p.10), who stresses how different models can combine different techniques, use different variables and data, which can produce different forecasts, relevant for different industries. Clearly this anticipates the findings, but it is still important to explore some of the structured models in more detail to examine the validity of this claim.

The risk models examined here were primarily ‘open’ with the exception of the fee paying ICRG and the PRS models, with the rationale for selection discussed in **Chapter 5**. These are scrutinised first. PRS was established in 1979, with the ICRG approach launched in 1980, initially as a competitor to the PRS group, but later merging into the same group (the PRS Group). The PRS approach adopts more of a micro, actor-source method of assessment, focusing primarily on three different regime scenarios used for both an eighteen month and five year forecast. These scenarios are then considered in relation to the impact they could have on a variety of factors such as turmoil, or economic growth. In contrast, the ICRG approach (used in

Box 4.1 in Chapter 4 is a macro, positivistic type model, whereby twelve composite factors are rated, which contributes to a summative political risk value. This political risk score itself is one of the four factors which are used for an overall country risk assessment. For the ICRG data a ‘snapshot’ value was obtained by taking the political risk score for the month of January over a number of years (the scores are up-dated every month which is one of the strengths of the services). The limitation was that not all the case study countries have risk data compiled for them (hence Afghanistan and Cambodia’s exclusion), whilst for the PRS model, this lack of availability also extended to Croatia, Ethiopia, Lebanon, Mongolia and Nepal.

In **Table 6.3** the average risk values produced by the ICRG between the dates of 2000-2005, are compared with the average percentage change in tourism arrivals for the same period, with a small number having to use data just for 2000-2004 because of the lack of available data. The expectation was that countries in a ‘high’ or ‘very high’ risk category would have experienced a decline in demand. In fact this is true only to a point, such as with Haiti or Zimbabwe, whereby the high risk score is reflected in the roller coaster patterns of tourism, further illustrated in **Figures 6.3** and **6.4**.

Table 6.3 Comparing the average ICRG risk scores with average tourism growth (2000 to 2005)

Risk Rating	Average Annual Tourism Growth	Average Annual Tourism Decline
Very High Risk (0.0 – 49.9)	Pakistan (2000-04 - 3.9%), Myanmar, (2000-04 - 3.9%), Indonesia (2000-04 - 1.2%).	Haiti (2000-04 - 9.0 %), Iraq (no tourism data), Zimbabwe (200-05 - 4.5%).
High Risk (50-59.9)	Ethiopia (2000-05 -17%), India (2000-04 - 6.9% growth), Iran (2000-04 - 5.4%), Sri Lanka (2000-04 - 9.1%), Venezuela (2000-04 - 1.2%).	
Moderate Risk (60-69.9)	Cuba (2000-04 - 3.7%), Egypt (2000-05 - 10% growth), Lebanon (2000-05 - 9%), Libya (2000 -05 - 2%), South Africa (2000-05 - 4.6%), Turkey (2000-05 16.2 %).	Israel (2000-05 - 4.7).
Low Risk (70-79.9)	Bulgaria (2000-05 11.7%), Costa Rica (2000-04 - 7.5%), Croatia (2000-05 - 7.7%), Thailand (2000-04 - 5.2%).	
Very Low Risk (80-100)	New Zealand (2000-04 - 7.1%), Norway (2000-05 - 4.5%), UK (2000-05 - 3.5 %), Spain (2000-05 - 3%).	

Source: PRS Group (2007) and average annual growth rates for tourism from WTO (2006).

In other instances, one can see countries (the black swans if you like) that can still continue to experience growth, such as Ethiopia (See also **Chapter 7**) or India (see the later **Figure 6.10**), despite appearing in a high-risk category. There are also instances where there is an inverse pattern of the risk scores and tourism arrivals. For example, Pakistan (see **Figure 6.5**) whilst its tourism declined in 2001, with respect to 2000 levels, it then dramatically increased in 2004 and 2005. Yet throughout this period it was placed in the very high-risk category, albeit with a borderline score of 50 in 2004. The link between the risk values and tourism patterns is variable to say the least.

Figure 6.3 Tourism trends and key events for Haiti

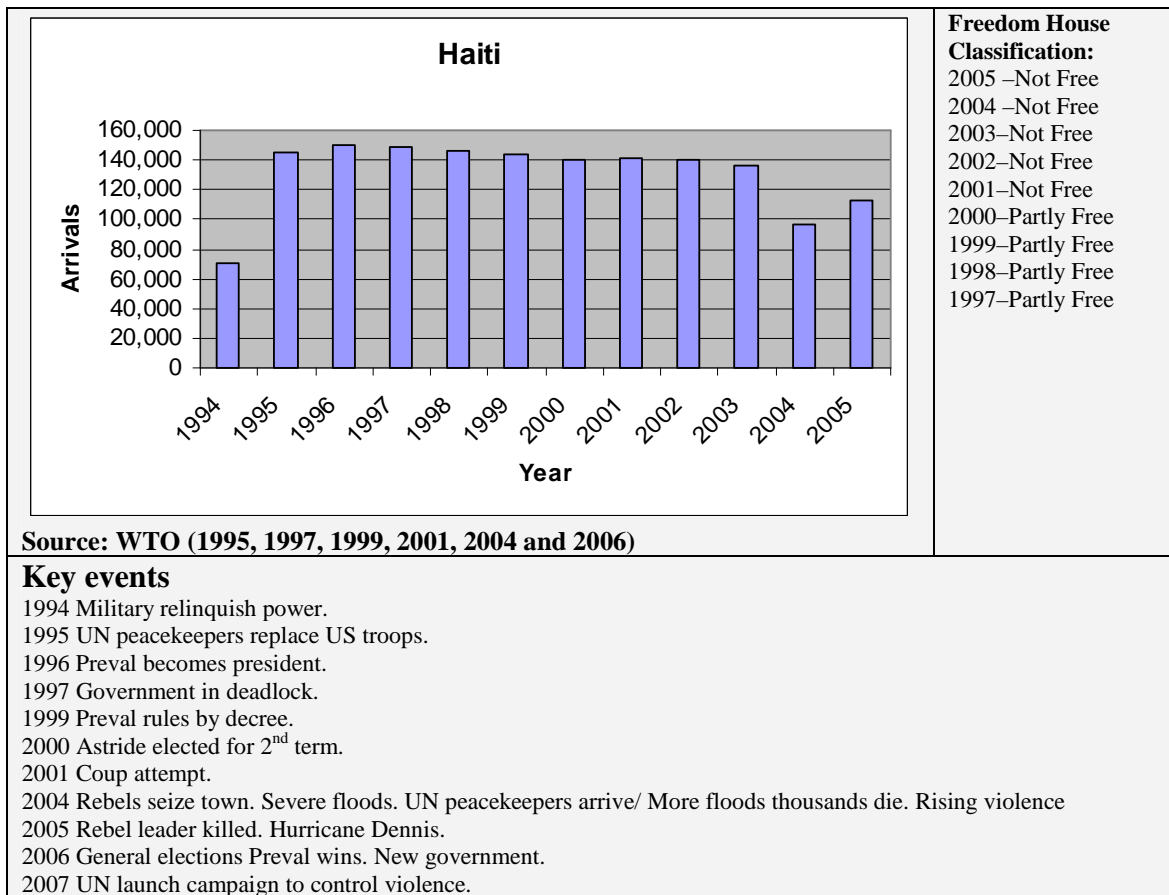


Figure 6.4 Tourism trends and key events for Zimbabwe

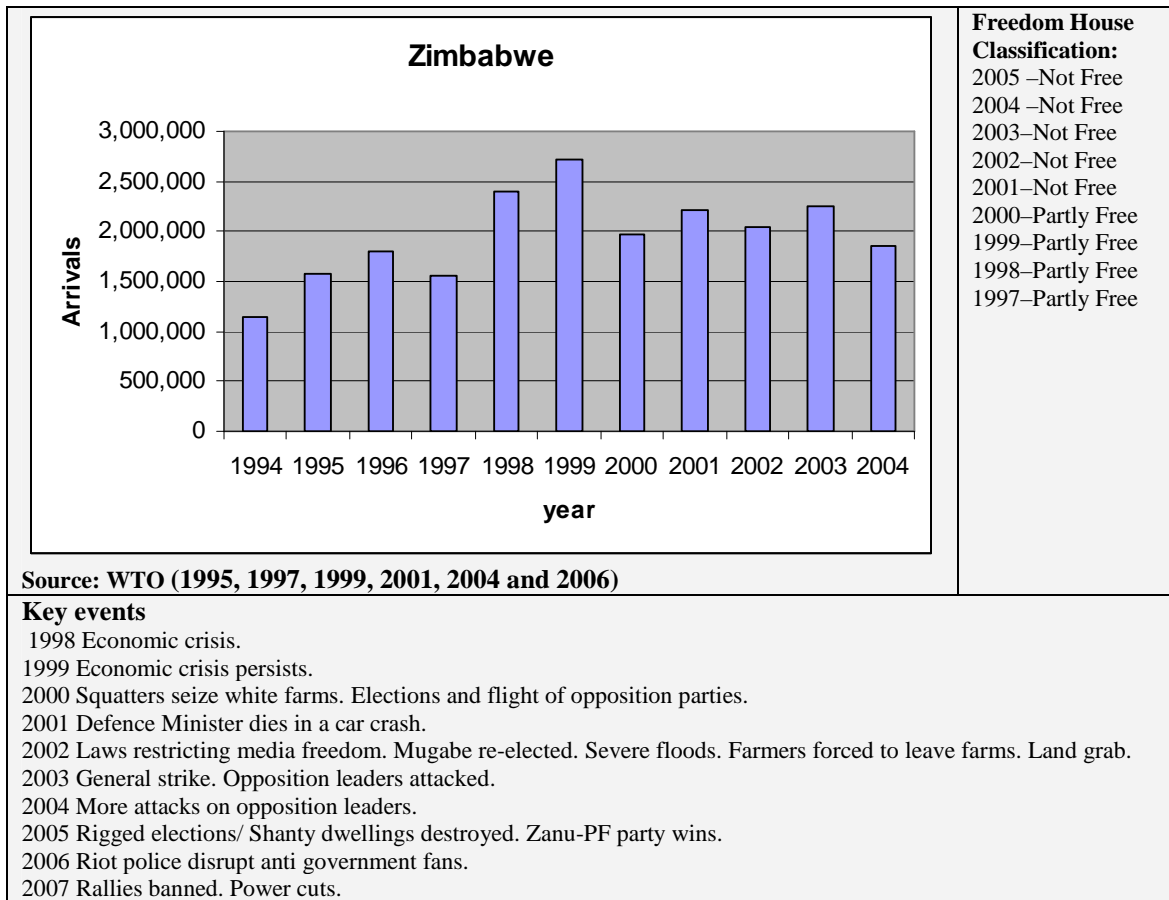
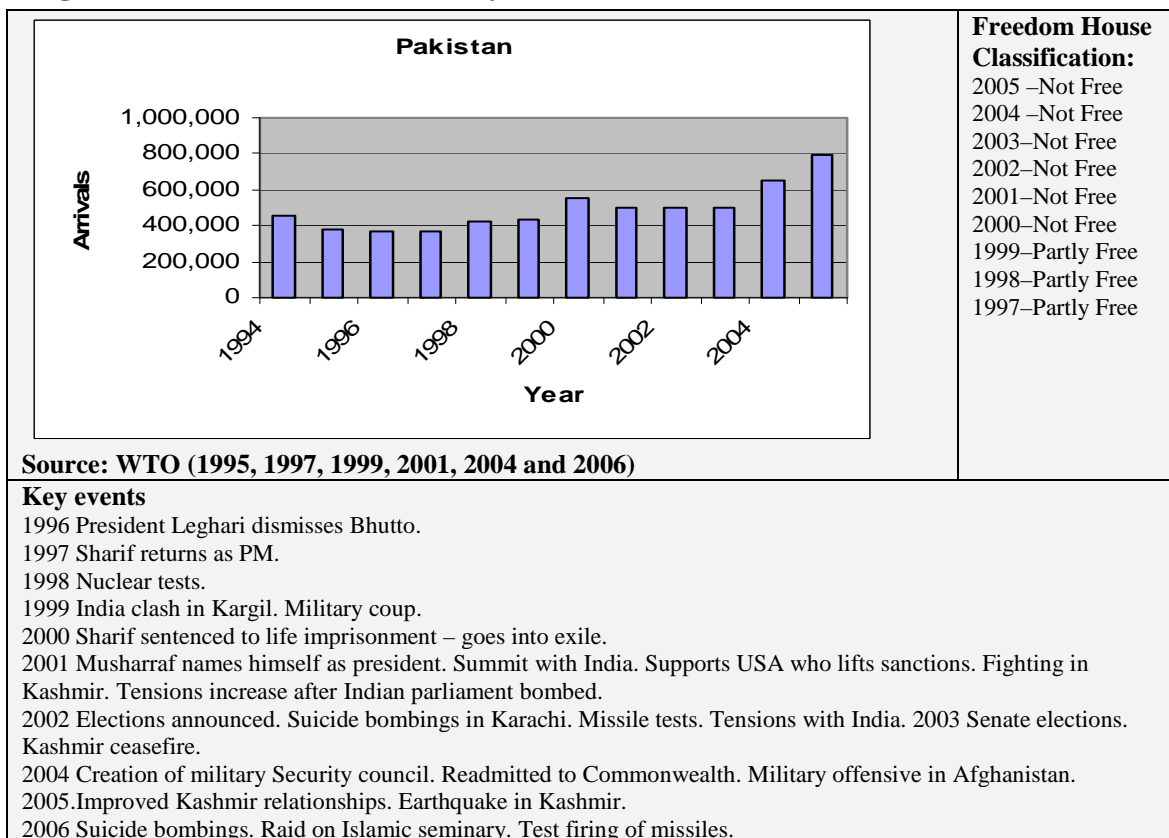
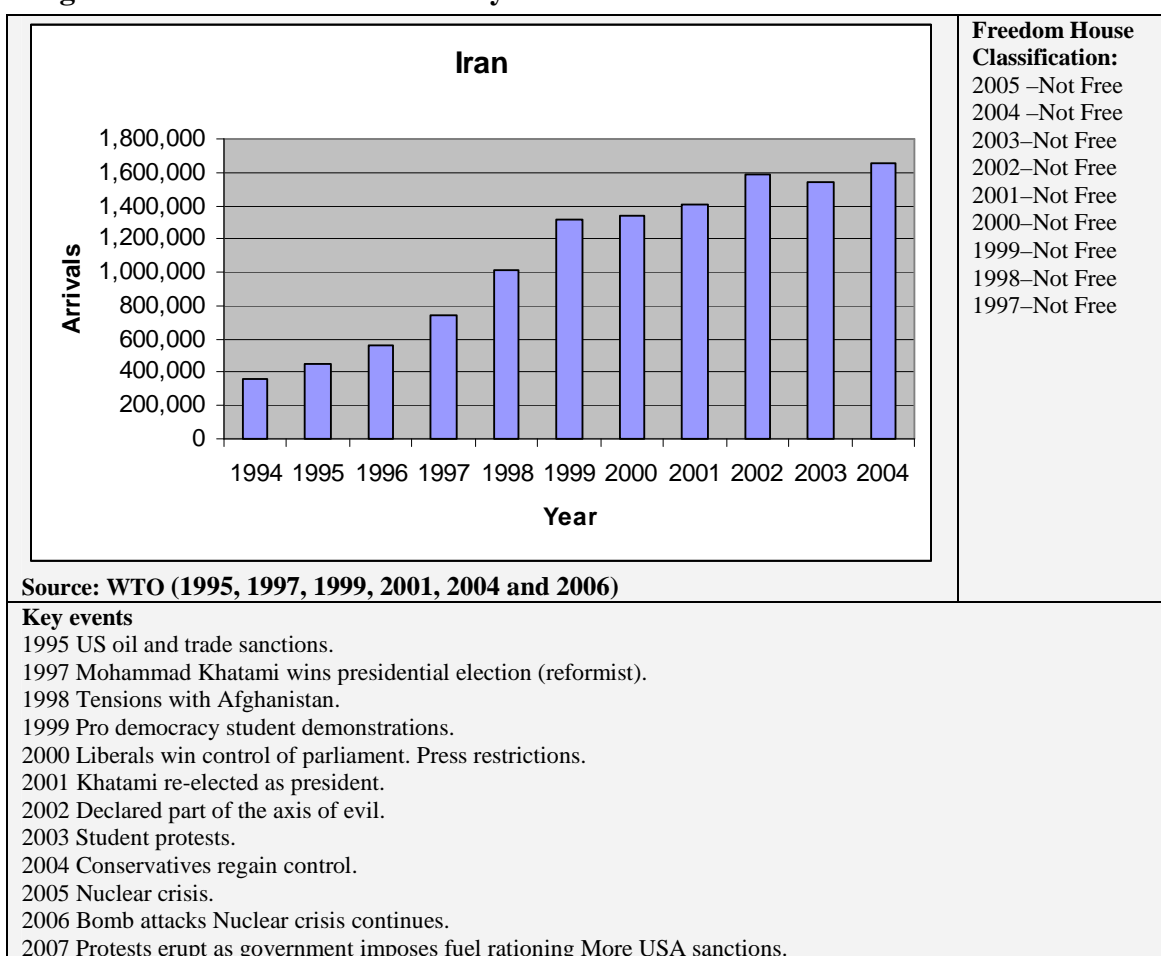


Figure 6.5 Tourism trends and key events for Pakistan



With the PRS approach, the expectation was that countries experiencing high turmoil would see patterns of decline, or stagnation. In fact the picture is again mixed. The PRS assessments for a number of case study countries can be found in **Appendix H**. Countries such as Israel (see also **Figure 6. 8**), Haiti (see also **Figure 6.3**), Venezuela and Zimbabwe (see also **Figure 6.4**) all receive high turmoil ratings which matched with the rollercoaster pattern of decline and fall. Yet there are again exceptions to this pattern. For India and Pakistan, both the 18-month and 5 year forecast received ‘high turmoil ratings’, but despite some tourism downturns, they still experienced overall tourism growth. Iran (also see **Figure 6. 6**) is another interesting example, whereby its high turmoil rating score, since 2002, is not reflected in the tourism pattern of steady growth. Despite the mixed results, the advantage of using the PRS model is that it gives a different view of the hazards and risk that the political environment can generate. For example, for Cuba (See **figure 6.7**), whilst the ICRG places it in the high end of a modest risk category, in terms of the turmoil rating, for the corresponding period it tends to be given a low turmoil rating.

Figure 6.6 Tourism trends and key events for Iran



In addition to these fee paying databases there are a number of useful open databases, which provide political and country risk assessments. Whilst a wide variety were scrutinised, as highlighted in **Chapter 4, Section 4.2** and **Chapter 5, Section 5.5.1**, the following databases are the only ones discussed as many of the others proved to be of little relevancy:

- **Coface:** This was set up by the French government in 1946 to deal with credit trading risk for all industries. As part of the credit insurance service they provide a country risk rating and assessment report based on a 7-point scale, with 1 (low risk) to 7 (high risk), which also uses letters to reflect the risks.
- **Office National Du Croire-Delcredere Country Risks (ONDD):** This agency is a Belgium based NGO which focuses on providing country risk assessments and insurance cover relating to credit risks.
- **EKN:** This is the Swedish based agency (equivalent to ONND) designed to provide insurance cover for export transactions. They produce short and long term summative country risk assessment using a 7 point scale.
- **Centre for International Development and Conflict Management (CIDCM):** This organisation produces the Peace and Conflict Reports, which gives an assessment of global conflicts, providing an interesting forecast on the risk of future turmoil for individual countries.

Table 6.5 presents the summative assessment scores from the different organisational databases for the case study countries, together with any travel warning issued by governments (also see **Section 6.3.1**), and the general direction of tourism arrivals (velocity) based on the 2000 to 2005 average growth/decline rates. Whilst for some countries the high-risk rating matches up with tourism patterns, such as with Afghanistan, Iraq and Haiti, for many others the picture is far less consistent. For example Mongolia (see the earlier **Figure 6.1**) receives some very high risk ratings by the ONDD, with the political risk (PMT) score of seven (the highest and most severe risk rating); a similar high score is given in the EKNN short and long term assessment, whilst for Coface the C score indicates a high risk category. In contrast, Mongolia receives no travel warnings, is given a L = Low Risk instability forecast by the CIDCM, and has experienced significant tourism growth of over 20% for the period, appearing in Mintel's (2004) top ten fastest growing destinations. Cuba (also see **Figure 6.7**) is another interesting example, where it is given many high risk

scores, yet, with the exception of the USA travel advice, there appears no significant travel risks, experiencing a steady increase in tourism over the years. In contrast, Israel (see **Figure 6.8**) emerges as a relatively low risk according to these many measures, yet this fails to properly convey any sense of how the destination attractiveness is affected by both internal and external conflicts.

Figure 6.7 Tourism trends and key events for Cuba

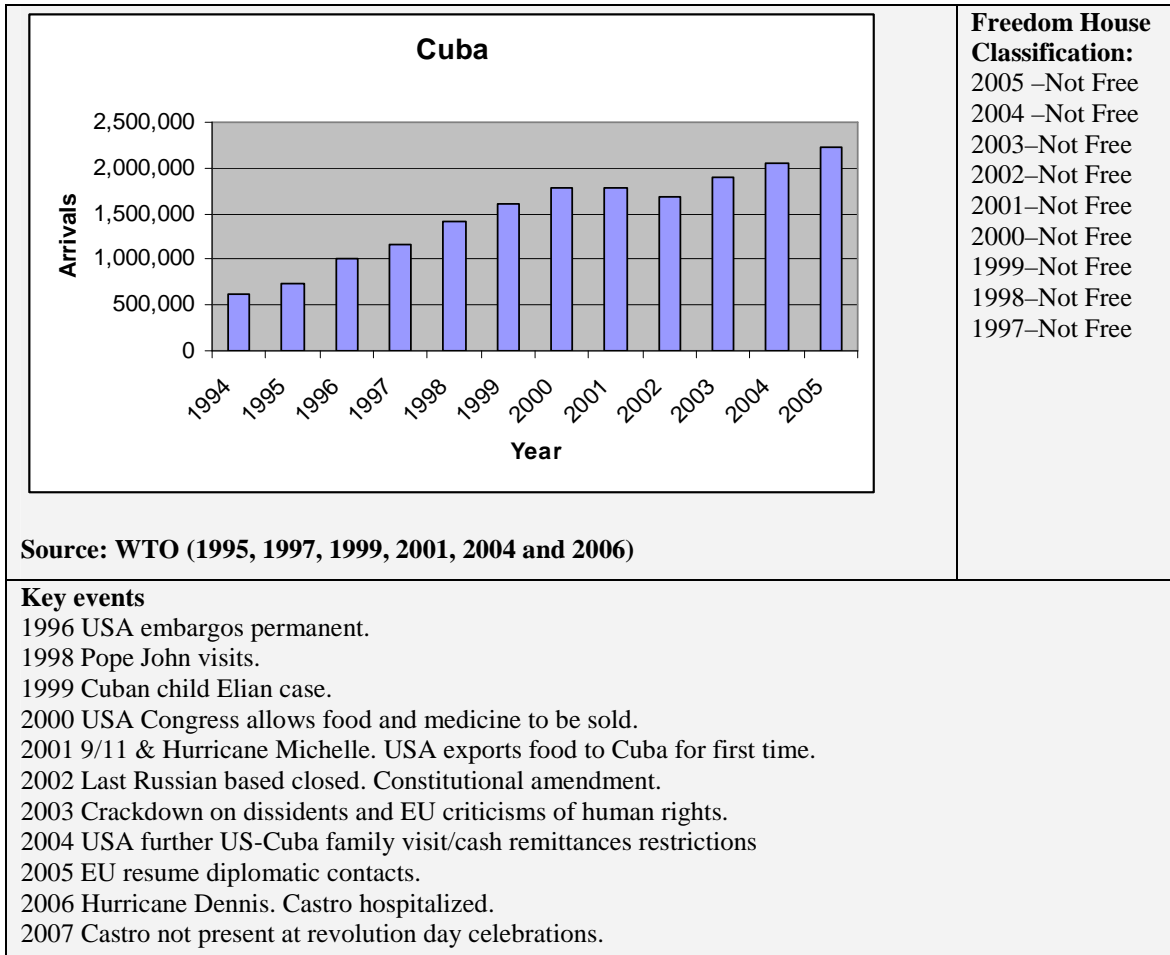


Table 6.4 Comparison of summative risk assessments for selected risk databases (June 2007)

Country	ONDD							Coface	EKN		ICRG 2006	CIDCM 2008 forecast	Any Travel Warnings?	Tourism Velocity trends (2000-2005)
	PST	PMT	ST	War	Ex	T	CR		C. R. R	C ST				
Afghanistan	6	7	6	3	3	6	C	D	7	7	NA	H	Yes,	NA
Bulgaria	1	3	2	1	1	3	C	A4	3	3	73	L	No	Growth
Cambodia	6	7	6	3	3	6	C	D	7	7	NA	H	No	Growth
Costa Rica	2	3	2	1	3	3	B	B	3	3	71	L	No	Growth
Croatia	3	4	3	1	1	4	A	A4	?	?	74.5	L	No	Growth
Cuba	6	7	6	4	6	7	C	D	7	7	59.5	L	Yes (USA only)	Growth
Egypt	2	4	2	3	4	3	C	B	4	4	63	M	Yes	Growth
Ethiopia	6	7	6	6	5	7	C	C	7	7	51	H	Yes	Growth
Haiti	6	7	6	6	6	7	C	D	3	3	38	H	Yes	Static
India	1	3	2	2	3	3	B	A3	3	3	64.5	H	Yes	Growth
Indonesia	2	5	3	2	5	4	C	B	4	4	58	M	Yes,	Decline
Iran	4	5	4	5	6	4	C	C	4	4	62	L	Yes	Growth
Iraq	6	7	6	7	7	7	C	D	7	7	35.5	H	Yes	NA
Israel	3	3	3	3	2	3	B	A4	2	2	64	L	Yes	Decline
Lebanon	4	7	5	5	5	7	C	C	?		58.5	H	Yes	Growth
Libya	2	6	3	3	4	5	C	C	5	6	66.6	M	No	Growth
Myanmar	5	7	6	6	6	7	C	D	7	7	46.5	M	Yes	Static
Mongolia	3	7	4	2	3	6	C	C	7	7	na	L	No	Growth
Nepal	3	7	4	6	4	6	C	D	7	7	na	M	Yes	Decline
New Zealand	1	1	1	1	1	1	B	A1	0	0	87.5	L	No	Growth
Norway	1	1	1	1	1	1	A	A1	0	0	89.5	L	No	Growth
Pakistan	2	6	3	5	4	5	C	C	5	5	46.5	M	Yes	Growth
South Africa	3	3	3	2	2	3	B	A3	3	3	70	M	Yes	Growth
Spain	1	1	1	1	1	1	A	A1	0	0	79.5	L	No	Growth
Sri Lanka	4	5	4	4	3	4	C	B	5	5	53	M	Yes	Growth
Turkey	3	5	3	2	2	1	C	B	4	5	68	M	No	Growth
Thailand	1	3	1	3	4	2	A	A3	3	3	60.5	L	Yes	Growth
UK	1	1	1	1	1	1	A	A1	0	0	81.5	L	No	Growth
Venezuela	4	6	4	4	7	5	C	C	6	6	53.5	L	Yes	Decline
Zimbabwe	7	7	7	6	7	7	C	D	7	7	45	M	Yes	Decline

Source: ONDD (2007), Coface (2007), EKN (2007), ICRG (2007), CIDCM sourced from Hewitt *et al* (2008); Lonely Planet sourced from Phillips and Carillet (2006) and WTO (2006).

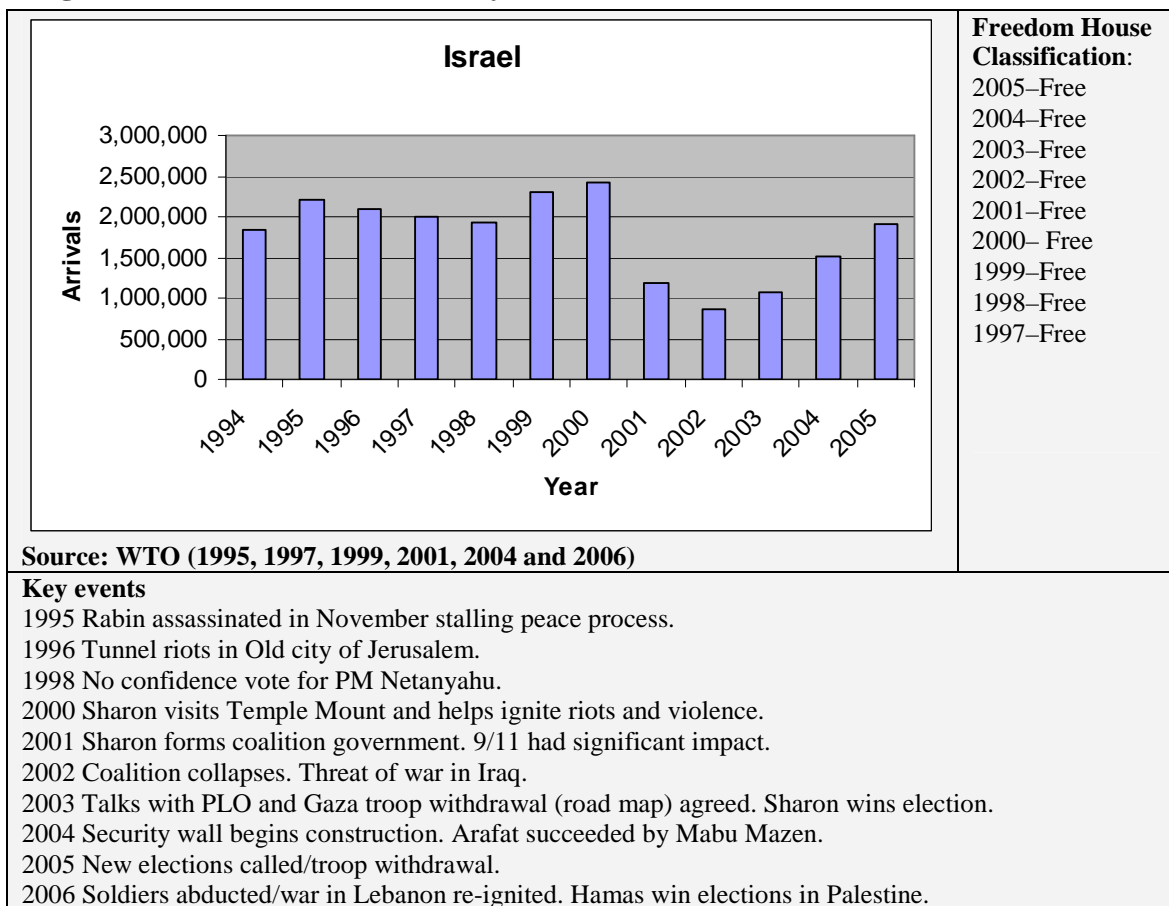
Key: For ONDD : PST – Political Short Term; PMT – Political medium/long term; ST -Special Transactions; Ex – Expropriation; T – Transfer risk; CR – Credit Risks. Green = Normal risk assessment There are no predetermined restrictions on the risk assessment or the conditions on which it is based; For EKN - Yellow = Restrictive risk practices The transaction has to satisfy more stringent conditions in EKN’s risk assessment for EKN to guarantee it. Red – Off the cover. Coface CRR – Credit Risk Rating.

One of the weaknesses that appear with all the models is that the assessments produced are based on data for the previous year, which can mean the assessments can lag behind current developments in a country. * Related to this problem are the risk scores sometimes having a retrospective feel to them, whereby they are adjusted to a higher/lower risk category after political events. For example, in January 1997 in Indonesia, the ICRG risk score was 67, placing it in the Moderate Risk category and Suharto still in power, yet later in the year the regime and economy collapsed,

* This problem is not quite as evident with the ICRG approach as the scores are updated, but it is costly: for an annual subscription to get the monthly ICRG updates for all their selected countries can cost between \$4,000 to \$5,000, but it means a huge database can be accessed.

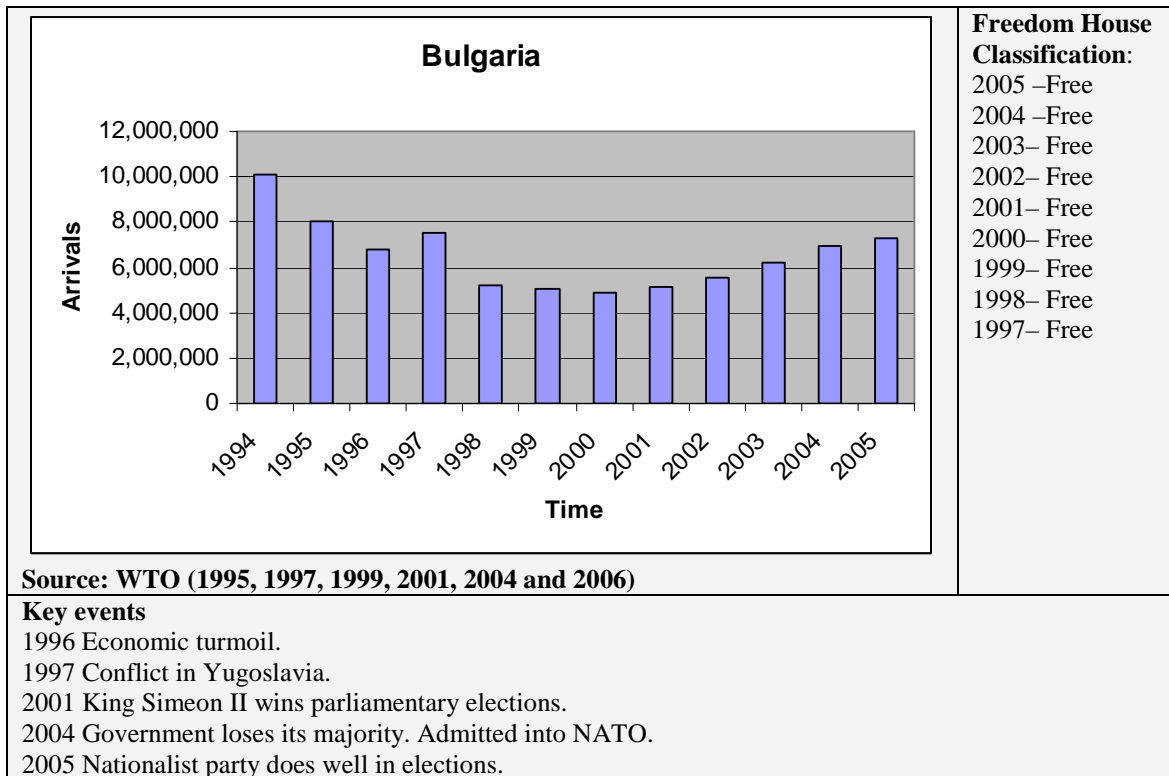
creating political turmoil, resulting in a decline in tourism in 1998. It was only after these events that the risk score increases to a higher risk category. Another example was Musharraf seizing power in 1999 in Pakistan, after which the risk values changed to a higher category in many of the models. This retrospective issue is perhaps not quite as problematic in the PRS approach. For example, in relation to Pakistan, although they only gave a 10% chance of a military government, or 35% of a military/civilian government for time when the Musharraf coup took place, what is perhaps just as important is that they at least highlighted it as a possibility, thus acting as a useful warning signal.

Figure 6.8 Tourism trends and key events for Israel



What all the models are weak in is reflecting hazards that are generated beyond the country's borders. Israel illustrates this in 2001 and 2002 (see also **Figure 6.8**) where tourism is affected by the conflicts beyond its borders. Bulgaria is another good example whereby its tourism patterns were not affected by domestic political events, but by the conflict taking place in neighbouring Yugoslavia, as illustrated in **Figure 6.9**; yet both countries received low risk scores from the various assessments. This is a crucial limitation that needs to be addressed, and which is returned to in **Chapter 7**.

Figure 6.9 Tourism trends and key events for Bulgaria



6.2.5 Comparing risk assessment scales between existing risk models and operator methods

As part of the project objective on clarifying the language of risk, requests were made to operators for sample risk assessments. These were then compared with the variety of political risk models identified in **Chapter 4**. In **Table 6.6** the risk assessment scales utilised by the various political risk models and operators are presented. Although there are clear clusters of favourite scales, what is of more interest is their variety and how they are not necessarily restricted to particular subject areas; something that again seems to reaffirm the social construction of risk, reflecting how scales and descriptors used do not always reflect a vital necessity of the subject field, rather received practice and precedents.*

* The various political/country risk models that use the seven point scale, sometimes conveyed as a letter grade, reflects the agreement made by the Organisation for Economic Cooperation and Development (OECD) with which most credit risk agencies adhere.

Table 6.5 Frequency of scales used by political risk models and adventure operators

Scale	Government and consultancies Scales	Operators scales	Pros and Cons of the scales
No scale		Different Travel, IM Travel, Outward Bound, Travel Trek, Travel Pak, World Expeditions, Wild Earth Adventures	Pros -Focuses on issues and problems not scales. Cons - Problem with prioritising.
1-3	EKN For specific factors, NZ MFA, CIFP,	Africa Conservation, Crystal Active, Bushmasters, Global Visions, Walking and Climbing Company, Whale and Dolphin, Wilderness Adventures, XCL, Oasis overland.	Pros - Simple and easy to use which can be adapted to various methods, and commonly utilised. Cons – Too simplistic and lacks subtlety, with the OGC (2002), warning that if too small a scale is used, such as a three-point scale, it may be difficult to decide which are the most significant risks which need attention.
1-4	BERI, GM, PRS, WFB	Adventure Bound, GSK.	Pros – More refined categories. Cons – less common than other scales and so may not be so readily adaptable.
1-5	AM Best, CRG, Economist, PRS	Across the Divide,* Adventure Experiences	Pros - Another scale which is popular in the literature and is easily adapted into various scales/descriptors. Cons – Temptation for the middle scale.
1-6	HIS, Standard		Pros – A number of interesting scales that can give some subtlety to assessment. Cons – Not widely used so may affect the ability to communicate the risks.
1-7	Coface, NORD, SUD, ONDD, EKN for Country Assessment.		Pros – Widely used in the credit risk industry so has some good transferable conceptual currency. Cons – No examples found by practitioners.
1-10	Fitch, PRS (Economic)		Pros – Lends itself to be more easily converted into percentages and ratios scales that people can easily interpret. Cons – too much focus on numbers and the problem with borderline figures.

Source: Compiled by the author (See appendix F for detailed content analysis of forms)

A more detailed analysis of the scales revealed a number of other important points. In relation to the twenty-two operator forms scrutinised, it was striking that even with such a small sample, there was a huge variation in the actual design of the forms. There was some commonality, but not consistency, in the use of certain concepts,

* Across the Divide use the unusual values of 3, 6, 9, 12, 15 in their scale.

such as the use of the term *hazard*, and the risks framed within a notion of a *likelihood* and *severity*. The political risk models, in contrast, and as noted in **Chapter 3**, rarely make a conceptual distinction between severity and likelihood, or utilise a concept of a hazard. For example, the CRG illustrate a common approach in political and country risk assessments whereby different types of political hazard and risk events are placed on a continuum of severity, such as with the security category, which has crime at the low end of the scale, terrorism as high risk, and war as extreme risk. In terms of the likelihood, this varies in each category, using descriptions like ‘occasional’ or ‘imminent.’* The fundamental weakness with this approach is that it fails to recognise that a demonstration or strike could represent a far greater risk to a tourism organisation, in comparison with a war taking place in a remote part of a country. One final important contrast is that many of the operators give attention to ‘who’ is at risk, with some extending it to ‘what’ is at risk, † whilst the political and country risk models rarely have such subtlety.

What still cannot be resolved is just which is the most appropriate scale to use is? To decide by the simple basis of the most frequently utilised from the sample scales examined in this study is of limited validity, as it can suffer from sampling bias, whereby a different selection would illustrate a different pattern. Indeed, the fact that some operators do not use any scale raises some interesting questions as to the actual value of using scales. It is because of this lack of clarity that the strengths and weaknesses column in **Table 6. 6** are included, which is of help when this issue is returned to in **Chapter 7**.

6.2.6 Discussion of findings on the value of ‘ready made’ risk assessments

Whilst government advice was revealed to have many limitations, it still must form an integral part of any political, or country risk assessment conducted by an operator. Not only is this so regulations are complied with, and insurance validated, but also because it provides an easily accessible pool of data which can be used in other areas of risk analysis. Furthermore, although the limitations were highlighted, it was also pointed out that sometimes their strengths were perhaps not always appreciated, such

* A similar, conceptual mixed approach is taken by the PRS scale.

† It was also interesting that some forms adjust the assessments after control measures have been put in place, which seems to recognise the inherent dynamism in risk management.

as a variety of sites for the purposes of triangulation, together with their very useful bulletin services.

For the many open and fee paying risk assessments which can be accessed, these proved of limited worth. The key strengths of these databases is that they are an additional useful source of data,* particularly for more strategic assessments, with the reduction of the assessment down to a single composite score or index, making a quick comparative analysis between countries relatively easy. But there are also some fundamental weaknesses. Whilst the reduction down to one, or a few numeric values to convey a sense of risk is attractive, it was shown to give little indication, or reflection of a destination's attractiveness to travellers. It reaffirmed the assertion that because they are clearly designed for different industries, they cannot fully address the needs of the tourism sector, as illustrated by the many 'black swan' countries which experienced healthy tourism growth, despite being given some high risk scores (or vice versa). This 'bundling' up of a whole variety of hazardous events into a single composite score also has the effect of ignoring the vital importance of the *point interaction*, or the tourism organisation needing to bisect the event in some way (see **Chapter 3, Section 3.5.2**) for the risks to occur. Finally, there is the problem that these models underplay the geographic component of hazards and risks, but which is such a fundamental part of tourism.

What these points emphasise is the vital necessity to always contextualise the risk process to the organisation itself and its clients. This was again illustrated by the organisations whose clients assume the role of the analogous black swans, whereby they did not adhere to the expected pattern of decline and fall in response to negative political events or travel advice. The importance of this issue means it is explored more intimately in **Chapter 7, Section 7.3**, whereby the heuristic model formulated in **Chapter 2** is applied to a single individual case study organisation. To this need for contextualising is the necessity to appreciate what is happening beyond a country's borders, as there were numerous instances where the events that affected tourism demand the most, were external to the country. This is something which also reaffirms the use of a systems theory approach, which includes and analyses country neighbours as part of the 'system' for analysis. This too is examined in more detail in **Chapter 7**.

* This can be for both qualitative data and quantifiable data, although this in itself has often been drawn from the IMF, World Bank or UN, which can be sourced first hand.

6.3 Output factors, indicators and databases: findings, analysis and discussion.

This is the first part of the second key discrete area of study, which focuses on the variety of indicators and databases which can be used in the analysis and assessment of political risk. In **Chapter 4**, the crucial distinction was made between risk *factors* and indicators and the overwhelming range of data which could be accessed to reflect these elements, hence the use of Kennedy's 'essential' and 'non-essential' dilemma. To deal with this breadth, a *systems theory* approach was adapted with which to categorise the factors and indicators according to whether they were *output* (this section), *process* (**Section 6.4**) or *input* (**Section 6.5**) related indicators and factors, and which were summarised and presented in **Diagram 3.1**. In this section, the output indicators are explored in more detail in relation to how they relate to frequency based methods of risk assessment and the key databases which can be accessed for the relevant data.

In essence, the *output* approach involves identifying the occurrence of various hazardous events (as identified in **Chapter 3**) – hard facts if you like - in order to build up a frequency profile, which Klinke *et al* (2001, p.164) notes can help to develop confidence intervals based on empirical distributions. In **Chapter 4, Section 4.5.2**, it was noted that the frequency output type risk assessment method was common in many areas of risk management, but rarely explicitly stated in the area of political risk. It was not clear whether this was because it could not be done, or whether it was an approach that had not been considered, hence the reason why it is explored in this section.

In essence the political output measures relate to the variety of political hazards identified from the literature reviewed in **Chapter 3, Section 3.5.3**. In that section, four broad output categories were identified, which were;

- Structural workings of governments
- Conflict and security
- Political change
- International interaction events
- Natural disasters and disease

In terms of the focused comparison in this section only the conflict and security related output indicators are examined. This does not mean that the other output categories are less important, rather that the analysis either produced little of any significance, or it was too difficult to find appropriate data which lent itself to a proper focused comparative analysis with the case study countries. These other output indicators are more easily examined and explored in relation to a single case study analysis, which is done in **Chapter 7**.

6.3.1 War, insurgency and conflict output indicators

Contemporary wars can be much harder to define, as the distinction between war, terrorism, insurgency, guerrilla campaigns and even at times, criminality, seems to be increasingly blurred. It is because of this problem that alternative terms are often used, such as the term 'conflict'. For this work what is perhaps of most importance is not necessarily the precise definitions of these terms, but the linking strand of violence and the impact it has on tourist perceptions. When analysing and assessing conflict, a wide number of databases were looked at,^{*} with two databases standing out in terms of the data produced, which were:

- Centre for Systematic Peace (CSP)
- Uppsala Conflict Data Program (UCDP)

These databases define conflict utilising different conceptual parameters, together with variations in how they present the information, with the result that whilst overall the broad picture painted can be similar, one can still find some interesting differences, which can give a much richer picture when utilised together.

In relation to the CSP data this produces invaluable information on past and current wars. It categorises and defines 'conflict' in relation to their episode type (civil-intrastate, ethnic-intrastate and international event-interstate), their magnitude (which is a composite factor based on many variables such as conflict intensity, or displacement, and is measured on a scale of 0 to 10, with 10 being the most severe), and their location and time period. What they also highlight are the conflicts which are either still ongoing, have diminished in intensity, or are at high risk of returning to conflict. Whilst there can be an element of subjective interpretation of the conflicts, it

^{*} Such as the *CIA World Fact Book* and its International Dispute section.

is an invaluable database, which forces one to reflect critically on older, more traditional concepts of war and terrorism.

In **Table 6.7**, the case study countries which are recorded on the conflict database are highlighted in relation to the years that they are in conflict, and, if available, whether they experienced tourism growth or decline based on the previous year. One of the first observations to make is the high number of case study countries that appear on the database for the selected time period. In all of the thirty case study countries selected, only Mongolia, New Zealand, Norway, Costa Rica, UK, Venezuela, Zimbabwe and Bulgaria do not appear for the selected period.

Table 6.6 CSP database and case study countries

Year	Countries Experiencing Conflict		
Year	Tourism Growth	Tourism Decline	No Data
2005	1 Pakistan (EV, M1, A, TG); 2 Pakistan (EV, M1, A, TG); 3. Pakistan (EV, M1, D, TG); 1. Turkey (EV, M1, L, TG); Haiti (CV, M1, A, TG); 1. India (CV, M1, A, TG) 1. India (CV, M1, A, TG); 5. India (EW, M3, A, TG); 6 India (EW, M2, A, TG); 5. Indonesia (EV, M1, HR, C 3,000, TG); 2 Israel (EW, M2, A, TD)	Thailand (EV, M1, L, TD) Nepal (CW, M2, TD) Sri Lanka (EW, M5, A, TG)	Afghanistan (IW, M3, A, NA) 1. Iraq (IW, M6, A, NA) Myanmar (EW, M 4, A, NA)
2004	1 Pakistan (EV, M1, A, TG); 3. Pakistan (EV, M1, D, TG); Turkey (EV, M1, L, TG) 1. Thailand (EV, M1, L, TG); 1 India (CV, M1, A, TD) ; 5. India (EW, M3, A, TG); 6 India (EW, M2, A, TD) 5. Indonesia (EV, M1, TG); Nepal (CW, M2, TG); Sri Lanka (EW, M5, A, TG); 2 Israel (EW, M2, A, TG); Myanmar (EW, M 4, A, TG)	Haiti (CV, M1, A, TD)	Afghanistan (IW, M3, A, NA); 1. Iraq (IW, M6, A, NA)
2003	3. Pakistan (EV, M1, D, TG) 1. India (CV, M1, A, TG); 5. India (EW, M3, A, TG); 6 India (EW, M2, A, TG) 5. Indonesia (EV, M1, TD); Nepal (CW, M2, TG); 2 Israel (EW, M2, A, TG)	2. Thailand (CV, M1, F, C2,500, TD); Myanmar (EW, M 4, A, TG)	Afghanistan (IW, M3, A, NA); 1 Iraq (IW, M6, A, NA); 2. Iraq (IV, M1, F, C, 1000, NA)
2002	Sri Lanka (EW, M5, A, TG); Myanmar (EW, M 4, A, TG)	3. Pakistan (EV, M1, D, TD); 1. India (CV, M1, A, TD); 4. India (EV, M2, C 3,500, TD) 5. India (EW, M3, A, TG); 6 India (EW, M2, A, TD); 2. Indonesia (EV, M1, C 3,500, F, TD); 5. Indonesia (EV, M1, TD) Nepal (CW, M2, TG); 2 Israel (EW, M2, A, TD)	Afghanistan (IW, M3, A, NA); 2. Iraq (IV, M1, A, NA)
2001	1. Indonesia (EV, M1, C 1,000, F, TG) 2. Indonesia (EV, M1, A, TG) 5. Indonesia (EV, M1, , TG)	3. Pakistan (EV, M1, D, TD); 1. India (CV, M1, A, TD); 4. India (EV, M2, TD) ; 5. India (EW, M3, A, TG); 6 India (EW, M2, A, TD) Nepal (CW, M2, TD); Sri Lanka (EW, M5, A, TG) 2 Israel (EW, M2, A, TD); Myanmar (EW, M 4, A, TD)	Afghanistan (IW, M3, A, NA); 2. Iraq (IV, M1, A, NA)
2000	2. Ethiopia (EW, M1, F, C 2000, TG) 2. Indonesia (EV, M1, A, TG) 3. Ethiopia (IW, M5, C100,000, F, TG) 5. Indonesia (EV, M1, TG); 4. India (EV, M2, TG); 5. India (EW, M3, A, TG); 6 India (EW, M2, A, TG); 2 Israel (EW, M2, A, TG); Myanmar (EW, M 4, A, TG)	Nepal (CW, M2, TD); Sri Lanka (EW, M5, A, TG)	Afghanistan (IW, M3, A, NA); 2. Iraq (IV, M1, A, NA)
1999	2. Ethiopia (EW, M1, A, TG) 2. Indonesia (EV, M1, A, TG) 3. Indonesia (CV, M2, F, 3,000, TG) 5. Indonesia (EV, M1, HR, TG) Nepal (CW, M2, TG); Egypt (CV, M1, C 2000, A, TG); Sri Lanka (EW, M5, A, TG); 2. Turkey (EW, M3, A, C 4000, TG); 2 Israel (EW, M2, A, TG)	2. India (IV, M1, F, C 1500, TD); 4. India (EV, M2, TD 1,500, TD); 5. India (EW, M3, A, TD); 6 India (EW, M2, A, TD); 3. Ethiopia (IW, M5, A, TD); Myanmar (EW, M 4, A, TD)	2. Iraq (IV, M1, A, NA)
1998	Nepal (CW, M2, TG) Sri Lanka (EW, M5, A, TG) 4. Pakistan (EV, M1, F, C5,000, TD) Myanmar (EW, M 4, A, TG)	4. Indonesia (CV, M2, C 2000, F, TD) 5. Indonesia (EV, M1, TD); Egypt (CV, M1, A, TD); 4. India (EV, M2, TD); 5. India (EW, M3, A, TD); 6 India (EW, M2, A, TD); 2. Turkey (EW, M3, A, NA); 2. Turkey (EW, M3, A, NA); 2 Israel (EW, M2, A, TD)	2. Iraq (IV, M1, A, NA) 3. Iraq (EW, M1, C 2000, NA)
1997	5. Indonesia (EV, M1, TG) 3. India (EW, M1, C not available, TG); 4. India (EV, M2, NA); 5. India (EW, M3, A, TG); 6 India (EW, M2, A, TG); Egypt (CV, M1, A, TG); 4. India (EV, M2, TG); 4. Pakistan (EV, M1, F, TD); Myanmar (EW, M 4, A, TG)	Egypt (CV, M1, A, TD); Cambodia (CW, M2, F, C 5000, TD); 2 Israel (EW, M2, A, TD)	3. Iraq (EW, M1, NA) Sri Lanka (EW, M5, A, NA); 2. Turkey (EW, M3, A, NA)

Source: CSP (2007)

Key: EV = Ethnic Violence; EW = Ethnic War; IV = Interstate Violence; CV = Civil Violence; IW = Interstate War; CW – Civil War; M = magnitude and scale; C = number of casualties, which is only recorded in the last date of conflict as it is a summative value; HR = means high risk of conflict returning; A = means the conflict is still live or active; D = means the conflict has diminished in intensity; F = Finished; TG = Tourism Growth; TD= Tourism Decline; ND= No Data.

What is evident are the high numbers of countries that can have a conflict yet still register tourism growth, particularly where these conflicts have taken place for a number of years, or operate in remote geographic areas. One can refine the analysis by considering the magnitude score (the M in the bracketed information, whereby 1 is the least severe and 10 the most) to see if this alters the picture. The countries where the magnitude is more than 1 are underlined in the table. Again, no clear pattern emerges as countries with a higher magnitude rating can still experience tourism growth. India is of particular interest here because of the number of registered conflicts it has (the highest amongst the case study countries) with their magnitude rating being much higher in comparison with many other countries. Looking at the pattern of tourism arrivals for India over the years in **Figure 6.10**, it is evident that tourism in India is significant in its scale and for being able to sustain tourism growth whilst experiencing many conflicts. Whilst the fall in arrivals to India in 2002 was intimately related to the escalations in tensions with Pakistan, particularly with the threat of a nuclear conflict, this is not really reflected in the CSP scores as it only receives a low M2 rating. It is also of interest how India has continued to develop economically, despite all these conflicts.

The CSP data is also weak on conveying a sense of the rhythm of the conflict and how its intensity has varied over time (the same magnitude scale is used for all the years that it is defined as active). The database which is better at conveying the peaks and troughs of violence is the UCDB. Their definition of conflict is:

‘An armed conflict is a contested incompatibility which concerns government and/or territory where the use of armed force between two parties, of which at least one is the government of a state, results in at least 25 battle-related deaths.’ (UCDB 2007)

Whilst this definition can mean it can often overlap with notions of terrorism, this makes it all the stronger in terms of assessing potential risks. The 25 battle-related deaths is also useful, as it gives a more accurate marker point for conflicts beginning and ending, hence the intermittent appearance of conflicts over the years (but where the CSP would just have them as continuing). In relation to the case study countries, the same countries appear, with the additional inclusion of the UK until 1998 when

the peace process in Northern Ireland had become more firmly bedded down. As in **Table 6.7**, the case study countries are mapped out in terms of tourism growth, or decline, with the data presented in **Table 6.8**.

Figure 6.10 Tourism trends and key events for India

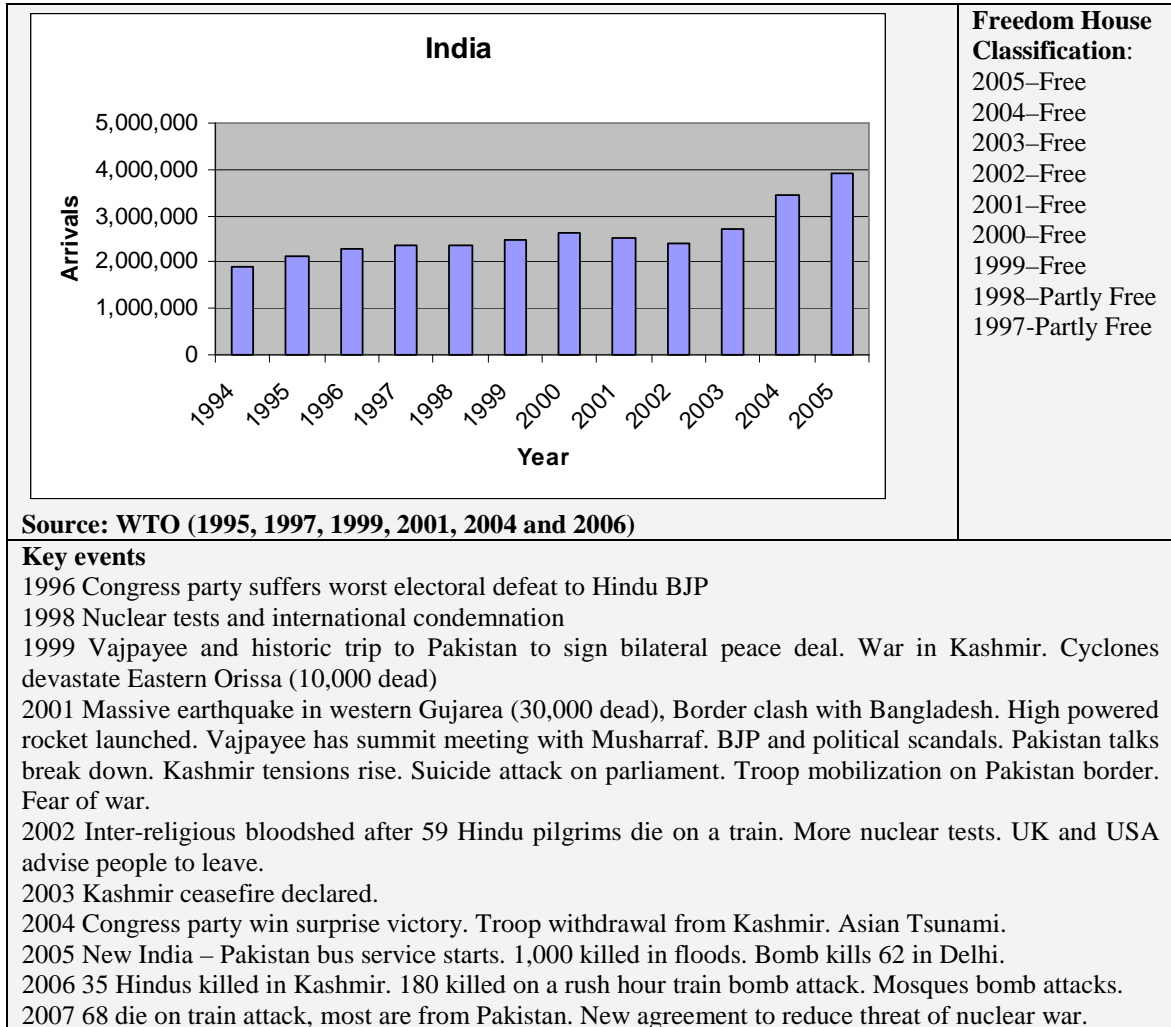


Table 6.7 UCDB database and case study countries

Year	Tourism Growth	Tourism Decline	No tourism Data Available
2005	5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 4 India (T, Intra, M) 5. India (T, Intra, M); 6 India (T, Intra, M); 8 India (T, Intra, M). 9 India (G, Intra, M); 1 Israel (T, Intra, M); 3 Pakistan (T, Intra, M); 2 Turkey (T, Intra, M); 1 Turkey (G, Intra, M); 2 Turkey (T, Intra, M)	1 Indonesia (T, Intra, M, Terminated); <u>Nepal (G, Intra, W)</u> ; Sri Lanka (T, Intra, W); 1 Thailand (T, Intra, M)	1 Afghanistan (GPS, W Intensity); Iraq (G, Inter, W); 2 Myanmar (T, Intra, M); 4 Myanmar (T, Intra, M) 5 Myanmar (T, Intra, M);
2004	5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 1.Indonesia (T, Intra, M.); Iran (T, Intra, M); 1 Israel (T, Intra, M); 5 Myanmar (T, Intra, M); <u>Nepal (G, Intra, W)</u> ; 3 Pakistan (T, Intra, M); 1 Thailand (T, Intra, M); 1 Turkey (G, Intra, M)	Haiti (G, Intra, M); 2. India (T, Intra, M); 4 India (T, Intra, M) 5. India (T, Intra, M); 6 India (T, Intra, M); 7 India (T, Intra, M); 8 India (T, Intra, M) 9 India (G, Intra, M)	Afghanistan (GPS, W Intensity): Iraq (G, Inter, W)
2003	5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 1. India (T, Inter, M); 2 India (T, Intra, M); 5. India (T, Intra, M); 6 India (T, Intra, M); 7. India (T, Intra, M); 8 India (T, Intra, M). 9 India (G, Intra, M); 1 Israel (T, Intra, M); 2 Myanmar (T, Intra, M); 5 Myanmar (T, Intra, M); <u>Nepal (G, Intra, W)</u> ; 3 Pakistan (T, Intra, M); Sri Lanka (T, Intra, M) ; 2 Turkey (T, Intra, M); 3 Pakistan (T, Intra, M)	1.Indonesia (T, Intra, M.); 2 Myanmar (T, Intra, M); 5 Myanmar (T, Intra, M); 1 Thailand (T, Intra, M)	1 Afghanistan (GPS, W Intensity); Iraq (G, Inter, W)
2002	5. Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); Sri Lanka (T, Intra, M); 2 Turkey (T, Intra, M)	1 India (T, Inter, M); 2. India (T, Intra, M); 5 India (T, Intra, M); 6 India (T, Intra, M); 7 India (T, Intra, M); 8 India (T, Intra, M). 9 India (G, Intra, M); 1.Indonesia (T, Intra, M.); 1 Israel (T, Intra, M); 2 Myanmar (T, Intra, M); 5 Myanmar (T, Intra, M); <u>Nepal (G, Intra, W)</u> ; 1 Pakistan (T, Intra, M)	1 Afghanistan (GPS, W Intensity):
2001	5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 2 Turkey (T, Intra, M)	1 India (T, Inter, M); 2 India (T, Intra, M); 5 India (T, Intra, M); 6 India (T, Intra, M); 7 India (T, Intra, M); 8 India (T, Intra, M); 9 India (G, Intra, M); 1.Indonesia (T, Intra, M.); 1. Israel (T, Intra, M); 2 Myanmar (T, Intra, M); 5 Myanmar (T, Intra, M); <u>Nepal (G, Intra, M)</u> 3 Pakistan (T, Intra, M); Sri Lanka (T, Intra, W); 1 Pakistan (T, Intra, M)	1 Afghanistan (GPS, W Intensity):
2000	5. Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 6 Ethiopia (T, Inter, W, Terminated); 1 India (T, Inter, M); 2 India (T, Intra, M); 5. India (T, Intra, M); 6 India (T, Intra, M); 7 India (T, Intra, M); 8 India (T, Intra, M). 9 India (G, Intra, M); 1 Indonesia (T, Intra, M.); 1 Israel (T, Intra, M); 2 Myanmar (T, Intra, M); 5 Myanmar (T, Intra, M); 1 Pakistan (T, Intra, M); 2 Turkey (T, Intra, M)	Nepal (G, Intra, M); Sri Lanka (T, Intra, W)	1 Afghanistan (GPS, W Intensity):
1999	Cambodia Conflict 1 (G, Intra, M terminated.); 1 Indonesia (T, Intra, M.); 1 Israel (T, Intra, M); <u>Nepal (G, Intra, M)</u> ; 1 <u>Pakistan (T, Intra, W)</u> ; Sri Lanka (T, Intra, W)	5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 6 Ethiopia (T, Intra, M); 1. India (T, Inter, W); 2 India (T, Intra, M); 5 India (T, Intra, M); 6 India (T, Intra, M); 7 India (T, Intra, M); 8 India (T, Intra, M). 9 India (G, Intra, M); 2 Myanmar (T, Intra, M); 5 Myanmar (T, Intra, M); 2 Turkey (T, Intra, M)	Afghanistan (GPS, W Intensity):
1998	Cambodia (G, Intra, M); Egypt (G, Intra, M terminated); 2 Myanmar (T, Intra, M); 5 Myanmar (T, Intra, M); Nepal (G, Intra, M); 1 Pakistan (T, Intra, M); Sri Lanka (T, Intra, W); UK (T, Intra, M)	5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 6 Ethiopia (T, Inter, W); 1 India (T, Inter, M); 2 India (T, Intra, M); 5. India (T, Intra, M); 6 India (T, Intra, M); 7 India (T, Intra, M); 8 India (T, Intra, M). 9 India (G, Intra, M); 2.Indonesia (T, Intra, M.); 1 Israel (T, Intra, M); 2 Turkey (T, Intra, M)	Afghanistan (GPS, W Intensity):
1997	5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 6 Ethiopia (T, Intra, M); 1 India (T, Inter, M) 2. India (T, Intra, M); 5 India (T, Intra, M); 6 India (T, Intra, M); 7 India (T, Intra, M); 8 India (T, Intra, M). 9 India (G, Intra, M); 2.Indonesia (T, Intra, M.) 1 Myanmar (T, Intra, M); 2 Myanmar (T, Intra, M); 5 Myanmar (T, Intra, M); Nepal (G, Intra, M); 3 Pakistan (T, Intra, M); 2 Turkey (T, Intra, W)	Cambodia (G, Inter, M); Egypt (G, Intra, M); 1 Israel (T, Intra, M);	Afghanistan (GPS, W Intensity): Sri Lanka (T, Intra, W)

Source: UCDB (2007)

Key: Type of incompatibility: G= Government; T = Territory; Dimension: Intra = Intrastate; Inter = Interstate; Conflict Intensity: W = War (1,000 deaths or more); M = Minor (more than 25 battle related deaths, but less than a 1,000)

There are some interesting differences from the CSP table. Here one can see how the conflict in Nepal (shaded in grey) escalated from a ‘Minor’ classification to a ‘War’ classification in 2000 (see also the earlier **Figure 6.2**). A similar pattern emerges for the conflict with India and Pakistan where one can see that it escalates from Minor to War in 1999. Other interesting examples which can be tracked in terms of monitoring the changing intensity relate to Sri Lanka (see also **Figure 6.11**), and Turkey (see also **Figure 6.12**). What is of interest is how the UCDB helps indicate a greater range of conflicts over the time periods, together with revealing how the conflicts remain active for much longer in comparison with the CSP, such as in the case of Ethiopia, where the CSP highlights only two conflicts, whilst UCDP has five (see also **Chapter 7**). One can again see that tourism can continue to grow whilst also having a War classification, as Sri Lanka, Ethiopia or Turkey all illustrate.

Figure 6.11 Tourism trends and key events for Sri Lanka

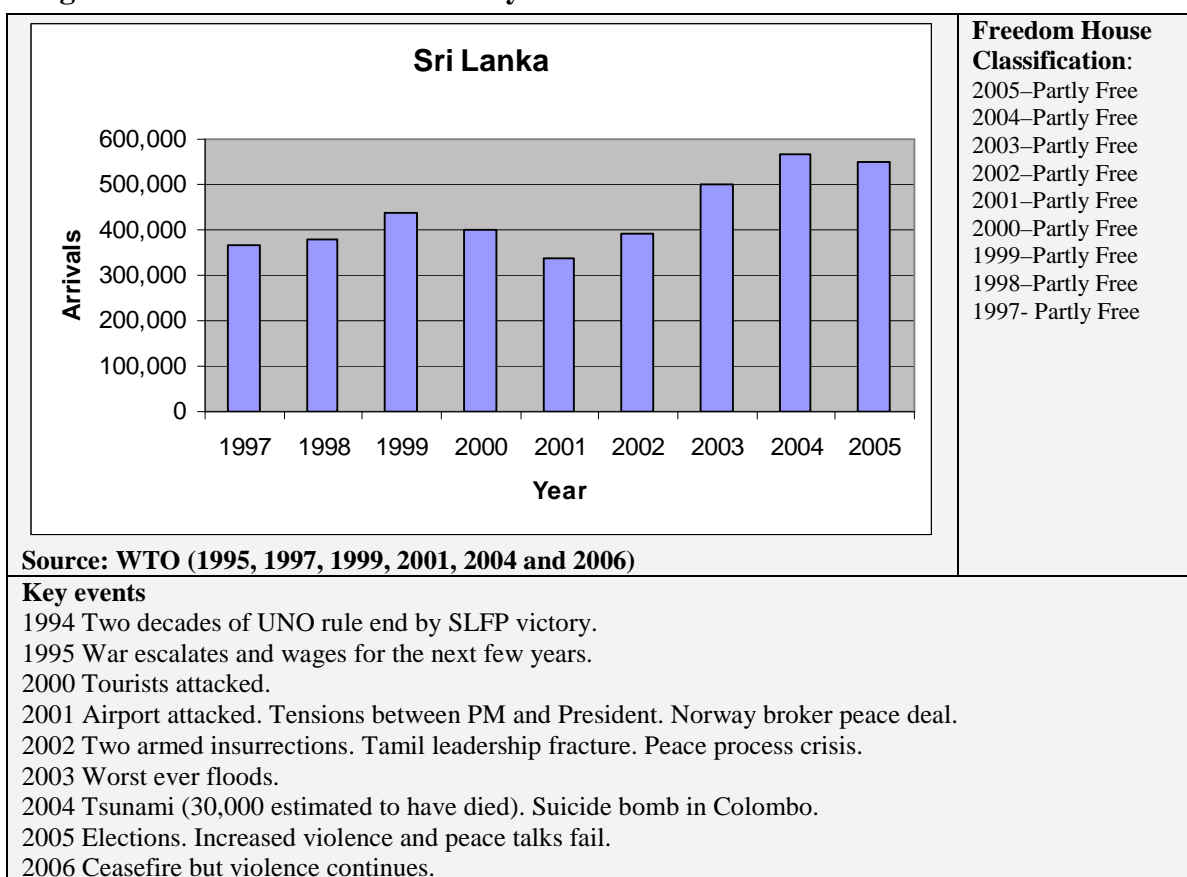
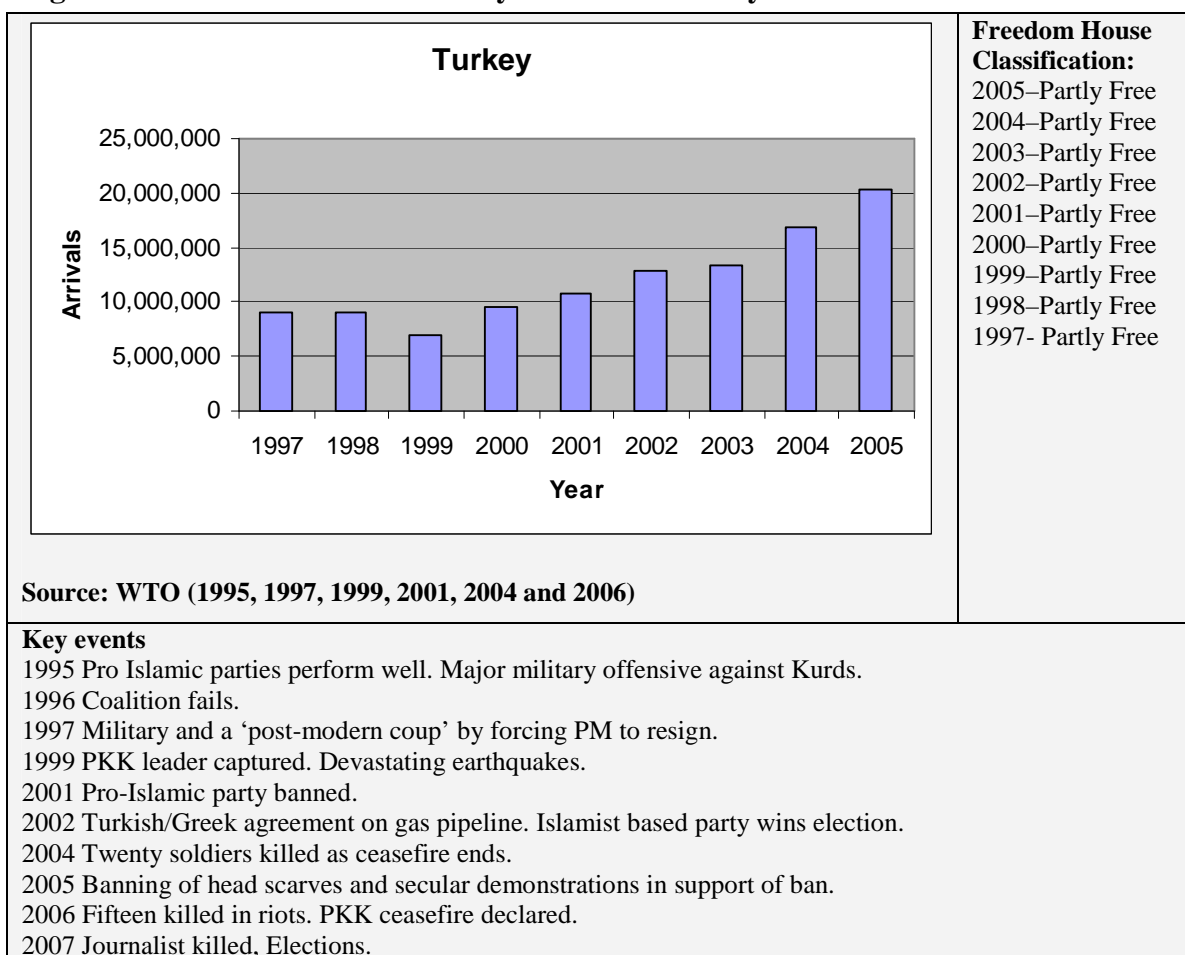


Figure 6.12 Tourism trends and key events for Turkey



6.3.2 Terrorism output indicators

Although aspects of terrorism are covered in the previous databases, there remains a rich source of output-related data that allows for a more detailed exploration of the terrorism hazards. The key database found in relation to tracking terrorist incidents is the American based NGO, the Memorial Institute for the Prevention of Terrorism (MIPT). The MIPT database has tighter conceptual definition parameters, and allows for terrorism to be explored on numerous levels, ranging from incidents in countries, the location of attacks, the groups involved, who were the key targets, and the methods of attack. The availability of this data means that one can look at terrorism and tourism using a similar method to Pizam (1999) in his study relating to criminality and the impacts on tourism, where he recorded the number of attacks, who was involved and the consequences of the act, for the State of Florida.

Although graphs were produced for all the case study countries, in relation to the number of attacks, fatalities and injuries, these are not all reproduced here. Instead a smaller number of illustrative graphs are presented in **Figure 6.13** to help in the comparative analysis of terrorism related indicators.

Figure 6.13 Terrorism incidents and fatalities

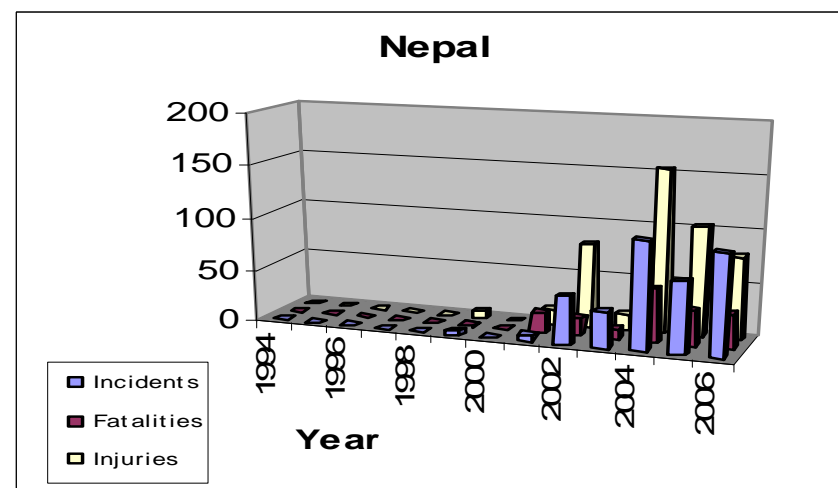
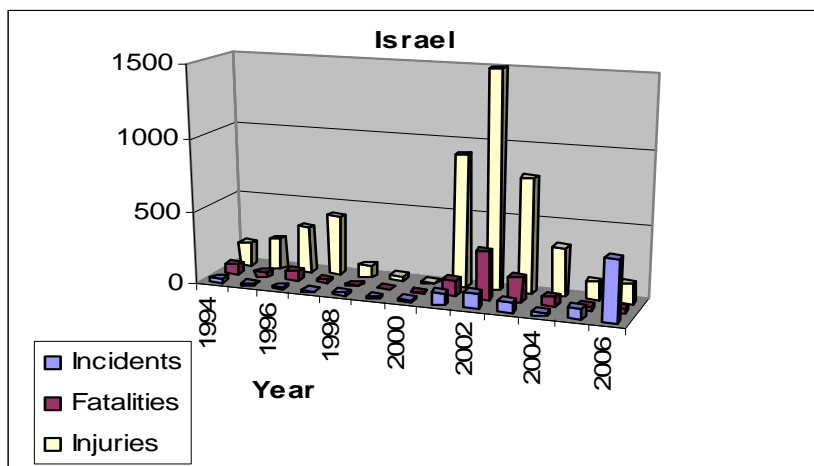
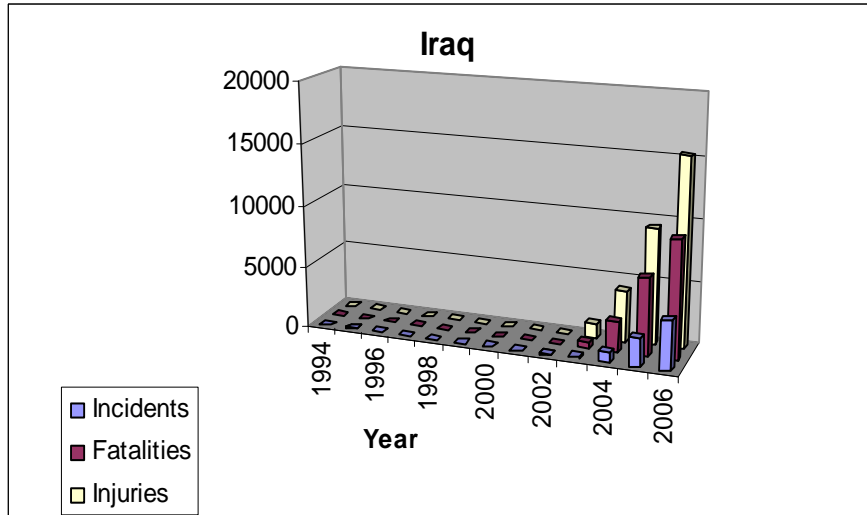
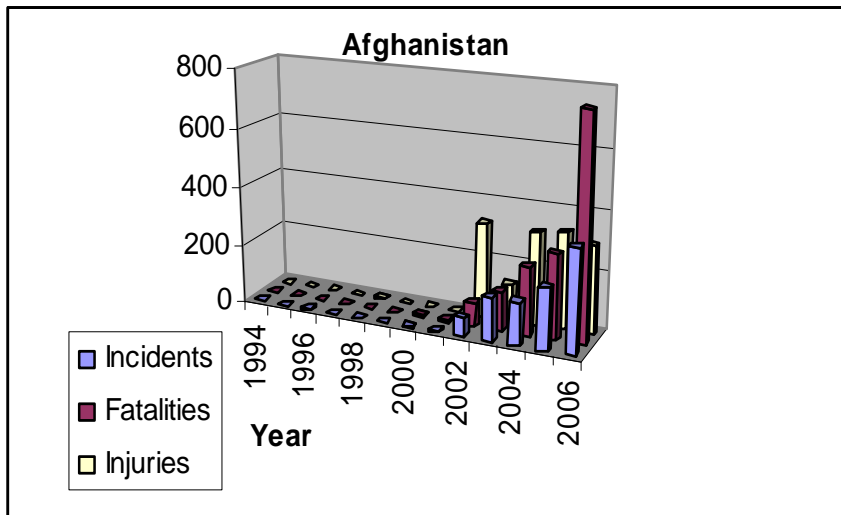


Figure 6.13 Terrorism incidents and fatalities (continued)

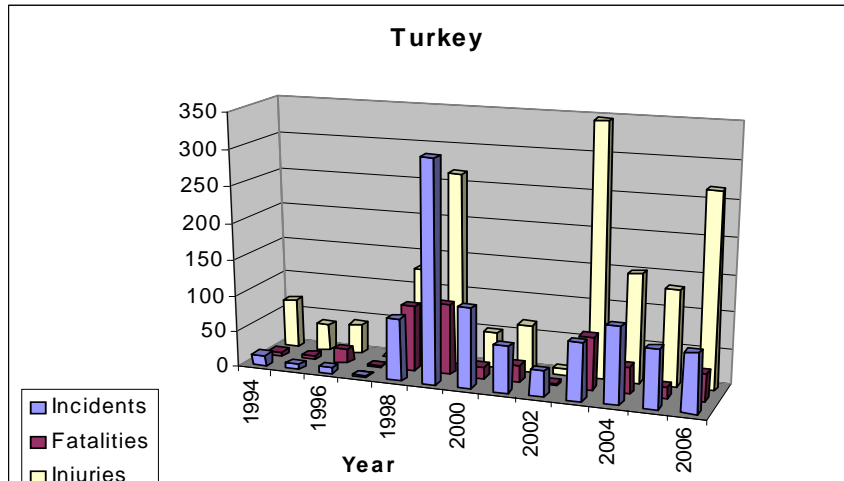
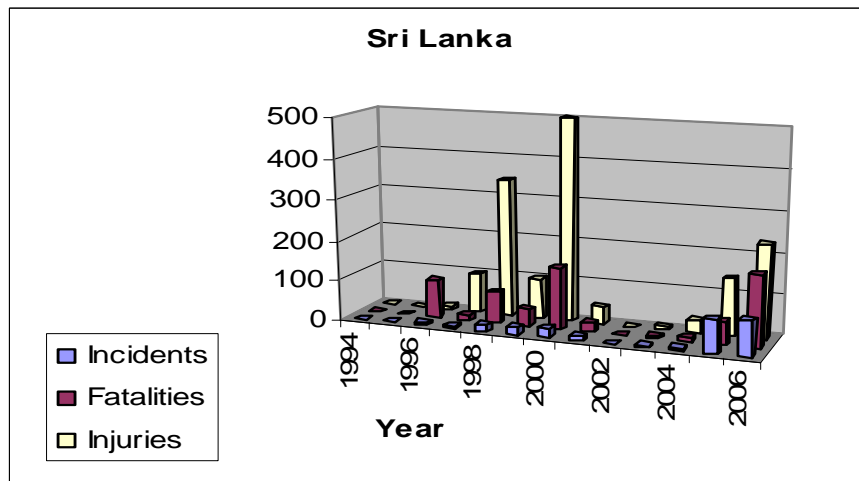
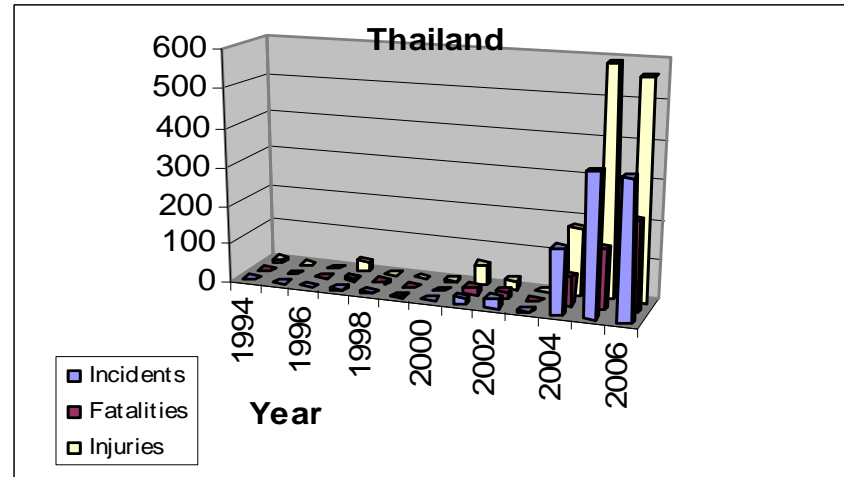
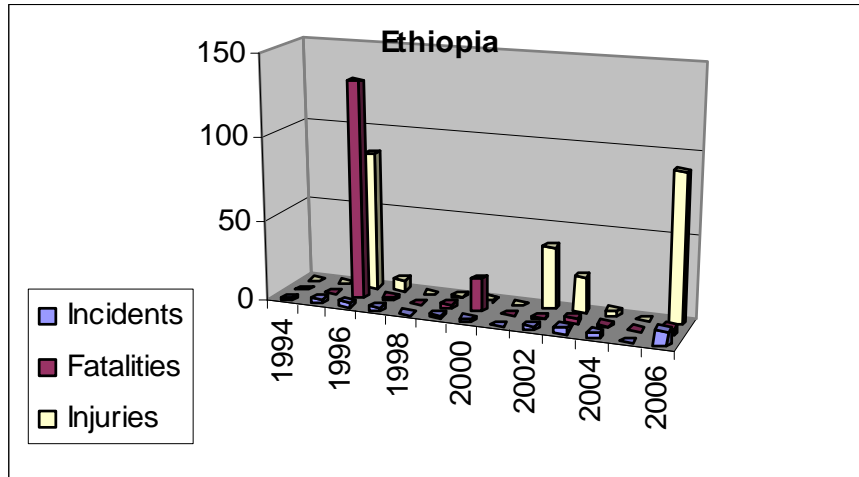
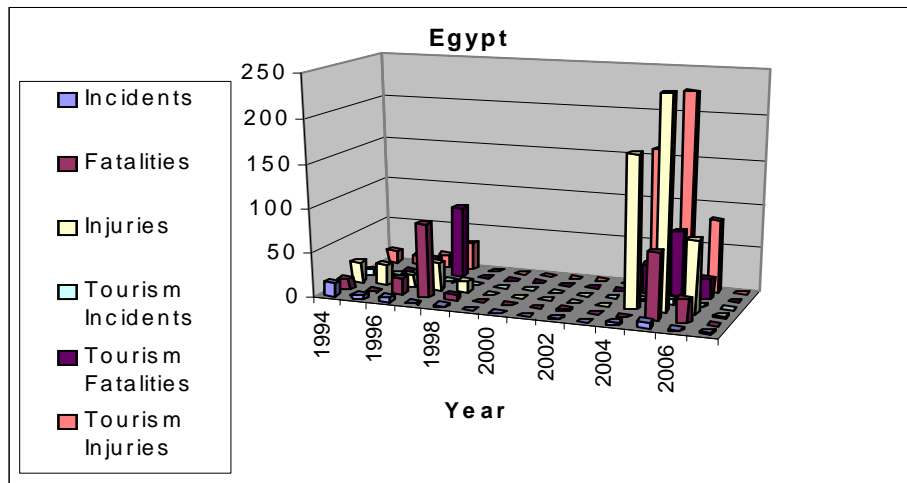
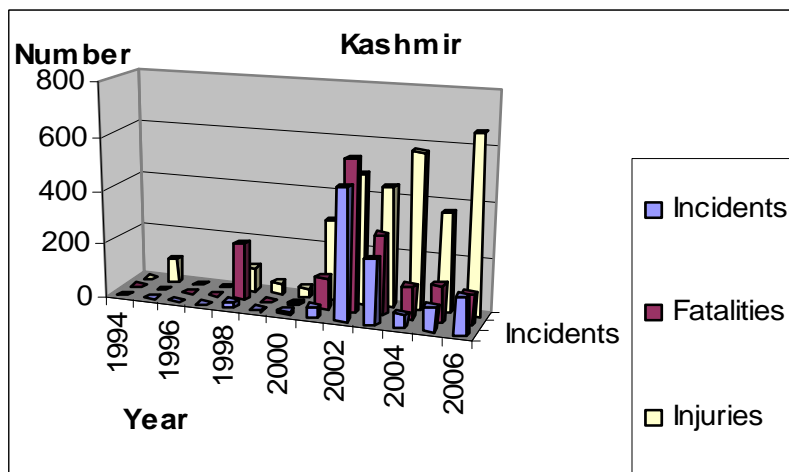
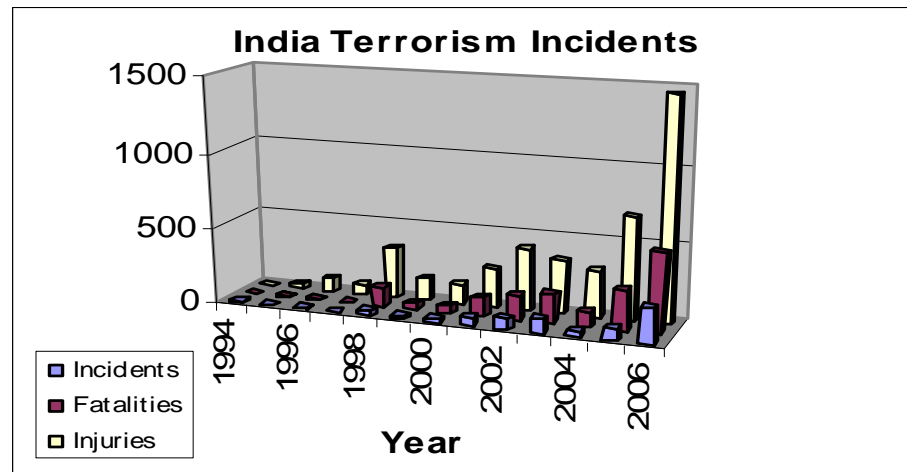
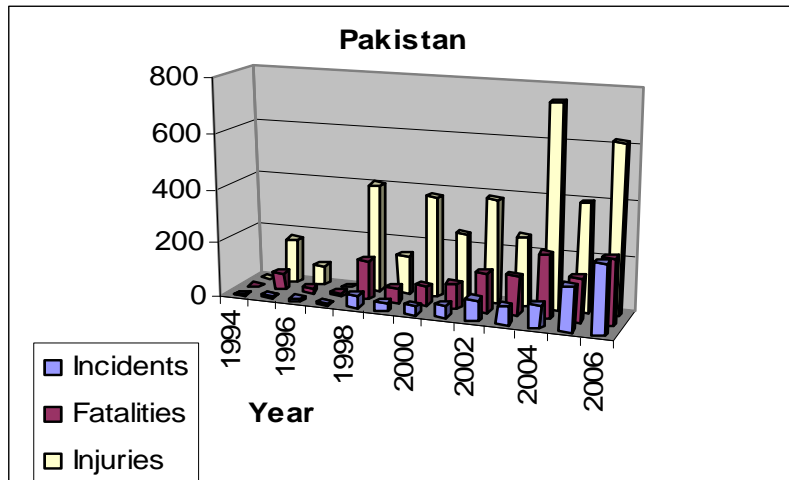


Figure 6.13 Terrorism incidents and fatalities (continued)



Source: MIPT (2007)

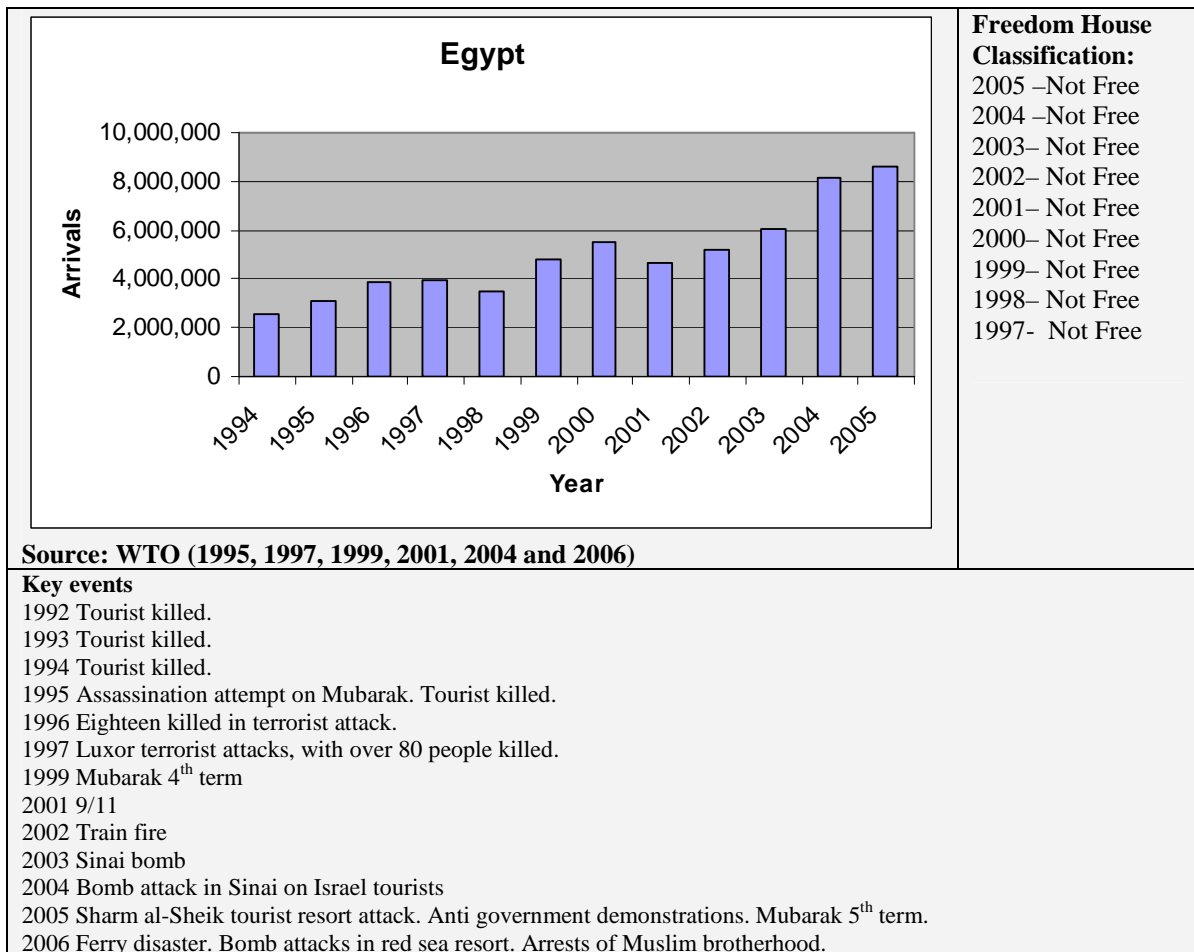
One of the relationships expected was to see a strong link between the number of incidents between terrorism and tourism arrivals, such as an increase in terrorist incidents being marked by a downturn in tourism. In fact, as in previous sections, the picture is again mixed. Clearly, the number of incidents, fatalities and injuries for Afghanistan and Iraq give a good indication of the level of turmoil in the country, and the lack of data on tourism is therefore not surprising. Similarly, looking at the pattern of terrorist attacks from Nepal, one can cross relate it to the political events at the time and the roller coaster pattern of tourism arrivals. These spikes are also evident with other countries, such as Ethiopia in 1997, which marks a time of war and a downturn in the number of tourists.

Other countries assume the black swan position, revealing a surprising picture. Turkey (see also **Figure 6.12**), India (see also **Figure 6.10**), and Pakistan (see also **Figure 6.5**) often managed to maintain periods of tourism growth, yet had many terrorist attacks taking place, with high spikes often occurring in certain years, which in the case of India and Pakistan is reflected in wider political events and conflicts occurring. For India, when combined and reflected upon with the conflict database, it is again surprising the scale of conflict and acts of terrorism, which, incidentally, the graph excludes the number of attacks in Kashmir (appearing separately next to the India graph). For Turkey, the pattern of terrorism attacks, are relatively high in comparison with the other case study countries, yet it still manages to maintain a very robust pattern of tourism growth. It is also interesting to reflect back to **Section 6.3.2** and how on the ICRG score was improving for Turkey, whilst the number of terrorist attacks seemed to be increasing.

In terms of specific attacks on tourists, the pattern that emerges is that attacks are relatively rare.* One of the exceptions to this pattern is Egypt, not only in terms of the number of attacks on tourists, but also in relation to their lethality, which is why the number of attacks on tourists is also shown in the graph which appears in **Figure 6.13**. If one was to go back before 1994, to 1993 and 1992, one sees a pattern of an increasing number of attacks, injuries and fatalities, which culminated in the horrific attack in Luxor in 1997, with the impact on tourism shown in **Figure 6.14**.

* Although not part of the case study analysis it was of interest that both Spain and France record a high number of incidents of terrorist attacks on tourism, but are low in terms of the number of injuries.

Figure 6.14 Tourism trends and key events for Egypt



In this instance, the pattern of the past data would point to a warning signal that a more devastating attack was always possible – an observation of course which is made with the benefit of hindsight, but it can show the value of the data in making one aware of hazards and their trends. The robustness of the tourism industry in relation to these events also again stresses how important it is to contextualize the risk assessments, as the strength of the attractions can influence the degree of elasticity of demand, as Dimanche *et al* (1999, p.23) also argued, based on their study on New Orleans managing to maintain robust tourism growth despite suffering higher levels of violence in comparison with many other American cities.

6.3.3 Discussion of the relevancy of the output frequency method for risk assessment

Whilst this section does not examine all the possible key output events, the findings do highlight a number of important points. Although the notion of developing frequency profiles is quite attractive in theory, in practice one should always be

cautious when making current assessments based on past incidents. The central weakness relates to the opening points made in this Chapter, where simply because an event has happened in the past, it does not mean that a similar pattern of events will continue in the future; or because it has not happened in the past, it does not mean it could not occur in the future. Whilst for Egypt looking at past terrorist attacks one could see many warning signals for the Luxor attack in 1997; the subsequent years where there were no attacks until 2004, did not signify that the problem of terrorism had been solved. For Indonesia, the devastating Bali bomb had little precedent within the country, but not, it should be observed, internationally, which again serves to illustrate that one needs to scan for hazards and risks beyond a country's borders. The 9/11 attacks are also illustrative of this problem of using past precedents for current, or future assessments. Viscusi *et al* (2003, p.100) noted that there was little evidence with which to statistically estimate the probability of such attacks, but which is not quite the same as saying there were no warning signals to the possibility of such attacks.*

One of the methods also attempted in this area of output analysis and assessment, was to assess probability in terms of terrorist attacks and casualties, in relation to the number of tourism arrivals, such as using Moore's (1983, p.148) Fatal Accident Frequency Rate (FAFR). In practice this proved of limited value and potentially misleading, because, as discussed in **Chapter 2**, people tend to make decisions more on severity of outcome rather than probability. Furthermore, as Adams (1995, p.22) and many others, are quick to point out, one can question the extent that clear confidence intervals can be developed over a period of time, as what will not be known are all the near misses, particularly if the information is sensitive and kept secret by the security services.

So does this mean that the output method of analysis and assessment is too limited and therefore of no use? Not quite. If one uses the method less dogmatically one can soon appreciate the strengths of the approach and how it can be used in a risk assessment method. What was of interest is how tourism can continue, despite a country experiencing a variety of conflicts and terrorism attacks, as Turkey and India illustrate. There is no denying that certain, more dramatic conflict events which

* There had been previous attempts to fly aircraft into strategic targets in Israel, or previous terrorists attacks on the World Trade Centre.

receive widespread media attention do impact on traveller's short term behaviour, but it is also evident over a longer period, how conflicts can become 'background noise' in travellers perceptions, which they can block out when making travel decisions.

What the output method is perhaps best at is not so much revealing the statistical likelihood of a political hazard occurring, but rather its simple identification; a factor which is so vital in the risk management process. This process can be made much richer if conducted with some comparative analysis of neighbouring countries. Whilst the notion of the incident triangle (raised in **Chapter 4, Section 4.1**) and statistical analysis is of limited use, providing at best only a loose fit (as with Egypt), it is of interest when it is adapted as a cultural mindset in relation to looking at past incidents, which can be regarded as the potential 'weak signals,' and useful when attempting to weave future scenarios.

What an exploration of past incidents also gives is a sense of history, offering clues to potential future conflicts. A recent history of past conflicts was cited by the PITF (Goldstone *et al* 2005, p.30) as an important factor influencing the likelihood of conflict breaking out again.* It can also give clues to the future players, or actors who may be of importance in the political system. Wilkinson (2001, p.2) in his work on terrorism, notes how different insurgent groups can evolve and initiate different forms of instability, which may begin with strikes, or demonstrations, then develop into terrorism, then a guerrilla campaign, and even develop into a full scale civil war, as illustrated by the Bolsheviks in Russia during World War I, the Taliban in Afghanistan, or the Communists in Nepal.

6.4 Political system process factors, indicators and databases: findings, analysis and discussion

This is the second key section related to the area of study which focuses on the variety of indicators and databases which can be used in the analysis and assessment of political risks. It focuses on the notion that the type of political system through which all the various inputs are *processed*, can influence the type of political hazardous output events, and so affect the degree of risk to which a tourism organisation may be exposed to. This premise that the type of political system and government affects the

* Sometimes labeled as the legacy of vengeance, as with the FSI.

degree of risk would certainly seem to be important judging from the ubiquity that systems are classified in some way as part of a country profile, such as being defined as a republic or democracy, or numerous other possible descriptors. The simple question to ask is just how useful such descriptions are in the analysis and assessment of risk? As has been stated before frequency of use does not necessarily equate with actual usefulness, rather following a pattern of received practice. Furthermore, the often cited truism, noted by Morrison (2006, p.267), that democratic systems can be deemed as less risky and better for business, also needs further scrutiny (aspects of this have already been raised in **Chapter 3, Section 3**).

6.4.1 Political system and government classifications

How a system is defined or categorised can be approached in many ways. An initial logical starting point was to look at various political systems or government typologies which can be found from the subject area of comparative politics, which were later expanded to more practically based databases, such as the *CIA World Fact Book*. All were quickly found to be of limited value because of the difficulty in applying consistent, meaningful criteria for classification (see **Appendix I** for some of the examples looked at).

The next obvious system classifications database to explore were the ones offered by various government travel sites. Here a more detailed content analysis was conducted on the government sites, which can be found in **Appendix J**. In relation to the USA and UK they have a similar format and tend to use classifications/descriptors for the 'Type of Government.' Canada, on first perusal, seems to be a slightly more refined, distinguishing between the 'Type of State' and the 'Type of Government.' The results of the content analysis soon revealed numerous inconsistencies, conceptual vagaries, evidence of political bias, and conveyed little sense of the quality of the system. To illustrate some of the problems here are just a few examples which are drawn from the Table in **Appendix J**:

- **Examples of conceptual vagueness and inconsistencies in application:** The term 'republic' is frequently used by the different sites, but Canada sometimes use it to describe the 'Type of state', as with the Lebanon, with its 'Type of Government' defined as a Unicameral Legislature, whilst for Cuba the term 'republic' is used for the 'Type of Government', but the 'Type of State' is defined

as ‘Communist.’ There are numerous other examples of these conceptual inconsistencies,* with a country like Libya defying any neat categorisation by the sites.

- **Examples of political bias:** It is apparent when important strategic allies are classified, or political tensions exist, that the language used to describe/classify the government can vary, such as Egypt being simply described as a Republic by the UK and USA, or with the USA classifying Cuba a ‘Totalitarian communist regime.’
- **Examples of how they fail to convey any sense of quality and risk:** Some of the most striking examples are USA’s description of ‘parliamentary democracy’ for Iraq and Pakistan, whilst for Zimbabwe the variation is given of ‘parliamentary constitution’; labels also given to Israel and New Zealand, but whose systems clearly vary in quality.

The scale of the conceptual ‘messiness’ of government and system classifications by these databases was one of the real surprises in this work. The descriptors or classifications given by governments often seem to reflect an *ad hoc*, incremental approach, with an inconsistent use of conceptual criteria, using a pick and mix application of terms and concepts from political science. Furthermore, the fact that so many of these sites, particularly the USA database, are referred to and used for the basis of many country profiles, such as for PRS, Country Information Books and MIPT, raises certain questions as to how much these organisations have reflected upon these descriptors and categorisations, where the presentation of a government system simply reflects a received wisdom, rather than any real evaluation or assessment.

These limitations mean that alternatives needed to be sought. A wide variety of databases were consulted, with the following emerging as the most useful as they utilised a more consistent set of criteria to categorise governments and countries:

- **Centre for International Development and Conflict Management (CIDCM):** From this site one can gain access to invaluable data which helps

* Examples include the UK naming the party in power under the Government heading, as with Israel being described as ‘Coalition led by Kadmia with Labour’, whilst for the Lebanon the Government classification just receives the term ‘Republic.’

classify political governments and systems, particularly in relation to the Polity IV project, and Goldstone *et al* (2005, p.17) later adaptation of the data.

- **Fund for Peace (FFP)**: From this site the Failed State Index (FSI) is produced, which gives a useful composite assessment that can help gauge the quality and effectiveness of the regime.
- **Freedom House**: This is an NGO which produces a country profile and a classification of the degree of freedom in the country.

The CIDCM, based at Maryland University, acts as the home for much of the work produced by the PITF, discussed in **Chapter 4, Section 4.5.2**. As part of the work, the Polity IV project was developed, which categorises a country's polity* utilising a comprehensive range of criteria, with all the data available on an open database. The mechanics of the classification are not discussed here, but a detailed explanation can be found in **Appendix S**, in relation to a single case study. For the purpose of this study, simply the most recent Polity scores were utilised (2005), compared and presented in **Table 6.9**.

* The use of the term polity refers to the political organisation or government that presides over the state.

Table 6.8 Comparing polity scores with average tourism changes

	Tourism Average Growth (2000-2005)	Tourism Average Decline or no data available (2000 to 2005)
Unchanged values – Democratic scale (2000-2005)	<p>Costa Rica has had an unchanged Polity code of 10</p> <p>Ethiopia has had an unchanged Polity code of 1.</p> <p>India has had an unchanged Polity s code of 9 which has existed since 1994.</p> <p>New Zealand has had an unchanged Polity code of 10.</p> <p>Norway has had an unchanged Polity code of 10.</p> <p>Mongolia has had an unchanged Polity code of 10; tourism average between 2000-2005.</p> <p>Spain has had an unchanged Polity code of 10.</p> <p>Thailand has had an unchanged Polity code of 9 (Note military coup in 2006).</p> <p>South Africa has had an unchanged Polity code of 9.</p> <p>Turkey has had an unchanged Polity code of 7. UK has had an unchanged Polity code of 10.</p>	
Unchanged values – Autocratic scale (2000-2005)	<p>Cuba's Polity code has stayed at -7 (very autocratic) where one has to go back to 1960 to see any change in score.</p> <p>Libya's The Polity code stayed - 7 (very autocratic).</p>	
Unchanged transitional (2000-2005)	<p>Lebanon has stayed as a transitional polity code of -66.</p>	
Changed values – moving towards autocracy/less democracy (2000-2005)	<p>Iran's Polity code moved from 3 (a democratic scale score) to -6 in 2004 and 2005.</p> <p>Myanmar's Polity code moved from - 7 (autocratic) in 2003 to - 8 in 2004 and 2005.</p> <p>Pakistan's Polity code moved from 7 (democratic) in 1999 to - 6 (autocratic) in 2000, reducing down to -5 in 2002 to 2005.</p> <p>Sri Lanka's Polity code moved from 6 (democratic) down to 5 in 2004 and 2005, which is still on the democratic scale.</p> <p>Venezuela's Polity code moved from 8 (democratic) down to 7 then 6 between 2001 and 2005.</p>	<p>Haiti's Polity code has moved from 7 (a democratic score) to -2 in 2001, then becoming transitional in 2004 and 2005 with a score code of -88.</p> <p>Nepal's Polity code moved from 6 (democratic) in 2001 to - 6 from 2002 to 2005; tourism average between 2000-2004 decreased by -4.6 %.</p> <p>Zimbabwe's Polity code moved from 6 down to - 4 in 2004.</p>
Changed values – moving towards democracy/less autocracy (2000-2005)	<p>Bulgaria has increasingly moved towards democracy since 1997, where it went from a score of 8 to 9, where it has since stayed the same. Cambodia's Polity code moved from -7 (very autocratic) to 2 in 1998 where it has stayed the same</p> <p>Croatia's Polity code moved from -5 (very autocratic) to 7, then 8 and then 9 in 2005 –</p> <p>Egypt's Polity code moved from -6 (autocratic) to -3, which is still regarded as autocratic</p> <p>Indonesia's Polity code moved from - 7 (autocratic) in 1997 to -5 in 1998, then to 7 and finally in 2004 and 2005 a score of 8 (democratic);</p>	<p>Afghanistan Since 1997 has moved from authoritarianism s code of - 7 in 1988 to - 66 transitional codification– N/A available.</p> <p>Iraq's Polity code moved from -9 (a very autocratic score) to -66 transitional score code in 2003; tourism average between 2000-2005 N/A .</p> <p>Israel's Polity code moved from 9 in 1998 to 10 where it has stayed ever since, so it is a very subtle change.</p>

Source: WTO (2006) and Polity IV (2007)

This Polity code is derived from making an assessment of the degree of institutionalised autocracy and democracy in the political system (each given a respective score), with the autocracy score subtracted from the democracy score, resulting in the Polity score. The score can then range from 10+ to -10, with the closer to 0, or less, indicating an autocracy, whilst 8 and above indicates a democracy. For countries that are in a period of political transition, this is indicated by the code of -66 or -88, as illustrated by Afghanistan, Iraq, Lebanon and Haiti.

It was anticipated that a clear pattern would emerge between tourism growth and authoritarian patterns, particularly if one reflects on the theory of the post-modern ethically driven tourists, highlighted in **Chapter 2**. Whilst it is possible to make some links – as with Haiti or Nepal, which moved towards greater autocracy and experienced average tourism decline for the same period – other countries (the black swans) suggest a more complex relationship. For example, Iran or Pakistan became more authoritarian, yet they still experienced an average increase in tourism. For countries such as Cuba, which has an unchanged but high autocratic code, tourism also grew. The pattern in relation to becoming more democratic and increasing tourism does seem much stronger, as illustrated by countries such as Cambodia (see **Figure 6.15**), Croatia (see **Figure 6.16**) and Indonesia (see **Figure 6.17**).

Figure 6.15 Tourism trends and key events for Cambodia

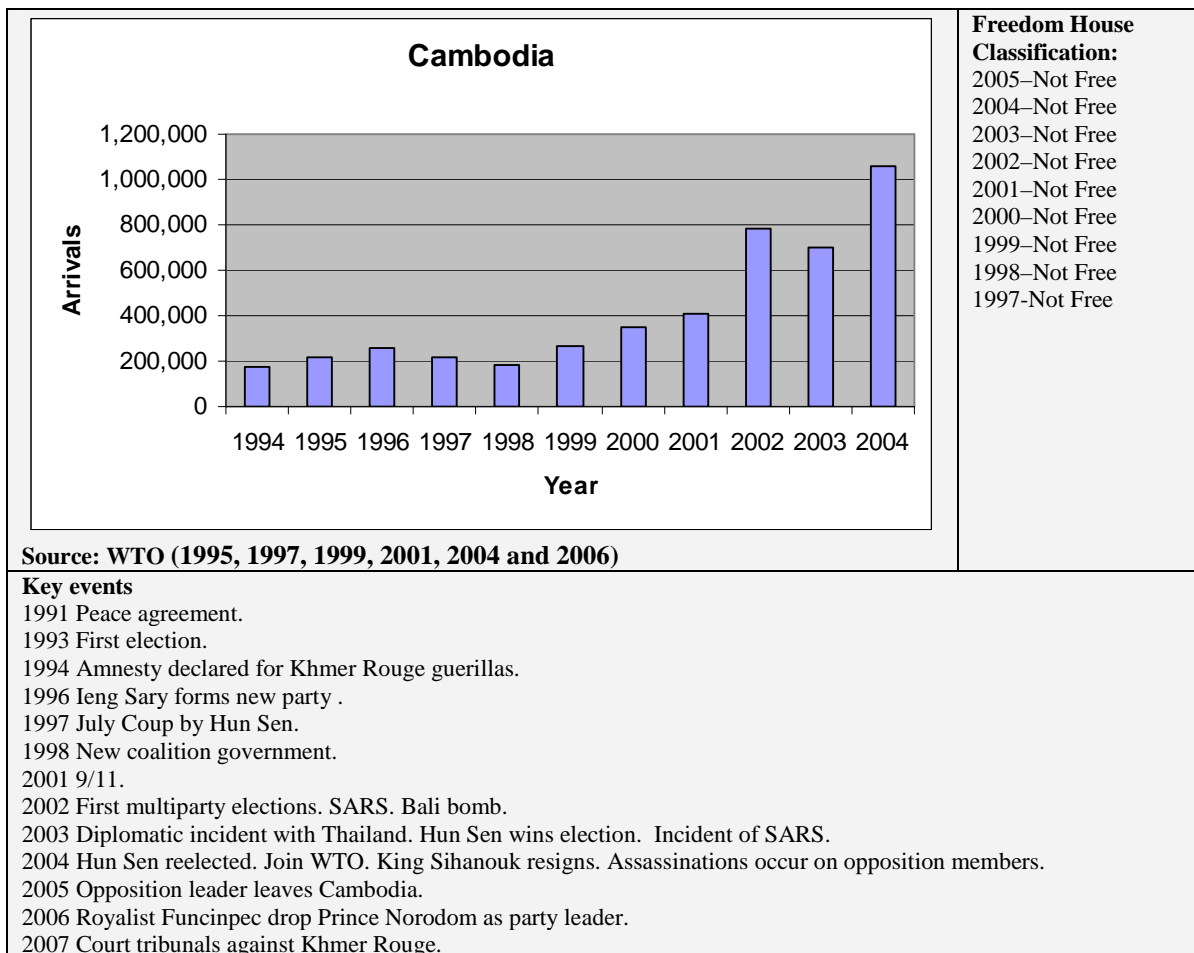
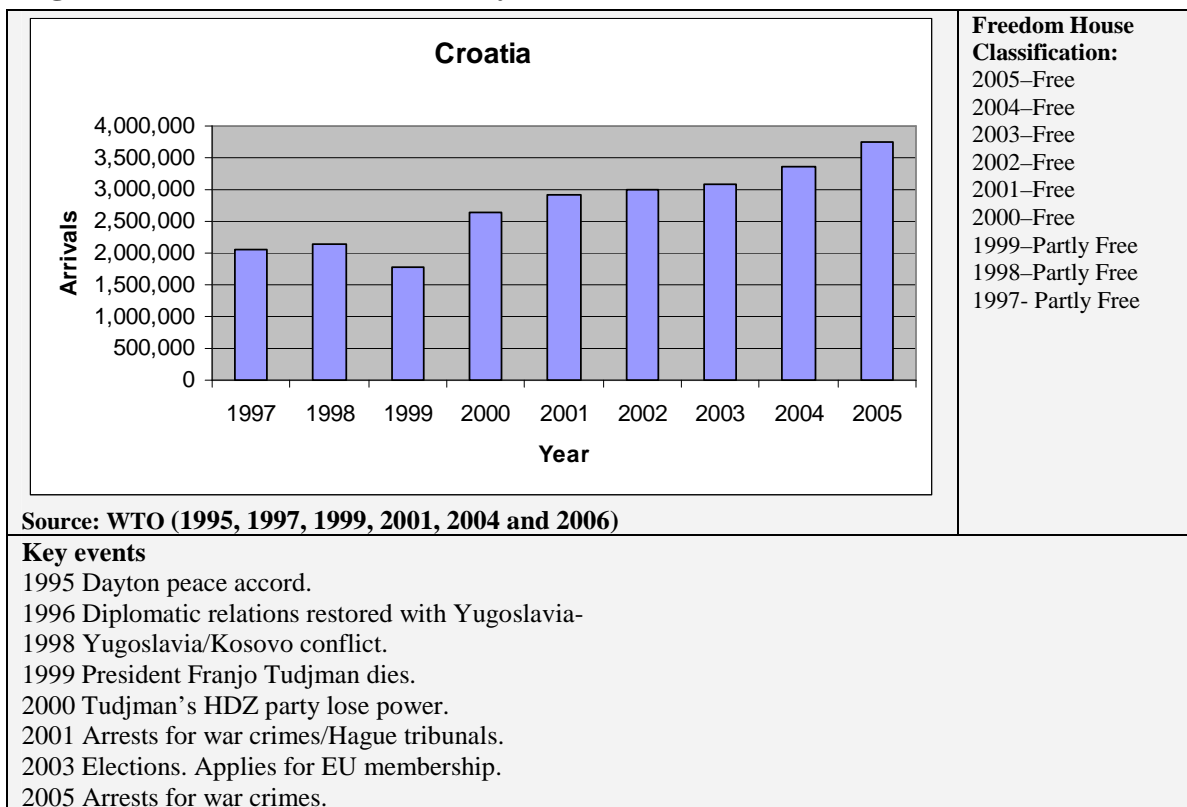


Figure 6.16 Tourism trends and key events for Croatia



The other useful feature about this database is that it better conveys the quality of the regime in comparison with the country profiles offered by the various government databases. For example, the descriptor for both Indonesia and Haiti by the various government sites was the vague term ‘Republic’, but looking at the Polity score one can tell that Haiti is in a period of transition with its code of –88, and so suggests a degree of political turmoil; whilst for Indonesia, one can see its polity scores reflecting a move towards greater democracy, as indicated by its score of 8, and by the improved Freedom House classification, as can be seen in **Figure 6.17**.

Goldstone *et al* (2005, p.12) as part of the PITF, presented some further reflections on what factors and data act as the best indicators of state failure. They make a clear assertion that the regime type is an overwhelmingly dominant factor behind revolutions, ethnic wars, and adverse regime change, but, they stress, this is not a simple function of the degree of democracy or autocracy, rather, *certain kinds* of autocracies and democracies are much more vulnerable than others, depending on the patterns of executive recruitment and political participation. Of particular interest is how they refine the regime classifications using parts of the Polity IV datasets. What they found was that rather than characterising the regimes on the Polity IV three key

dimensions (Executive Recruitment, Executive Constraints and Political Competition) they found that using just two of the measures - executive recruitment (EXREC) and the competitiveness of political participation (PARCOMP) – would give a far better indication of vulnerability to instability.

Figure 6.17 Tourism trends and key events for Indonesia



Using the Polity IV EXREC and PARCOMP scores allows one to place the case study countries (plus China and North Korea to help act as two further benchmark countries) on a regime classification grid, which can be seen in **Table 6.9**. This colour codes (part of their colour coding, not the author’s) four key polity classifications: pure democracies (dark blue); pure autocracies (dark orange); partial democracies (light blue); and partial autocracies (yellow). What is so useful about this table is that it helps move the system classification debate beyond simple notions of democracy equating with stability, as they note there are many shades or types of democracies and autocracies. Of particular interest is their argument that regimes classified as pure democracy, or autocracies, can be relatively stable, with the countries appearing in the

‘grey zones’* - which can variously be described as ‘annocracies,’ ‘partial democracies,’ or ‘illiberal democracies,’ (Goldstone *et al* 2005, p.16, citing Carothers 2002) - emerging as the most vulnerable.

In terms of **Table 6.10** some interesting observations can be made as to the value of this classification as an indicator of political hazards and risks. In the first instance, the simple placement of a country can act as a quick indicator of vulnerability, but caution is still required in terms of simplistic, deterministic relationships. For example Israel appears in the Pure Democracies (dark blue zone) category, placing it as less vulnerable to certain aspects of political instability, however, Israel’s tourism industry has been profoundly affected by other political hazards, such as terrorism and various regional conflicts. For many other countries it does give a useful signal of the vulnerability of the political system. The strength of the simple four-system classification and colour chart is to suggest a general propensity for full democracy can indicate a lower risk of state failure. Full autocracies can also be marked by relative stability, but with the proviso that full autocracies can be more vulnerable to sudden, dramatic changes, which can generate many risks.

Table 6.9 PITF case study categorisation

Characterisation of political regimes for analysis of vulnerability to instability						
	Competitiveness of Political Participation (PARCOMP)					
Executive Recruitment (EXREC)	Repressed (1)	Suppressed (2)	Unregulated (0)	Factional (3)	Transitional (4)	Competitive (5)
(1) Ascription						
(2) Ascription + Designation				Nepal		
(3) Designation	Burma, North Korea, China	Iran		Egypt, Zimbabwe		
(4) Self-Selection	Libya					
(5) Transition from self selection	Cuba	Pakistan			Cambodia	
(6) Ascription + Election						
(7) Transitional or Restricted Elec.				Ethiopia		
(8) Competitive election				Lebanon, Sri Lanka, Turkey, Venezuela	Bulgaria, Croatia, India, Indonesia, Thailand, South Africa,	Costa Rica, Israel, Mongolia, Norway, New Zealand, UK, Spain,

Source: PARCOMP and EXREC scores obtained from Polity IV (2007), but excluding Haiti, Afghanistan and Iraq as they only received transition codes on the Polity IV database.

* In terms of these ‘grey zones’ this relates to countries with a Polity IV score of 7.

Another useful database that gives an indication of the quality of the political system is Freedom House. This is an American based NGO and presents itself as a non-partisan, non-profit organisation and is designed to promote freedom and civil liberties around the globe. In relation to this analysis of political systems and governments they conduct a useful *World Audit on Democracy*, which gives scores as far back as 1973. The audit focuses on seven key categories: democracy; political rights; economic freedom; civil liberties; press freedom; corruption and rule of law and corruption. From the point of view of this analysis, however, the Freedom, Civil Liberties* and Political Rights† scores were focused on in relation to the trends for the selected case study countries and how these two factors are combined to produce an overall freedom rating, which can be classified as Free, Partially Free or Not Free.

Reflecting on the various illustrative case studies which have been presented as Figures, it is perhaps a little surprising how inconsistent the relationship between the classification of freedom and patterns of tourism growth are. Countries which are not classed as Free can exhibit tourism growth, such as with Egypt (see **Figure 6.14**) and Cuba (see **Figure 6.15**), with Pakistan (see **Figure 6.5**) illustrating how a move from Partly Free, to Not Free also does not ultimately prevent growth. This decidedly mixed picture begins to raise some important issues in relation to the notion of the post-modern tourist, discussed in **Chapter 2**, and the importance of ethics and human rights issues for shaping travel decisions; this is not to say it has no influence, as it can affect the overall market size, but just that it did not emerge as strongly as was anticipated. Despite the mixed results of the FH indicators, they still have value in conveying a broad impression of the quality of the regime and the possible hazards, as long as they are used in addition to the other indicators, not in isolation.

The final key database and indicators to examine relates to the Fund for Peace (FfP) and the Failed State Index (FSI). The FfP organisation was established in 1957 with the prime remit to prevent war and promote peace. The FSI, first published in 2005, is one of the more recent developments resulting from this activity and is a joint project with the Foreign Policy Magazine, which is designed to assess political risk and

* 'Civil Liberties' refers to the freedoms of expression and belief, associational and organizational rights, rule of law.

† 'Political Rights' refers to the rights of people to participate freely in the political process, including the right to vote, compete for public office, and elect representatives who have a decisive impact on public policies and are accountable to the electorate

stability, using a variety of economic, social and political measures. In producing the FSI, it uses twelve indicators, four of which are related to social conditions, two for economic conditions and six for political conditions. In terms of the analysis in this section, only the FSI composite score is examined, which can range from 0 to 120, with the higher the score, the greater the chance of instability and state failure, the key data is presented in **Table 6.11**.

Table 6.10 FSI case study categorisation

Risk Rating	Countries and tourism growth patterns
Alert Zone (120-90)	<p>No tourism data: Afghanistan (102 – 1997; 99.8 – 2006); Iraq (111.4 – 2007; 109 – 2006; 103.2 – 2005);</p> <p>Average decrease in tourism: Haiti (100.9 – 2007; 104.6 – 2006; 99.2 – 2005)</p> <p>Average increase tourism: Ethiopia (95.5 – 2007; 91.9 – 2006; 90.9 – 2005); Lebanon (92.4 – 2007; 80.5 – 2006; 88.9 – 2005); Myanmar (97 – 2007; 96.5 – 2006; 93.4 – 2005); Nepal (93.6 – 2007; 95.4 – 2006; 89 – 2005); Pakistan (100.1 – 2007; 100.1 – 2006; 89.4 – 2005); Sri Lanka (93.1 – 2007; 92.4 – 2006); Zimbabwe (110.1 – 2007; 108.9 – 2006; 94.3 – 2005)</p>
Warning Zone (89.9- 60)	<p>Average increase tourism Bulgaria (60 2007; 62.3 -2006); Cambodia (85.7 – 2007; 85- 2006); Cuba (78.6 – 2007; 81.9 – 2006; 83.7 2005); Croatia (60.5 – 2007; 61.9 – 2006); Egypt (89.2 – 2007; 89.5 – 2006; 88.8 – 2005); India (70.8 – 2007; 70.5 – 2006; 69.5 – 2005); Libya (69.3 – 2007; 68.5 – 2006; 80.7 – 2005); Turkey (76 – 2007; 74.6 – 2006; 86.1 – 2005); Thailand (76 – 2007; 74.9 – 2006; 77.4 – 2005); Iran (82.4 -2007; 84 – 2006; 83.4 – 2005);</p> <p>Average decrease in tourism Indonesia (84.4 – 2007; 89.2 – 2006; 87 – 2005); Israel (79.6 – 2007; 79.5 – 2006); Venezuela (79.8 – 2007; 81.2 – 2006; 93.5 – 2005)</p>
Monitoring Zone (59.9-30)	<p>Average increase tourism Costa Rica (50.5 -2007; 49.5 – 2006); Mongolia (58.4 – 2007; 58.4 – 2006); South Africa (57.4 – 2007; 55.7 – 2006;); Spain (39.2 – 2007; 37.4 – 2006) ; UK (34.2 – 2007; 34.2 – 2006)</p>
Sustainable Zone (below 30)	<p>Average increase tourism :New Zealand (20.5 – 2007; 19.4 – 2006); Norway (17.1 – 2007; 16.8 – 2006);</p>

Source: Fund for Peace (2007) * Note: colour coding is the one used by the FSI.

In **Table 6.10**, the FSI scores and their warning level (their colour coding, not the author's) does offer another interesting dimension in assessing the quality of the regime. One can observe that a Full Democracy, such as Israel, can be placed in the Warning Zone, bordering on the Alert Zone. Of the Full Autocracies/Not Free

* If one goes to the Foreign Policy magazine the colour coding and risk categorisation varies slightly from the FfP presentation, as it has a five stage colour coding: Critical (red); In Danger (orange); Borderline (yellow); Stable (light green for scores between 30 and 59.9); Most stable (dark green for lower than 30).

countries which appeared in **Table 6.9**, two appear in the Alert zone (Myanmar and Pakistan), whilst Cuba and Libya appear in the Warning Zone. Interestingly, all the partial democracies, with the exception of South Africa, appear in the Warning Zone category, which for many countries may give them a higher perceived risk than one may have expected. In terms of the Monitoring Zone, all the states are Full Democracies and classed as Free. One of the observed difficulties with the FSI Risk Rating relates to borderline countries. Egypt for example in 2007 scores 89.2, which is near the borderline with the alert category. Also, Egypt is in the same category as Bulgaria (scoring 60.3 in 2007) and one would seriously question whether the same level of political hazards and risks exist for tourism operators in those countries.

6.4.2 Political system and institutional effectiveness

Clearly, the previous political classifications can begin to give a sense of the quality of the system, but it still has its limitations; as Morrison (2006, p.235) observes, two political systems may be classified the same, but they can vary considerably in terms of their attractiveness for investment. What is of interest here is to explore aspects of government effectiveness through closer scrutiny of the key institutions. It is a concept which a number of models utilise, such as the BERI model, where attention is given to factors such as the quality of the bureaucracy, the degree of corruption, or the impartiality of the legal system; other models, such as the PMSU or the CIFP, offer a different perspective by looking at institutions and how they can act to further stabilise/destabilise a political system, which Brink (2004, p.84) notes can influence consumer confidence and the ability of the system to deal with crisis events.

The immediate question raised is what are the key institutions that should be examined? In relation to identifying the key branches of government, many sites and databases follow the classic division of power based on a legislature, executive and judiciary. Such a basic distinction is used to inform many country profiles, particularly the *CIA World Fact Book*.^{*} The problem with these sites, as with the more general government classification, is that they can be near to meaningless in conveying any sense of quality or effectiveness; after all, just because a country may be cited as having a *parliament*, does not mean it is elected by open and fair elections. They are also limited in the sense that they do not always reflect the full dimensions

^{*} So regarded as very culture bound to the USA's political system.

of modern government, such as recognising the importance of the media, whereby it is sometimes described as the fourth branch of government (Morgan 1987).

If this exploration of institutions is to have any worth, alternative databases and indicators needed to be found. Many sites were explored, with some databases offering critical comment on the institutions themselves, such as FH. Other databases, offered a particularly rich range of data that could be used as potential indicators of the effectiveness of government and institutions, particularly the World Bank,^{*} where one can collect data on consistency of regulations, quality of bureaucracy, time to set up a business, corruption, taxation and many, many more. Although these were all looked at and data collected and examined in various comparative tables, they are not discussed here because of the inconsistencies in the data for comparative analysis, or again simply failing to reveal anything of interest, although a number are returned to in **Chapter 7**. The final result was that just two databases generated some points of interest in the context of this comparative analysis of government effectiveness, which where:

- The FfP and their FSI and their evaluation and classification of the key government institutions (Strength of leadership, Judiciary, Police, Military and Civil Service).
- Transparency International (TI) corruption indicators.

In **Table 6.12** a comparison table of the FSI assessment of institutions is presented. Although the FSI does not cover all countries at present, for those which it does, it gives a useful assessment of the institutions which can act to weaken or strengthen the political system, along with offering some useful clues as to why a country can experience many hazardous events, in particular acts of terrorism, but the political system can remain strong and tourism continues. Sri Lanka is of interest here, whereby it appears in the Alert category of the FSI (see **Table 6.10**), yet in comparison with many other states in this category, its institutions appear relatively strong, such as the leadership, military and civil service which are all classified as

^{*} The World Bank (2007) database, via its World Economic Indicators and the key section on Global Links, which produces a whole range of possible indicators based around: integration with the global economy; growth of merchandise trade; high income trade with low/middle-income economies; primary commodity prices; regional trade blocs; global private financial flows; net financial flows/aid flows; aid dependency; distribution of aid; financial flows; movement of people; travel and tourism.

Good; this factor may go some way to explaining how it has managed to maintain its attractiveness and make its political system more ‘resilient’ (Brink 2005). As usual, however, one can see exceptions, such as the number of countries which have experienced rapid tourism growth, but can still have relatively weak institutions, as Cambodia illustrates particularly well.

Table 6.11 FSI assessment of the five key state institutions

	Good	Moderate	Poor	Weak
Leadership	Croatia (2006); Indonesia (2006); Sri Lanka (2006)	Cambodia (2006); Egypt (2006); Ethiopia (2006); Pakistan (2006); Thailand (2006)	Myanmar (2006); Nepal (2006)	Afghanistan (2006); Iran (2006); Iraq (2006); Lebanon (2006)
Military	Egypt (2006); Pakistan (2006); Sri Lanka (2006); Thailand (2006)	Afghanistan (2006); Croatia (2006); Indonesia (2006); Iran (2006)		Cambodia (2006); Ethiopia (2006); Iraq (2006); Lebanon (2006); Myanmar (2006); Nepal (2006)
Police		Croatia (2006), Egypt (2006); Pakistan (2006); Sri Lanka (2006)	Afghanistan (2006); Ethiopia (2006); Iraq (2006)	Cambodia (2006); Indonesia (2006); Iran (2006); Lebanon (2006); Myanmar (2006); Nepal (2006); Thailand (2006)
Judiciary	Thailand (2006)	Lebanon (2006); Nepal (2006); Pakistan (2006); Sri Lanka (2006)	Afghanistan (2006); Croatia (2006); Egypt (2006); Ethiopia (2006); Myanmar (2006)	Cambodia (2006); Indonesia (2006); Iran (2006); Iraq (2006)
Civil Service	Iran (2006); Lebanon (2006); Sri Lanka (2006)	Croatia (2006); Egypt (2006); Nepal (2006); Pakistan (2006); Thailand (2006)	Afghanistan (2006); Iraq (2006); Myanmar (2006)	Cambodia (2006); Ethiopia (2006); Indonesia (2006)

Source: Fund for Peace (2007)*

The other useful database to examine is the data provided by TI and its corruption data. It should be noted that data on corruption could just as easily be utilised in the output section, but is applied here as so many organisations use it as a proxy indicator of effectiveness, particularly in relation to the bureaucracy, which the PMSU (2005, p.20) argues plays a critical role in stability. Corruption is also considered by some writers, such as Markwick (1998, p.46), or Nichols (2001, p.187), as one of the key political hazards businesses must deal with[†]; the only problem is finding suitable indicators and databases. Although there are a variety of databases which can be used to collect data on potential indicators (such as the World Bank), for this discussion just TI database will be utilised because: a) they are the most comprehensive covering most countries, thus allowing better comparative analysis; and b) because of the

* Institutional assessments in 2006 were not available for: Bulgaria, Costa Rica, Cuba, Haiti, India, Israel, Libya, Mongolia, New Zealand, Norway, South Africa, Spain, Turkey, UK, Venezuela and Zimbabwe.

[†] Many organisations interviewed gave anecdotal reflections on incidents of corruption. Travel and Trek for example noted how ‘local taxes’ or ‘donations’ (the euphemisms adopted for the bribe fees which allows the trekking group to continue walking) have sometimes had to be paid to Maoist rebel groups in Nepal. For Operation Raleigh they commented how one tourist group who were stopped by a young teenager with a gun demanding money, then asked to have their photos taken with the young Maoist.

frequency that many organisations use the data in their own assessments, such as the FH in their country profile assessments.

TI is essentially an NGO, formed in 1993, with the stated purpose of fighting corruption. As part of their work they produce a Corruption Index, which is based on conducting surveys which measure the perceptions of public and political corruption by non-resident experts and business leaders, which is then used to formulate a composite index.* It bases its scores on data over a three year period which is essentially averaged out, but can mean that it can be difficult to see wide variations in scores, as changes are more likely to come incrementally. The scores can run from between 0 to 10, with the lower the score reflecting the more corrupt a country is perceived. No risk scales are presented as such, but a ten colour chart is presented of countries and the relative corruption scores. The accuracy of the results can always be put into perspective as they include the sample size and the standard deviation.

In **Table 6.13**, the case study countries are placed in the TI corruption bands. Although the link between corruption and tourism growth is again weak or mixed, the scores can be used to indicate other political hazards which can be useful in the analysis of the political environment. For example, it can be used as one possible indicator of legitimacy; something which the FSI does, noting how in countries such as Afghanistan, the worsening of corruption erodes at the perceived legitimacy of the government. Indeed many other databases often give some qualitative comment on issues of corruption and how it can affect the legitimacy and strength of the government, such as Polity IV comment on how the President of Costa Rica was plagued by accusations of corruption. Indicators related to corruption, can be used as both a *direct* indicator for certain hazards, or an *indirect* indicator of other factors, such as legitimacy which help in the analysis of a political system, as will be further discussed in **Chapter 7**.

* It can therefore be compared and contrasted with the World Bank Enterprise surveys which primarily focus on domestic firms perceptions.

Table 6.12 TI corruption scores for case study countries 2007

TI Corruption score value	Case Study Countries
9.0 -10	New Zealand (9.4 – 2007).
8 – 8.9	Norway (8.7 – 2007); UK (8.4 – 2007).
7 – 7.9	
6 - 6.9	Spain (6.7 – 2007); Israel (6.1 – 2007).
5 – 5.9	South Africa (5.1 – 2007); Costa Rica (5.0 – 2007).
4 – 4.9	Cuba (4.2 – 2007); Bulgaria (4.1 – 2007) ; Croatia (4.1 – 2007) ;
3 – 3.9	India (3.5 – 2007); Thailand (3.3 – 2007); Sri-Lanka (3.2 – 2007); Lebanon (3.0- 2007); Mongolia (3.0 – 2007).
2 – 2.9	Egypt (2.9 – 2007); Iran (2.5 – 2007); Libya (2.5 – 2007); Pakistan (2.4 – 2007); Indonesia (2.3 – 2007); Zimbabwe (2.1 – 2007); Cambodia (2.0 – 2007) ; Venezuela (2.0 – 2007); Ethiopia (2.4 2006).
1 -1.9	Afghanistan (1.8 – 2007);Haiti (1.6 – 2007); Iraq (1.5 – 2007); Myanmar (1.4 – 2007).

Source: Transparency International (2008). Note: colour coding is the one used by TI.

6.4.3 Discussion of the relevancy of the process indicators for political risk assessment

How useful is the scrutinising of a government/system classification and institutional effectiveness in relation to assessing risk? In terms of the classifications offered in various country profiles, such as those offered by government it can be regarded as near meaningless because of the vagueness and conceptual inconsistencies in application. In contrast, the databases which apply a more consistent set of criteria to classify or assess systems, clearly offer some very useful information, as reflected by the ease that one can access the data, and the speed that one can make an assessment because of the visual layout of some of the assessments. They are also useful in allowing one to easily track political system autocracy/democracy trends. Many writers, such as Kegley and Wittkopff (2001, p.418), and most crucially Goldstone *et al* (2005 p.28), all make the observation that newer states are more likely to initiate war, or suffer from instability, with the latter also identifying the higher risk bands for instability in relation to the years in office by a leader (higher risk being under three years and over eight). Of course they are far from perfect measures, particularly in relation to the time lags of a year, with the POLITY IV data lagging two years behind.

One of the more surprising findings to emerge is just how weak the link between degrees of freedom and tourism patterns can be. Political freedoms or human rights abuses by governments seemed to emerge as less important in destination attractiveness than was anticipated, particularly after the discussion of the post-modern tourist in **Chapter 2**, with the single exception of Myanmar. FH Freedom,

Civil Liberties and Human Rights scores are particularly illustrative here, where countries can perform poorly in these areas, yet still experience tourism growth. Although, it was not a central part of this study's data collection process, it was always noticeable how many of the operators contacted would make some reference to responsible tourism, or issues of sustainability, but issues of human rights abuses did not emerge as important. Responsibletravel.com (the travel hub set up by Anita Roddick in 2001), and Tourism Concern (the pressure group designed to encourage more responsible travel), are key organisations where this disparity can also be observed between the environment, fair trade and human rights. This is not say that human rights are not considered, rather that they are not considered as explicitly in terms of the ethical criteria used, in comparison with other areas, such the environmental measures. This raises some interesting implications in relation to the ethical risk impact areas which need to be reappraised in the model developed in **Chapter 7**.

6.5 Input causation factors, indicators and databases: findings, analysis and discussion

Examining the notion of input factors into the political system – the many economic, social and environmental elements – represents the third key part of the indicator and database discussion, and is the most complex of all. It is complex because this is the area where notions of the political hazardous event causation factors are focused on, but which have a plethora of possible factors put forward as vital for analysis; yet at the same time the theories in which these factors are embedded, can often fail to specify what data should act as the indicator, or where it can be accessed from. Paradoxically, whilst the internet gives an opportunity to deal with these problems, it can also compound the complexity by offering an overwhelming amount of possible data and links, and so at times further blurring just what are the 'essential' and 'non-essential' factors necessary for analysis.

As the previous two sections illustrate, it is more than possible to make an assessment of political hazards and the risks they pose to an organisation without understanding these complex input causation factors. The inherent problem is that whilst it is fine for operational based assessments, when it comes to the strategic assessments which can

involve a larger capital outlay, a deeper analysis of the underlying economic, social and political conditions becomes essential.

To deal with this complexity, a variety of key factors and indicators were distilled from the numerous models examined and literature reviewed in **Chapter 4**. It by no means represented all the possible factors that could be analysed, because, as was highlighted in that chapter, an important finding from the literature reviewed is that using a smaller number of key indicators could be just as effective as using many. The analysis of these factors, indicators and the sources of the data took a considerable amount of time, yet often revealed relatively little in terms of the comparative analysis. What follows, is a relatively brief discussion of some of the more interesting findings, based around the categorisation of factors and indicators developed in **Chapters 3 and 4**. One final point to note is that only a single snapshot view of data is given for a single year in order to make the comparative data tables more digestible; the problem with this is that it underplays one of the key strengths of quantifiable input indicating data, whereby some of the underlying trends occurring in the economic and social conditions can be observed over time.

6.5.1 Economic inputs indicators

This is not a discussion on the extent to which economic factors determine change. It is a long running debate, with writers from a Marxist perspective developing the most explicit, deterministic causal link between the economic systems driving the political system. Even writers from a liberal perspective, whilst not as deterministic, still place a great deal of emphasis on economic factors and their relationship to the political environment. Whatever the link, what is clear is that the economic environment provides one of the richest pools of quantifiable data and potential indicators. To give a flavour of the possible indicators which can be examined, a snapshot comparison of some of the more interesting indicators are presented in **Table 6.14**, which uses the factor typology developed in **Chapter 4**, based on the categories of economic growth, stability, debt and trade.

Table 6.13 Key economic indicators

Country	GDP Per Capita \$	Country	Inflation (2006)	Country	Unemployed rate %	Country	% pop below poverty	Country	Current A/C (000,000) \$	Country	Public Debt % of GDP
Norway	46,300	Israel	2.1	Cuba	1.9	Haiti	80	Norway	55,210	Lebanon	190
UK	31,800	Norway	2.3	Thailand	2.1	Zimbabwe	68	Venezuela	27,170	Egypt	113.4
Spain	27,400	UK	2.3	Cambodia	2.5	Afghanistan	53	Iran	16,510	Zimbabwe	96.4
Israel	26,800	Libya	2.7	UK	2.9	South Africa	50	Libya	12,950	Sri Lanka	93
New Zealand	26,200	Croatia	3.2	Mongolia	3.3	Iran	40	Indonesia	9,948	Israel	84.9
Croatia	13,400	New Zealand	3.4	Norway	3.5	Ethiopia	38.7	Israel	7,998	Ethiopia	80
South Africa	13,300	Spain	3.5	New Zealand	3.8	Venezuela	37.9	Iraq	5,665	India	60
Costa Rica	12,500	Lebanon	4	Pakistan	6.5	Mongolia	36.1	Thailand	3,231	Turkey	59.8
Libya	12,300	S.Africa	4.6	Costa Rica	6.6	Cambodia	35	Egypt	2,731	Pakistan	55.1
Bulgaria	10,700	Thailand	4.6	Sri Lanka	7.6	Nepal	30.9	Cuba	146	Costa Rica	51.8
Thailand	9,200	Cambodia	4.7	India	7.8	Lebanon	28	Haiti	-1	Croatia	46.1
Turkey	9,100	India	6.2	Venezuela	8.9	India	25	Cambodia	-337	UK	42.7
Iran	8,700	Cuba	6.2	Spain	8.1	Myanmar	25	Zimbabwe	-366	Norway	41.2
Venezuela	7,200	Bulgaria	7.3	Israel	8.4	Pakistan	24	Sri Lanka	-1,046	Thailand	41.2
Lebanon	5,900	Egypt	7.7	Bulgaria	9.6	Sri Lanka	22	Costa Rica	-1,077	Spain	39.9
Sri Lanka	4,700	Pakistan	7.9	Turkey	10.2	Israel	21.6	Lebanon	-1,484	Indonesia	38.6
Egypt	4,200	Nepal	8.6	Burma	10.2	Egypt	20	Ethiopia	-1,786	South Africa	33.3
Cuba	4,100	Mongolia	9.5	Egypt	10.3	Turkey	20	Croatia	-3,175	Bulgaria	26.6
Indonesia	3,900	Turkey	10.5	Indonesia	12.5	Spain	19.8	Bulgaria	5,010	Venezuela	24.3
India	3,800	Costa Rica	11.5	Iran	15	Costa Rica	18	Pakistan	-6,795	Iran	23.6
Cambodia	2,800	Iran	12.00	Croatia	17.2	Indonesia	17.8	New Zealand	-9,373	New Zealand	21.2
Pakistan	2,500	Haiti	13.10	Lebanon	20	UK	17	India	-10,360	Libya	5.4
Mongolia	2,100	Indonesia	13.10	Iraq	(2005) 25	Bulgaria	14.1	South Africa	-16,280	Mongolia	N/A
Zimbabwe	2,100	Ethiopia	13.50	South Africa	(2005) 25.5	Croatia	11	Turkey	-31,760	Nepal	N/A
Iraq	1,900	Sri Lanka	13.70	Libya	(2005) 30	Thailand	10	UK	-88,100	Haiti	N/A
Burma	1,800	Venezuela	13.70	Afghanistan	(2005) 40	Libya	7.4	Spain	-106	Afghanistan	N/A
Haiti	1,800	Afghan	16.3(2005)	Nepal	(2004) 42	Cuba	NA	Mongolia	N/A	Cuba	N/A
Nepal	1,500	Burma	20	Zimbabwe	(2005) 80	Iraq	NA	Nepal	N/A	Myanmar	N/A
Ethiopia	1,000	Iraq	53.20	Haiti	Widespread unemployment (2/3)	New Zealand	NA	Afghanistan	N/A	Cambodia	N/A
Afghanistan	800	Zimbabwe	1,033.5	Ethiopia	N/A	Norway	NA	Myanmar	N/A	Iraq	N/A

Source: CIA World Fact book (2007). All data is for 2006, unless indicated otherwise by an additional date in brackets.

The following points of interest can be observed in terms of making some generalisations to help interpret the data and pick up on warning signals:

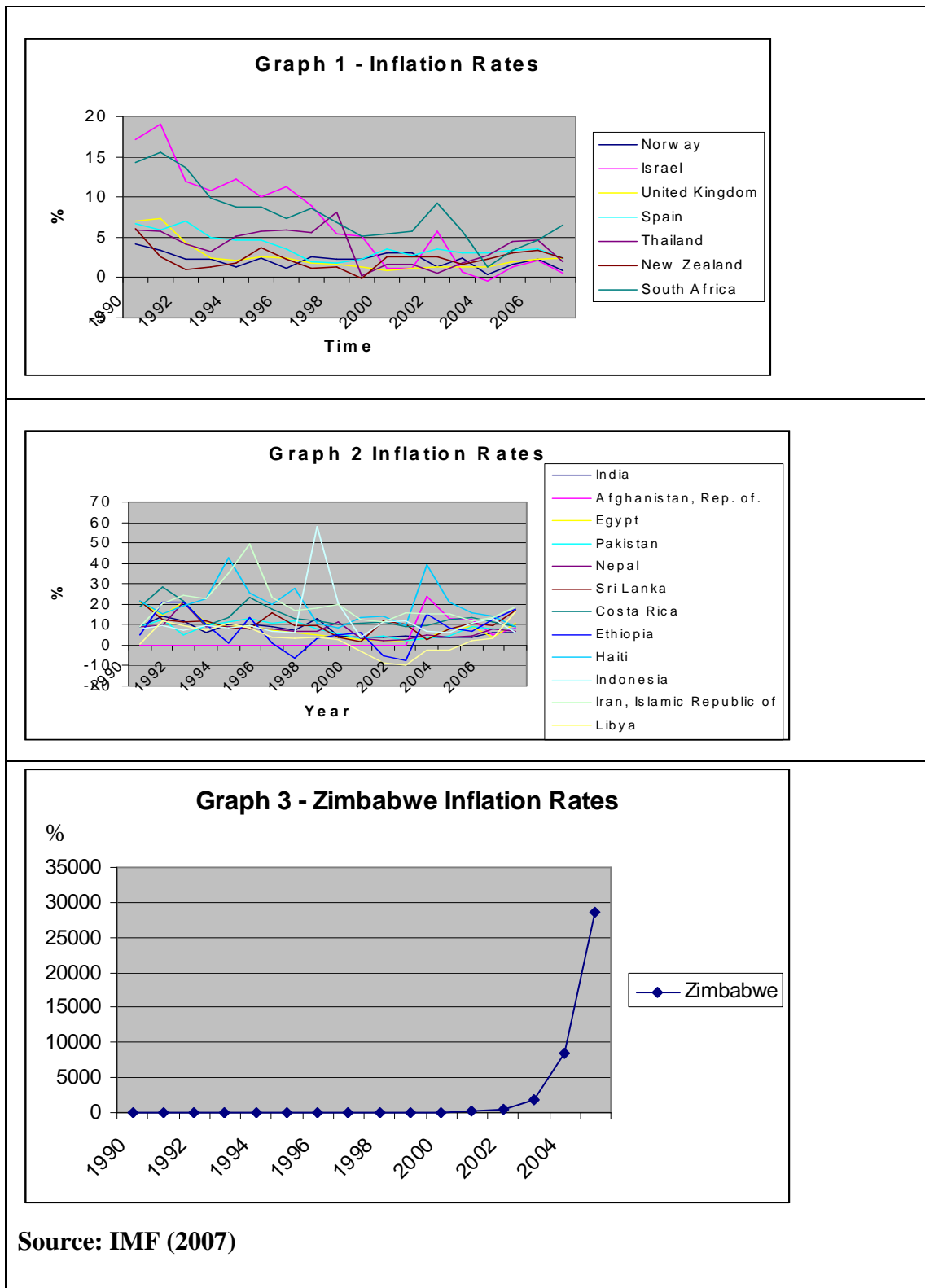
- One can identify some broad threshold figures of GDP per Capita, where one can make some generalisations. Countries in the GDP per Capita band of \$20,000 (Norway, UK, Spain, New Zealand and Israel), have a strong link with democratic systems, classed as 'free', have a pattern of tourism growth, and receive low risk ratings from the various risk assessment databases. The countries that appear between the GDP per Capita band of \$10,000 to \$20,000 (Croatia, South Africa, Costa Rica, Libya, Bulgaria) with the exception of Libya, are classed as free and democratic, and tend to be in the low risk categories on the risk databases.
- Once a country falls below a GDP per capita of \$10,000, it does seem to reflect a political system which is more vulnerable to conflict hazards. This is in relation to both their frequency and severity. Interestingly, however, it tends to be the countries below the \$10,000 mark that often experience the most rapid increases in tourism growth, such as Cambodia or Mongolia.*
- Having a high GDP per capita does not preclude violent conflicts taking place, as indicated in **Table 6.5**.
- For many other countries, such as Venezuela, or Lebanon, the economic performance seems to be more of a reflection of political turmoil or events, rather than vice versa; a conclusion that the PITF reached (Goldstone *et al*, 2005, p.21), stating that political instability creates economic turmoil, rather than the other way round. Furthermore, growth should not necessarily be equated with lessening political risks, leading to democratisation, nor to improvement in other areas of governance.
- The combination of a low GDP per capita and high levels of poverty seems to be particularly potent combination in reflecting potential sources of conflict and tension in the political system, as Haiti illustrates. The South Africa data is

* This tends to reflect that the other countries tend to have more mature tourism markets, whilst the others are in a period of introduction and market growth

also of particular interest, as despite receiving some positive indicators elsewhere, the level of poverty is very high indeed, which points to a country which can be vulnerable to various hazardous events.

- Looking at the countries with inflation over 10% seems to be a more useful threshold level to indicate potential problems. The most startling inflation rates relate to Zimbabwe, which if presented in graph form gives a dramatic indicator of problems, as illustrated in **Figure 6.18**, which compares the inflation rates with the other case study countries, grouped according to different GNP per Capita bands.
- As an indicator of hazards and risk, what one should look for are the more rapid spikes of inflation (or deflation for that matter, as Haiti illustrates), which can act as another warning signal of actual or future problems. This can be given further refinement by looking at the IMF forecast.
- Unemployment should be compared in relative, not absolute terms. For the developed countries, unemployment rates approaching 5% can have more serious implications on the political environment in comparison with lesser developed countries. Using a 10% threshold figure can help alert one to potentially more serious system tensions, which if accompanied by a youth bulge could lead to significant problems. One of the figures which is of particular interest is the very high levels of unemployment in South Africa, of around 25%, which puts its GDP and GDP per Capita in better perspective.
- Although many models, albeit mainly credit or country risk models do focus on the **level of debt** and key **trade indicators**, such as the balance of payments, in terms of this analysis little clear pattern emerged. The theories of why they are important to examine are easy to appreciate, but in practice, in terms of looking at the actual data available, little of any significance was observed, despite many variations of the figures examined from the database

Figure 6.18 Illustrative comparisons of inflation rates



6.5.2 Social input indicators

Interestingly, many models which are classified as political risk models, will often disaggregate the economic data for a separate analysis, whilst various social factors

are blended in with the political factors, such as with the BERI, ICRG and Moody's structured assessments. Here a stronger conceptual distinction is maintained between the two broad category sets: welfare conditions and the degree/basis of divisions in a society. A snapshot view of a variety of welfare indicators are presented in **Table 6.15**, with the following key findings:

- In examining the various mortality rate indicators, it perhaps becomes clearer why the PITF stresses that infant mortality rates are one of the best indicators of development, welfare and potential instability. * The figure of 157 deaths per thousand for Afghanistan is particularly startling. In comparison, the death rate and life expectancy, whilst still illustrating some important differences, are not as dramatic as the infant mortality data, with the exceptions of South Africa and Zimbabwe.
- In terms of a threshold figure for infant mortality to act as a warning signal, the countries which have a rate of 40 deaths per thousand or more - Afghanistan, Ethiopia, Pakistan, Haiti, Nepal, South Africa, Cambodia, Zimbabwe, Iraq and Mongolia – with the exception of South Africa and Mongolia - have all experienced political turmoil and violence in recent years. Countries which see a rate between 10 and 40 deaths seem to have better quality welfare structures and institutions, which can act to strengthen the political system (the notion of a stabilizer), despite many problems and the incidence of conflicts. Countries that go below 10 deaths per thousands tend to be the democratic countries, with the exception of Cuba, but all are marked by greater degrees of stability in their own ways, but not immune to violence as Israel illustrates.
- The data on the HIV/Aids related deaths does help put some of the other figures in perspective, and point to the problems of Aids in Africa and many other developing countries.

* According to the Goldstone's *et al* (2005, p.23) paper there are a number of additional factors which can increase the risk of instability, such as if they are classed as a partial democracy. In terms of the bands, they also note that the odds of instability for countries in the 75th percentile global infant mortality rates are 4 – 7 times higher than in countries at the 25th percentile.

- The indicator used for literacy should be treated with caution. The more literate a society becomes does not equate with stability, but can in fact help increase certain hazardous events, dependent on other factors, such as an increasing educational elite which can articulate and help mobilise groups and lead to tensions in the political system. It is a point which Testas (2004, p254) makes in relation to terrorism in a number of Middle East countries, where he found an interesting correlation between increased education and GDP per capita levels, with acts of terrorism.
- The HDI is composite indicator which draws on three indicators (Life expectancy, education and income), and is often presented as a more realistic measures of human development, as argued by Monti-Belkaoui *et al* (1998, p115). Yet looking at the table, another mixed picture seems to emerge. Using the UN's colour bands of High, Medium and Low*, one can see stronger links between serious levels of conflict hazards and stable systems, but the real difficulty is in interpreting the middle band. Looking at the countries, one could in fact divide this band further, using the 0.600 figure as a threshold, whereby the welfare conditions could contribute to greater stability and the capacity of the country to ride out political problems, whilst those countries below this level are more vulnerable.

* Which are High HDI (Value of + 0.8 and highlighted in yellow); Medium HDI (Value of + 0.5); and Low HDI (Below 0.5 and highlighted in blue).

Table 6.14 Comparative analysis of key welfare indicators

Country	Infant Mort	Country	Death Rate	Country	Life Expectancy	Country	HIV/Aids Deaths	Country	Literacy %	Country	Population	Country	HDI (2005)
Afghanistan	157.43	South Africa	22.45	Afghanistan	43.77	South Africa	370,000	Afghanistan	28%	Afghanistan	31,889,923	Norway	0.968 (2005)
Ethiopia	91.92	Zimbabwe	21.76	Bulgaria	72.57	India	310,000	Bulgaria	98%	Bulgaria	7,322,858	Spain	0.949 (2005)
Pakistan	68.84	Ethiopia	14.67	Cambodia	61.29	Zimbabwe	170,000	Cambodia	73.6	Cambodia	13,995,904	UK	0.946 (2005)
Haiti	63.83	Bulgaria	14.28	Costa Rica	77.08	Ethiopia	120,000	Costa Rica	96	Costa Rica	4,133,884	New Zealand	0.943 (2005)
Nepal	63.66	Croatia	11.57	Croatia	74.9	Thailand	58,000	Croatia	98.1	Croatia	4,493,312	Israel	0.932 (2005)
South Africa	59.44	Haiti	10.4	Cuba	77.08	Haiti	24,000	Cuba	99.8	Cuba	11,394,043	Croatia	0.850 (2005)
Cambodia	58.45	UK	10.09	Egypt	71.57	Myanmar	20,000	Egypt	71.4	Egypt	80,335,036	Costa Rica	0.846 (2005)
Myanmar	50.68	Spain	9.81	Ethiopia	49.23	Cambodia	15,000	Ethiopia	42.7	Ethiopia	76,511,887	Cuba	0.838(2005)
Zimbabwe	51.12	Myanmar	9.33	Haiti	57.03	Pakistan	4,900	Haiti	52.9	Haiti	8,706,497	Bulgaria	0.824
Iraq	47.04	Norway	9.37	India	68.59	Venezuela	4,100	India	61	India	1,129,866,154	Libyan	0.818
Mongolia	42.65	Nepal	9.14	Indonesia	70.14	Nepal	3,100	Indonesia	90.4	Indonesia	234,693,997	Venezuela	0.792
Turkey	38.33	Cambodia	8.24	Iran	70.56	Indonesia	2,400	Iran	77	Iran	65,397,521	Thailand	0.781
Iran	38.12	Pakistan	8	Iraq	69.59	Spain	1,000	Iraq	74.1	Iraq	27,449,638	Turkey	0.775
India	34.61	New Zealand	7.54	Israel	79.59	Costa Rica	900	Israel	97.1	Israel	6,426,679	Lebanon	0.772
Indonesia	32.14	Cuba	7.14	Lebanon	73.15	Iran	800	Lebanon	87.4	Lebanon	3,925,502	Iran	0.759
Egypt	29.5	Thailand	7.1	Libya	76.88	Egypt	700	Libya	82.6	Libya	6,036,914	Sri Lanka	0.743
Lebanon	23.39	India	6.58	Mongolia	66.99	UK	500	Mongolia	97.8	Mongolia	2,951,786	Indonesia	0.728
Libya	22.82	Indonesia	6.25	Myanmar	62.49	Lebanon	200	Myanmar	89.9	Myanmar	47,373,958	Egypt	0.708
Venezuela	22.52	Mongolia	6.21	Nepal	60.56	New Zealand	200	Nepal	48.6	Nepal	28,901,790	Mongolia	0.700
Sri Lanka	19.45	Israel	6.17	New Zealand	78.96	Mongolia	200	New Zealand	99	New Zealand	4,115,771	South Africa	0.674
Bulgaria	19.16	Lebanon	6.1	Norway	79.67	Cuba	200	Norway	100	Norway	4,627,926	India	0.619
Thailand	18.45	Lebanon	6.1	Pakistan	63.75	Sri Lanka	200	Pakistan	49.9	Pakistan	164,741,924	Cambodia	0.598
Costa Rica	9.45	Sri Lanka	6.01	South Africa	42.45	Norway	200	South Africa	86.4	South Africa	43,997,828	Myanmar	0.583
Israel	6.75	Turkey	6	Spain	79.67	Israel	100	Spain	97.7	Spain	40,448,191	Pakistan	0.551
Croatia	6.6	Iraq	5.26	Sri Lanka	74.8	Bulgaria	100	Sri Lanka	90.7	Sri Lanka	20,926,315	Nepal	0.526
Cuba	6.04	Egypt	5.11	Thailand	72.55	Croatia	10	Thailand	92.9	Thailand	65,068,148	Zimbabwe	0.505
New Zealand	5.67	Venezuela	5.08	Turkey	72.88	Afghanistan	NA	Turkey	87.4	Turkey	71,158,647	Haiti	0.467 (2004)
UK	5.01	Costa Rica	4.39	UK	78.7	Iraq	NA	UK	99	UK	60,776,238	Ethiopia	0.367 (2004)
Spain	4.31	Libya	3.47	Venezuela	73.28	Libya	NA	Venezuela	97	Venezuela	26,023,528	Afghanistan	N/A
Norway	3.64	Norway	NA	Zimbabwe	39.5	Turkey	NA	Zimbabwe	90.7	Zimbabwe	12,311,143	Iraq	N/A

Source: CIA World Fact Book (2007), UN (2007) and World Bank (2007). All data is for 2006, unless indicated otherwise.

The second key set of social indicators relates to those which reflect the divisions within a society. The basis of the differences can be broadly based around notions of ethnicity, language, religion and economic. At its most basic level, the theory is that the greater the differences in a society, the greater the potential for a source of conflict and schisms, together with its impact on the notion of legitimacy and the ‘demonstration effect.’ The volume of the data means that it does not lend itself for distillation to a single simple table, and so is presented in a more detailed table which can be found in **Appendix K**. From that data a number of points can be observed:

- One should interpret the percentage distributions of different groups with caution. One of the critical factors that can modify the risk relates to the type of political system these different groups operate in and the opportunities and methods of interest arbitration and representation. When democratic processes are introduced to countries, where the political culture is based more on the experience of autocracy rather than democracy, then in the short term at least, this can lead to a great deal of uncertainty and potential conflict as the politics fragment on ethnic or religious lines, the danger of which can be seen in the break up of Yugoslavia, or in Iraq and Afghanistan.
- Groups do not have to be significant in terms of size to generate political hazards, such as protests, acts of terrorism or even larger scale violent conflicts, or by becoming victims of state persecution and violence. Whilst the former can have many impacts in relation to operational risks for the tourism operator, the latter can raise some particularly important risks in relation to ethics. The MAR (2007) database is particularly useful here as it gives an insight into the degrees of tolerance and integration, or groups who may be vulnerable to scapegoating* for all countries.
- When looking at these differences, it is important to not only view them as a source of potential conflict, but also in terms of a tourist resource, as the seeking of ‘difference’ is a key dynamic in the tourism industry.

*Using qualitative work, such as the reports published by Freedom House, or Amnesty International, helps give further corroboration.

6.5.3 Environmental indicators

Whereas for the area of social and economic factors there can be a huge wealth of data to act as indicators – too much even – for the area of environmental drivers of change, the actual sources of data can be much scarcer, or less tangible. Yet environmental factors and how they can drive conflict, with the exception of the newer models such as the FSI, or PMSU, emerged as a key gap in many of the older, structured models of political and country risk assessment discussed in **Chapter 4**. The essence of the argument relates to how various pressures, such as population growth, can place more competition for scarce resources, which can sometimes result in conflict, as groups seek to secure resources. Whilst the essence of this argument has a long heritage, going back to Malthus's theory of over-population, it has been greatly refined in recent years, such as with the work by Homer-Dixon (1994) or by Baechler, Spilmann and Suliman (2002). Whilst there is some disagreement as to the true extent that the environment, its degradation and increased competition contributes to conflict or state failure, there is wider acceptance that it is still an important factor which needs consideration.

The problem in the context of this work was finding the suitable indicators and databases. Population growth and examining youth bulges^{*} is one accessible indicator, but it needs to be compared with other measures, such as the key resources which may be competed for. The *CIA World Fact Book* offers some basic, useful background information in terms of the environment, ranging from the climate, natural hazards and a useful overview key environmental issues and major infectious diseases (data, incidentally which is also useful for more general risk assessments). The problem is that the data is difficult to compare across the large number of case study countries. In theory, a greater range of more quantifiable indicators relating to the environment can be found, such as using the World Bank database, which has a variety of measures, such as forest area, CO2 emissions, and the percentage of the population with improved water access. On closer examination, however, the only figure which tends to be more consistently represented relates to deforestation, which is one of the reasons why the Peace and Conflict Reports produced by CIFP utilise this as one of their six key indicators to forecast instability and conflict. In the context of this work however, nothing conclusive was discovered.

* MIPT present the UN data in a very accessible manner.

6.5.4 Key actor indicators

For some political risk models, such as the PRS approach, analysing the key actors forms a central part of the method for risk assessment, which adapts the PRINCE model.* Other approaches use a less structured approach, such as the PMSU which simply offers a range of sample pro-formas with which the key actors can be tracked. In terms of the general theory, there can be some discussion as to what extent individuals or groups shape events and the political environment, or are the product of events and the political environment (or economic conditions if one approaches it from a Marxist perspective). The approach taken here is that individuals and groups do matter in terms of analysis, but not so concerned with the extent they are *drivers* of change, or are *driven* themselves by the system.

Using a focused comparative approach for analysing the key actors was limited, in that it could only focus on a number of more indirect indicators, such as the percentage of GDP per military expenditure. The analysis was helpful for constructing some more refined categories with which to analyse the key actors, which can be used later in **Chapter 7**. These categories were:

- Leaders of governments
- Heads of key governmental departments
- Leaders of parties
- Political parties
- Pressure groups
- Military
- Heads of governments and political parties of neighbouring countries
- Heads of governments and political parties of neighbouring countries of other influential countries
- Terrorist/insurgency groups
- Key trading partners

In terms of more specific findings from the data collected on some of the key indicators presented in **Appendix L**, only a few points are worth noting. These are:

* This model was developed in 1969, with a key part of the method focusing on the key players and their position in the political system and how they could influence the type of regime in the future.

- In terms of the analysis the CIA (2007) and the World Bank Development (2007) indicators were useful in collecting data for some broad measures, but limited in terms of the qualitative analysis, as more detailed source materials are needed, such as the news related databases.
- The number of parties can give an indication of the degree of instability/stability of the system to a point, such as Afghanistan having 79 parties, but little can really be discerned in terms of effectiveness, or openness (this is where the process measures discussed earlier are useful, such as the freedom classification). Iran illustrates this latter point, as it has eight listed parties, but the reality is that they are weak institutions and conduits of opposition.
- One can examine the variety of terrorist groups and track their development, as groups which may initially appear as insignificant (the weak signal), but which can rise to contest power through force, as noted earlier in the discussion on terrorism.
- Examining the key trading partner data from the World Bank (2007), or the IMF (2007), can give an indication of how the economy may be tied in and dependent on the fortunes of others, which can be useful when considering connections to other countries and how changes there may affect the host country.
- The one indicator which did lend itself to a proper, broad comparative analysis related to military expenditure as a ratio to a country's GNP. This is used as an indicator by a variety of writers, such as Monti-Bekaoui *et al* (1998, p.115), Brink (2004, p.133), or models, such as the ICRG, EIU and the CIDCM Peace and Conflict models, which use it to indicate the strength of the military in politics. For convenience the data was obtained from the *World Fact Book* (CIA 2007). The country with the highest percentage is Iraq, with 8.3% which perhaps reflects not only the role of the military, but the high level of violence and instability, together with its modest GDP levels. Next is Israel, with a value of 7.3%, which also seems to better reflect its heightened security situation, rather than the risk of a military coup. Exploring further, one begins

to notice more limitations with this indicator. Pakistan and Thailand have experienced military coups in recent years, yet they record 3.2% and 1.8% respectively, which whilst relatively high, is by no means exceptional, whilst the military regime in Myanmar records a level of 2.1%. In terms of a possible alert threshold, 3% or more (Cuba, Zimbabwe, Egypt, Pakistan Lebanon, Cambodia and Indonesia all record values over 3%), can act as a simple warning signal.

6.5.5 Discussion of the key input indicators and databases

For some reading this relatively short discussion on input indicators it may seem remarkably brief. It should however be re-emphasised that many more factors and indicators were looked at, but what is distilled here are the indicators which are characterised by their ease of access, and which generated some findings of interest. The analogous black swan input indicators stress again the vital necessity not to look at indicators in isolation, but in combination, to try and reflect unique complex political systems.

Some examples can be used to illustrate these points. In theory, GDP data gives a basic measure of the total economic output of a country in a given year, as such it can be used as an initial basic indicator of the level of development of a country. To gain a better perspective in terms of the wealth of a country, the GDP data is divided by the population (per capita) and sometimes used as an indicator of poverty, or relative deprivation; a factor which is cited by various writers as a key driver of either stability (Crick 2000, p.174), war (PMSU 2005, p.23), unrest (Calvert 2001, p.299), or terrorism (Harmon 2000, p.146). PMSU (2005, p.23) refine this theory further by saying that vulnerability can be increased when it is tied in with a history of conflict and weak political institutions, along with the state's ability to arbitrate interest, which is intimately related to the type of political system. The problem with this indicator is that it gives little indication of the distribution of wealth in a country, hence the use of the poverty indicator, as it gives an additional insight into the degree the society is stratified.

South Africa is of interest here, whereby it can have relatively high GNP per Capita, but is also marked by significant inequalities as revealed by the poverty and various welfare indicators. The fact that it does not have more problems can be partly

explained by the nature of its political system and the quality of the institutions, which act to stabilise the system. Overall however, despite a lack of occurrence of certain hazardous events in the past, it does not mean they are immune to them in the future, as many of the input indicators point to a system which can be vulnerable, only needing a few precipitous key trigger events to unleash political turmoil and conflict.

What is also important to appreciate is the role of theory, not necessarily in constructing specific, deterministic mathematical models, but in terms of a cultural mindset when looking for clues, or warning signals when trying to interpret the data. One such theory is the use the J-Curve and the Frustration Gap theory discussed in **Chapter 4**; which is of particular interest when reflecting upon Zimbabwe's GDP growth and inflation rates, where the dramatic spikes in the curves indicating periods of growth, stagnation and rampant inflation, and which are of use in the construction of scenarios.

6.6 Chapter discussion and summary

The four key discussion sections in this Chapter - **Section 6.2.6** on ready made assessments; **Section 6.3.3** on outputs; **Section 6.4.3** on processes; and **Section 6.5.5** on inputs - illustrate both the wide variety of data which can be used, and a direction for the analysis and assessment. Indeed it can be the issue of resources, such as the time available for political risk analysis, which can play a key role in sorting out which 'essentials' can actually be feasibly be analysed. What is of particular interest is that rather than trying to begin political risk process by focusing on the more complex input causation factors, as is attempted in many models, it can be better to work steadily through a process where this actually comes at the end. Simply put, this analysis and discussion of numerous factors, indicators and databases revealed how it is more than possible to make an assessment of risk, without understanding what causes the hazards and risks. Whilst some may not like this, it should be remembered that one of the reasons for conducting a risk assessment, as Rayfield (1988, p.173) notes in relation to the General Motors model, is that it is not necessarily about predicting political instability or upheaval, but to try to give an indication of the level of uncertainty and the potential for change and so act as a guide for management decision-making and actions.

The key point of using the black swan analogy was to act as a reminder about the danger of generalisations, and the potential of the unexpected event. That is why no iron laws of determinism that can be perfectly modelled using statistical data are developed here. The findings of the operators' experiences illustrated this complexity of systems, where seemingly unconnected events affect demand in both positive and negative ways. The example of the company, whose tours to the Alps were affected by the UK government's response of shutting the countryside in response to the Foot and Mouth outbreak, is illustrative of this complexity, showing the lack of linearity of causation and the vital need to always contextualise risk management processes. It is a complexity which is further compounded by the variety of clients who will respond differently to events, depending on their available heuristic experiences.

The notion of the black swans also gives an insight into another problem. It has long been recognised in project management that people become committed to projects early, resulting in difficulties to dissuade people to change from the initial course of action decided, with Wells (1998, p.27) commenting on the number of stories where analysts warnings fall on deaf ears with senior managers. If this is the case, then the data collection process becomes an exercise to find any pieces of information to support what Schwartz (2001, p.43) describes as the 'collective self-delusion,' rather than a process to help make objective judgements. The implication of the black swan is that it will always be possible to find some information to support an action or a viewpoint.

To help deal with the problem, what emerged was the vital importance of systems theory, which encourages collection of data focusing on different parts of the system. The principle here is one of triangulation, whereby data is collected from different sources, sometimes to verify information, but at other times to simply cast a different perspective on the area being analysed. What was also illustrated is how one can add to the layers of complexity in the analysis, recognising that it is more than possible to make assessments of risk with limited information, or without understanding causation, but which reflects an operational reality for many organisations. This was an important clarification about the direction of the analysis, as some ambiguity emerged about this from the review of the literature in the previous chapters. This approach is one certainly not expected at the beginning of this study, as it was

anticipated that a more structured, inductive model would be developed. What it does however provide is a solid basis for the construction of a model, which is explained and utilised in **Chapter 7**.

The area where there is still ambiguity relates to the assessment scales which could be used, if of course they are relevant at all. For this, a more intimate analysis is needed, where these various process elements can be explored for a specific case study, which is where the next chapter comes in. What has also not been examined in any real detail, are the many tools which can be utilised in analysis and assessments, such as trend extrapolation, scenario writing and many other techniques, so these too will be returned to in **Chapter 7**.

Chapter 7

Bringing it all together: model application

7.1 Introduction

The comparative analysis and discussion of databases and potential indicators in **Chapter 6** clarified not only what should be examined, but also the direction of analysis and assessment. Using this information, a tourism relevant risk model is developed in this Chapter, which is designed to analyse and assesses political hazards, and the risks these may generate. It also continues to pay particular attention to the objective of clarifying the language and process of risk management, by utilising a vocabulary that would be more familiar to tourism operators. This Chapter examines this model in relation to a single case study country (Ethiopia) and partly through a single adventure organisation (XCL expeditions) to gain a deeper insight of the value of the model, the indicators and databases utilised, along with the analytical tools applied.

7.2 Explaining the model

This section focuses primarily on explaining the model that has been developed, focusing on how it has synthesised existing work, together with highlighting some of its new, more original features.

7.2.1 Originality of the model and the assessment results for Ethiopia

Let's begin at the end. What is presented in **Table 7.1** are some sample extracts of an operational and strategic risk of the key political hazards a tourism organisation could be exposed to if operating in Ethiopia, based on pre-August 2007 data, which is drawn from the more detailed assessment and analysis table, in **Appendix M**. The reason why this work begins with sample extracts of a completed assessment is to show how a finished assessment table could look, and then from this, explain how it was constructed and what is original about the model and methods used.

Table 7.1 August 2007 political risk analysis and assessment (sample extract)

Possible hazardous events/outcomes identified	Likelihood (and location if appropriate) (R)	Possible risk impacts and severity rating (S)	Control measures	Qualitative comment
Sample 1 - Changes in government				
Military coup	2 Low	4/5 If cancel trip because of FO travel warning 2/4; If expedition/tour is already in Ethiopia it can depend on the repercussions, ranging from a 2, where the destination image is affected, going up to a 4 if evacuation is needed.	Ensure details of consulate are held and how. Regular communication via Satellite phone with UK base.	Although military coups having taken place in the past there are few indicators in the short to medium term this is likely to occur again. Issues of ethics and reputation may need to be considered. The coup in Thailand in 2006 illustrates an instance where it had remarkably little effect on tourists. The key impacts can relate to demonstrations, riots and impositions of curfews.
Sample 2 -Structural workings of government				
Bribery, corruption & 'passes'	3 dealing with government/officials	2 Failure to pay may prevent travel, results in intimidation resulting in fear and expedition experience affected. 4 If it is to secure a project/contract and it is exposed in relation to reputation/regulation.	-Avoid key border areas where 'fees' may be 'requested' -Avoid paying bribes to secure projects. -Prepare group members that bribes may be asked for by government officials/police when travelling.	The risks for more significant capital based projects, such as a hotel development are much higher. If it is part of an expedition, then risks are lower, but possible.
Sample 3 - Conflicts				
War/border incursions & conflict refugees. Government mobilises troops to deal with incursions/terrorists/ invasion.	4 border areas with Eritrea (Tigray and Afar regions highly militarised) 2 Djibouti 3 border areas with Sudan 3 border areas with Somalia All these conflicts seem set to continue over the next five years, with few positive signals emerging that things will get better.	3 Travel disruptions, 2 to 4 travel restrictions, 4 cancellations, 4 Ethical risks if travelling to areas with refugee populations. 4/5 victim of violence (injury and death). 3/5 on reputation, depending on FCO advice.	Track news, contact addresses of key clients to send updates/deal with enquiries. Avoid border areas. Insurance cover. Subscribe to bulletin services by key government advice sites for Ethiopia and its neighbours.	The border areas remain highly sensitive, particularly as conflicts can overspill, such as with Somalia and Sudan. One of the impacts of conflicts are refugees, whereby this can raise serious ethical questions of travelling to areas. If the work has an aid element to it this can change aspects of the risks.
Landmines	3 all Border areas with Eritrea and Somalia.	4/5 Severe injury/death. 4/5 Reputation, particularly if ignored government advice.	Avoid travelling to these areas. If do find these problems, then avoid going off road.	The full extent of the risk is difficult to gauge, but here it is far better to err on the side of caution
Terrorism: Bombings/shootings	3 Addis 3 Jijigi /Ogaden region.	4/5 Group members injured/ killed. FO Issues Travel Warning 3 Group making detours 3 Communication disruptions	-Adhere to FCO advice to protect reputation. -Validate insurance, adhere to regulation. -Avoid the open, public spaces where foreign nationals congregate.	Acts of terrorism, although relatively infrequent have been marked by high severity rating in terms of the number killed. The key acts recorded relate to primarily bombings, particularly by hand grenades thrown into crowded areas, kidnapping and shootings. Note that UK FCO class it as a 'High Threat'
Train derailment/sabotage	3 for the Ethiopia/Djibouti route.	2 Travel disruptions. 4/5 Injury/death from crash. 4/5 Reputation if ignored advice.	Avoid train travel as should not be needed as part of the expedition.	Although the US and Canada say train travel should be avoided; the low frequency and travel blogs can give a different perspective.
Government arrests oppositions groups, arbitrary arrests, summary executions Amnesty/Freedom House publicise abuses Government repression in Gambella,	3 Key towns in Ogeden, (rising to 4 at next election) 3 Gambella (ethnic unrest), 3 Northern Afar 3/4 foreign governments' condemnation of human rights abuses.	4 Ethical risks in relation to human rights abuses 3 travel restrictions 3 Reputation. 2 /4 Travel disruptions.	Consider ethical position and articulate policy of how one can deal with this issue. This clarifies the significance or impact value. Inform group and what can be done to help (at home not in country, such as supporting Amnesty International campaigns).	Increased risk in certain areas and time. This is very difficult, although in theory it raises many serious issues, it is one which many can find convenient to ignore. The question is the extent the organisation wishes to deal with it.

Source: Author (see Appendix M for the more detailed assessment)

Looking at **Table 7.1** one may initially be struck by how unremarkable the information looks and how familiar the layout seems. Indeed, in many ways it is important that it does have these features, as simplicity of use and regularity of format

is a desired objective. **In Chapter 4, Section 4.7** it was argued that whilst the *analysis* stage was the most complex, it was the *assessment* where the analysis needed to be turned into something more tangible to aid in decision making. To stay true to this principle, the presentation of the assessments should be characterised by a certain degree of brevity and familiarity with the concepts and descriptors used to aid communication, as without understanding, risk management can be a pointless exercise.

Despite the first impressions of familiarity and being unremarkable, there are in fact a number of original features in the approach taken. In the first instance, it should be noted that the concept of a political hazard is utilised: a usage highlighted in **Chapter 3, Section 3.4** as rarely referred to in the literature on political risk, but widely used in other areas of risk management, particularly in adventure tourism. Having discovered no reason why the concept could not be used in political risk management, it seemed appropriate to try and utilise the concept, as this would have the advantage of developing a single language of risk appropriate for all aspects of an organisation's operational and strategic risk management processes.

It should also be observed that the concept of the political hazard is intimately related to the adaptation of systems theory (**Chapter 5, Section 5.3**) and adopting a fourth age risk paradigm (**Chapter 1, Box 1.2** and **Chapter 5, Section 5.3**), whereby the system output events are regarded as having the potential to generate both upside and downside risks for an organisation, together with being grounded in complex systems. Whilst there can still be a tendency to focus on the negative aspects of risk, the whole point of adopting a fourth age paradigm is to act as cognitive prompt, reminding one that alternative patterns and opportunities should be considered. It is not always easy, but then that is the point of self-consciously utilising a particular paradigm. The fact that there are relatively few upside or opportunity risks highlighted for Ethiopia is a reflection of the analysis and how the indicators did not always point to many opportunities.

There are a number of other more general points that mark out the model developed here as more distinct in comparison with other political risk assessments. Unlike a number of the structured political risk models, discussed in **Chapter 4, Section 4.2**, no attempt is made to reduce the assessment values to a single composite score, as this

was highlighted in **Chapter 6, Section 6.3** as often being of limited value, because it fails to properly consider how the political hazards only become a risk when an organisations operations bisect, or interact with the event in some way (the *point of interaction* discussed in **Chapter 3, Section 3.5.2**). Such composite approaches are particularly poor in conveying how the hazards and risks vary according to geography and time. In relation to **Table 7.1** it should be observed how the risks are adjusted according to geography, particularly the border areas, and in relation to time, where certain hazards increase in likelihood, such as when the 2010 election approaches.

In **Table 7.1** the key control measures are also identified and are presented using the familiar framework identified in **Chapter 4, Section 4.8**. The purpose of this is to illustrate how one can refine the presentation of information to aid in the process of communication, by using a framework many tourist operators would be familiar with, and to help focus attention on the control measures. What is vital to underline is that although it clearly emerges from **Table 7.1** that Ethiopia has many political hazards that could generate numerous risks for a tourism organisation, it does not mean no travel should take place, rather that the control measures need to be given careful consideration, which can often relate to avoiding certain areas, at certain times. To ignore these control measures means that if an incident was to occur, no matter how remote in probability terms, it could have profound implications for the organisation.

7.2.3 Explaining the scales used

When looking at the data produced in **Table 7.1** a five-point risk scale is used in relation to a notion of probability and severity of outcome. It was one of the unresolved issues from **Chapter 6** as to what should be the most appropriate scale and descriptions to use. The decision taken after reflecting on and comparing the different scales was to try to utilise a five-point scale. The rationale for this was simple. Although in relation to the operators, the three-point scale was the most popular, the Office of Government Commerce (2002) comment that if too small a scale is used, then it can be difficult to identify the most significant risks that need attention. Equally, in relation to the commonly used seven point scale for some of the country/political risk models, this was rarely used by operators, together with few examples found of how they can be utilised for *both* a likelihood and severity scale. A

compromise scale, which can be found in all subject fields, was to try and utilise a five-point scale.

This scale also focuses on the hazard, and the *likelihood* of risks and the potential *severity* of their outcome. An approach, it should be emphasised, rarely utilised in any of the political risk models, despite being a familiar approach in other risk management subject fields, noted in **Chapter 3, Section 3.3**, and there being no reason found for it not being adopted. The scales developed for this work are presented in **Table 7.2**. In relation to the *likelihood* scale it illustrates how a range of numeric and qualitative descriptors can be used to convey a sense of probability that a hazardous event could take place. For the *severity* scale, this is where the table weaves together a variety of scales in a more original way, as it illustrates how different scales can be developed to better reflect a wider range of risk impact categories. For a fuller understanding of the variety of key impact areas, one can refer back to **Chapter 3, Section 3.3 and Table 3.2**. In that section a typology of risk was developed, which gave particular attention to the key areas an organisation could be impacted on, which primarily related to people, physical assets, financial assets, regulations, reputation, ethics, emotional factors and operational practices.

In order to make the severity scale properly operational, it is essential that it is contextualised to the organisation itself: what the Office of Government Commerce (2002, p.23) termed as setting the ‘tolerances,’ which they say can clarify the ‘appetite for risk.’ This is easier to do in relation to financial and physical risk tolerances or thresholds, which should be considered in relative, not absolute terms. For example, whilst the loss of £10,000 from cancelled tours could have a relatively minor impact on a large tour operator, and so be classified as a ‘Low Impact,’ for a micro adventure operator it could represent a more severe outcome in terms of their turnover and so be classified as ‘High Impact.’ There is also the notion of ‘proximity,’ which the Office of Government Commerce (2002) describes as relating to how risks will vary over time. In the context of this work however, this notion of proximity is used not only to refer to time frames, or *when*, but also to the actual geographic locations, or *where*, in order to reflect the key spatial characteristic of tourism. The importance of this should already be apparent in **Table 7.1** whereby the risks are adjusted according to the locations.

Table 7.2 Sample probability/severity assessment scales

Probability	Numeric	Qualitative	1	2	3	4	5
	90% or more	5	Very high/certain				
70% or more	4	High/possible					
50% less/more	3	Medium					
30% or less	2	Low					
10% or less	1	Very Low/Insignificant					
		Physical and psychological impacts (People)	Self treatment e.g. cuts or bruises light	First aid required	Injury that needs medical treatment	Severe harm which results in disability/impairment	Death
		Physical impacts (Equipment/buildings)	Minor knocks or scratches to equipment	Damage occurs, but operations not affected, more aesthetic loss	Damage which can be repaired and continue to utilise, but creates delays/loss in value	Damage to equipment or building which prevents usage in the short to medium term	Loss of all equipment or physical resources such as vehicle or building with no possibility of future usage
		Financial loss	Very insignificant losses which will hardly be noticed	Some loss, but easily absorbed	Impacts on short term revenues or profits	Significant financial loss which affects short term viability of the organisation	Bankruptcy
		Reputation	Some comments, but no residual legacy	Questions raised, but little or no effect on reputation	Reputation affected so people may consider alternatives	Credibility severely damaged and rebuilding confidence necessary	All credibility lost
		Operational	Minor delays and inconveniences	Delays of Some hours	Delays of some days	Postponement of activities to later date	Complete cancellation of activities
		Ethical (overlaps with reputation)	Minor ethical issues compromised (little while lie principle)	Questions raised as to the rightness and wrongness of travel	Ambiguity whether ethical guidelines or regulations are compromised	A number of ethical regulations or guides are compromised	Many or all moral/ethical statements clearly contradicted (see also reputation)

Source: Author

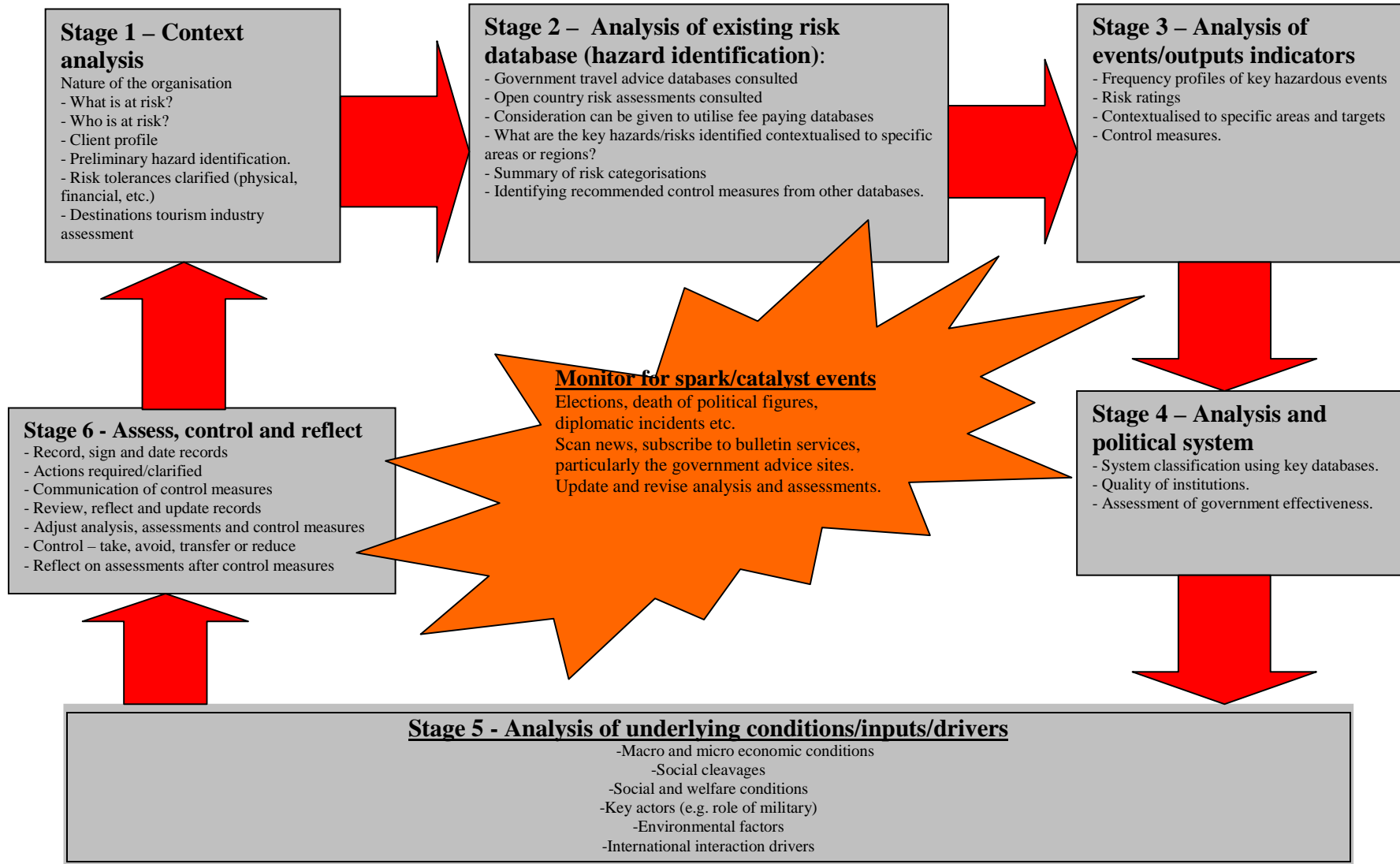
There is one further crucial difficulty to consider: how does one convey the possible opportunity risk impacts? Whilst the likelihood scales can remain the same, in terms of developing comparable opportunity impact scales for all the impact categories is far more difficult, but not impossible. To take the physical/psychological people category for example, one knows that the travel can not only bring physical harm, but also make people fitter, or deliver many ‘flow’ experiences, which is particularly important in relation to satisfaction and human happiness, but this can be difficult to measure in precise, quantitative terms. In relation to reputation, it was an interesting observation made of XCL of how its reputation had been enhanced at times of crisis on previous expeditions, whereby their prompt and decisive action gave confidence in the people and organisation for future activities. In relation to equipment and buildings, or regulation, these notions of opportunities are the most difficult to specify

where one may have to accept at times that an opportunity risk impact cannot be done. This does not devalue the approach, as the key is to adopt a fourth age risk paradigm as a cultural mindset, which influences how risks are viewed and that opportunities can always exist.

7.3 Further reflections and insights into political risk factors, indicators and databases

The data from the previous tables was essentially formulated from the process model illustrated in **Diagram 7.1**. On first perusal this diagram may appear more like a framework than a model. What should be appreciated is that this diagram is based on the system model developed in **Chapter 3 (Diagram 3.1)**, and the process stages distilled in **Chapter 4**, with the factors for analysis and the key databases given further refinement in **Chapter 6**. When combined, this forms a model as it is the representation of the political system and how risks can be identified, analysed and assessed. This model is designed to clarify the research process in terms of *what* to look for (the hazards), *what* to look at (the factors and indicators), and *where* to look for the information (the databases). It should be appreciated that although the table is presented in stages, in practice the analysis and assessment is not always quite as neat as this, particularly when certain key databases are accessed which can provide a mixture of the input, output and process indicating data, such as the *CIA World Fact Book*. It also perhaps underplays how dynamic the process has to be, where one needs to constantly monitor and revise the analysis and assessments. It does however help provide a simple structure with which to further reflect and discuss some of the additional findings found when looking at the factors, indicators and databases for a single case study, and so it structures the rest of the discussion in this Chapter.

Diagram 7.1 Political risk model



7.3.1 Reflection on the context process stage (Stage 1)

The vital necessity of contextualising risk management was initially highlighted in **Chapter 2, Section 2.3**, which emphasised the importance of understanding an organisation's clients through the theory of heuristics. Later in **Chapter 4, Section 4.4**, it was stressed that in order to properly understand the risk exposure of the organisation, one must understand the nature of the organisation and its tourism product base. The importance of this was further highlighted by some of the primary data collected in **Chapter 6, Section 6.2**, whereby it was illustrated how organisations could be affected by political events in different ways, dependent on the type of clients they catered for. It was for these reasons that XCL was examined in more detail in order to gain a better sense of their risk exposure, with the rationale for their selection discussed in **Chapter 5, Section 5.5.5**. The focus for the analysis was XCL's expedition to Ethiopia for August 2007, which had a two year lead in time, and was a not-for-profit expedition, involving a number community development projects, such as helping to improve a school building in a poor village. Whilst the expedition would involve seeing some tourist sites, part of the appeal was that it would tend to avoid more mainstream tourist destinations.

There were two key parts to the research conducted with XCL. The first was to examine the client base through the heuristic model developed in **Chapter 2, Section 2.3** and presented as **Diagram 2.1**. The second was to test the value of the dimensions of risk, identified in **Chapter 4**, and presented in **Diagram 4.2**, in terms of the factors that affect the degree of risk exposure to the organisation. These were then adapted for a series of simple reflection questions in order to better identify the *risk tolerances*, discussed in the previous section, based on the physical, people, financial, ethical, emotional, reputational and regulatory risk impacts. The relevant data was then collected primarily via a mixture of questionnaires, interviews and observations made whilst attending a training weekend in May 2007, followed up by additional telephone and email discussions.

Examining the data collected from the group, a number of observations can be made. The first is how the group membership immediately challenges any simplistic preconceptions that adventure travel is the domain of the young, often male and simply linked to high adrenalin based sports. The group profile clearly illustrates a

more complex and interesting picture. Of the fourteen members surveyed the following profiles emerge:

- 8 of the members were over 40 years of age.
- 4 of the members were over 50 years of age.
- 10 of the expedition members were female.
- 7 are married, 3 single, 3 divorced, 1 long-term partner.
- 6 of the group have children, all of whom are over 18 years of age.
- 10 have mortgages.
- Occupations ranged from: secretary, project manager (x2), medical research, bank manager, doctor (x2), manufacturing manager, housewife, IT manager, teacher, tutor, and head of learning, fire-fighter.

A summary of the responses to the questions asked about what individuals thought were the key risks they may come across and would need to be controlled during the expedition,* can be found in **Appendix N**. From the responses, it is clear that the group had a good understanding and sense of perspective of the range of risks that travel to Ethiopia could entail, such as in relation to the risk of kidnapping and war, which, whilst causing some initial concerns, did not ultimately reduce the determination to travel to Ethiopia.

These responses were also reflected upon in relation to the various factors that can affect the perception of risk, using the heuristic model developed in **Chapter 2, Diagram 2.1 and Table 2.1**. A number of points of interest are worthwhile noting. The first relates to the notion of the *degree of direct learning and familiarity*. In the case of the Ethiopia expedition, twelve of the fourteen members felt that the media did not tend to present an accurate picture of Ethiopia, making such comments that it can often focus too much on negative events, such as famine and war. Looking at the group's previous travel experiences (supplemented with informal interviews) it was clear that many of the group members were experienced travellers to lesser-developed countries and the demands this would place on them, with three having already having travelled to Ethiopia. Another important factor that seemed to shape their perceptions and their willingness to undertake many of the risks, related to the *high degree of situational control* the group had. This was reflected in the fact that everyone was

* Which it should be noted did not ask to just focus on political hazards and risks as the intention was to try to place these risks in a broader context

involved with researching and planning the expedition, albeit within the context of designated roles, together with having the opportunity to discuss, reflect and construct the expedition crisis plan, particularly in relation to understanding CASEVAC procedures (i.e. the emergency evacuation procedures).

The *degree of personal stake* was another interesting factor to consider. It was noted that many of the members had either no children, or grown up children, which seemed to allow greater freedom to undertake such an expedition (a comment some did make in conversations). Furthermore, the high degree of investment in relation to time spent planning (three training weekends over a two year period plus additional work according to the expedition role they had), and the financial cost (£2,100, excluding additional equipment purchased, inoculations and travel costs for the training weekends), meant that the group members seemed less likely to pull out from the expedition in relation to hazardous events occurring. It was also observed during their training sessions that there was a *degree of emotional commitment* to fulfilling the expedition and not letting the team down. In terms of the more formal questionnaire answers, this is reflected in the responses that related to how group members feared getting injured or ill themselves and the impact this would have on the other team members.

Overall, when all these factors are combined, one could argue that they help make the demand and motivation to travel far more robust, or inelastic, in comparison with other forms of travel; this matches with the previous findings in **Chapter 6, Section 6.3**. In short, their ‘risk appetite’ to take on the risks highlighted in **Table 7.1** could be regarded as high. Two events help to further illustrate this point. The first was the escalation of conflict between Ethiopia and Somalia in December 2006 and January 2007; the second was the highly publicised kidnapping of a group tourist in the Danakil desert (which included a number of British Embassy staff) in March 2007. In conversations with the group members and expedition leaders, these events did create hesitancy and consideration of cancelling the expedition, but it was a decision which would be undertaken with great reluctance and so they adopted a ‘wait and see’ policy to see if they could ride out the events so the expedition could still take place, which ultimately it did.

7.3.2 Reflecting on travel advice and existing risk assessments (Stage 2)

In **Chapter 6, Section 6.3** it was highlighted that despite the many shortcomings of travel advice issued by governments, it is still essential for organisations to consult it, as to ignore advice is to change the level of risk exposure to the organisation, such as the inability to obtain insurance, or being liable to litigation. In order to deal with some of these weaknesses, it was argued that it was necessary to use a variety of governmental databases, which could help give more detail on the variety of hazards and the possible control measures which an organisation could adopt. It also has relevancy where clients are of different nationalities, as governments can vary in the advice given, which has a number of implications, such as in relation to insurance. In addition to the government travel sites utilised in **Chapter 6**, the single case study application also allowed for a more intimate exploration of a number of travel blogs, which produced some interesting results.

In terms of utilising the governmental advice sites for Ethiopia, the key English speaking advice sites, based on the months of May, June and August 2007, are examined in relation to: a) the variety and locations (if included) of the different hazards which an organisation could be exposed to; and b) the range of advice given which can be used to develop some of the risk control measures. A summary of the key hazards and advice data can be found in **Appendix O**, which again played an important part in the development of the completed risk assessment in **Appendix M**.

The advice given by the sites was broadly similar, with the Australian and New Zealand sites perhaps being interpreted as more cautious, particularly with New Zealand's category of 'Extreme Risk.' The differences that do appear tend to be subtle. For example, whilst the UK, Canada, Australia and the USA all advise or discourage travel to the border area with Eritrea, with the boundary areas usually being the Adigrat to the Djibouti border area, including the Danakil desert, the USA extends the area stating that the Adigrat to the Sudanese border area, with the exception of Axum, is also off limits to embassy staff.

The data collected from the government databases clearly show the strengths of consulting all the sites particularly to verify and infill gaps in knowledge. They helped to initially identify a good range of the hazards, such as landmines, acts of terrorism, or train sabotage, along with some of the practical control measures that should be

undertaken, such as avoiding travel after dark, or avoiding the border areas. Despite these strengths, there are some weaknesses that should be appreciated. Although the advice was contextualised to regions, it still lacks subtlety as these regions still occupy huge geographic spaces. The second is that the advice offered can sometimes be in reaction to events, or based on remarkably few incidents, and be affected by severe time lags. The American site for example gives the strong sense that the 2007 advice was framed in light of the 2005 elections and the subsequent violent demonstrations that it precipitated, even though the advice was scrutinised for June and August 2007; indeed at one point it does actually state that ‘overall the political situation for June 2006 is stable’ (USA SD 2007).

The opportunity afforded by a single case study analysis allowed for an exploration of the various travel blog sites which can give a more intimate, personal travel anecdotes and experiences. An illustration of this is offered in **Box 7.1**, which is based on the analysis of the Lonely Planet’s Thorn Tree Travel forum site. The advice offered here is of the *micro* and *specific*, and based on individual, experiences, whilst that offered by governments may be classed as more ‘expert’, and veers towards the *macro*. Whilst the use of individual experiences can be questioned as to their validity, in terms of management decision making, it is important to recognise that it can be this single anecdotal experience that can give far more insight into a situation, compared with a more general, blanket statement issued by a government. It is also of interest how the Bradt travel guides integrate many of these travel experiences to help frame their analysis of travel to an area. One particularly interesting example found related to train travel, where on reading the government sites, this appears as a high-risk venture.* The Bradt guide gives a different impression, based on a variety of travellers’ personal experiences, saying:

‘The Djibouti train is not exactly the Orient Express, and the trip is perhaps sensibly viewed as an experience in its own right rather than public transport...The train is well guarded, at least to start with. To quote one reader: “The armed guards with rifles who reminded us of old western movies, were drinking beers the whole trip. After a few hours we heard shooting noises, but everybody was laughing hard at the ducking faranjis, although the

* The USA sites state ‘train travel is discouraged,’ whilst Canada states ‘train sabotage is common’, even though the last significant attack recorded by the USA SD occurred in February 2003.

guards did lift their rifles.”... It is such obscure, difficult journeys such as the Djibouti train that often result in the most memorable travel experiences (and the most amusing readers’ letters!). If you decide to give it a go, let me know how it went.’ (Briggs 2005, p.394)

What using this micro type of anecdotal data reveals is that travel is still possible, despite government travel warnings. It can give encouragement to why the risks highlighted in **Table 7.1** may be worthwhile undertaking, together with revealing additional hazards or control measures.

Box 7.1 Using travel blogs for travel advice

Some people may remain sceptical about using such sites in terms of a formal risk assessment, as one is relying on anecdotal experiences and opinions, which may not seem as reliable as professional experts, such as those given by government or consultants. Yet on closer examination they reveal another interesting dimension to what data can be accessed via the internet. Here is one example in relation to a travel question posted on the Lonely Planet’s Thorn Tree blog, in relation to travel to Jijiga and into Somalia, both places located in areas where the general government advice is not to travel. The question asked - with the spelling mistakes left in - was:

‘Hi, i am wondering if many people are currently travelling from Harar onto Jiiga – and onto the Somalian boarder from there? What is the current climate/situation like there at the moment? Is it deemed safe to travel? Im thinking the best thing to do is get to Harar and ask around ...any advice welcome’ Lonely Planet (2008)

It initiated four responses, with a number recounting their own personal experiences, with people relating to travel in the area, such as these two:

‘ did this trip during New Year and continued from Jijigi to Wajaale and then to Hargeisa and found it to be very safe. You can ask around in Harar but you have to find the right person to ask. When I was in Harar and some people asked me where I would go next, I said Jijiga and they were all quite against it.’ Lonely Planet (2008)

‘Don’t know how it is past Jijiga but I did take a Jijiga-bound buse (getting off at a really random spot halfway between Harar and Jijiga due to a misunderstanding) and the area just seemed really quiet. Met an American women at the Dire Dawa airport who lives in Jijiga, who has a friend from home visiting for a couple of weeks. This was a month ago.’ Lonely Planet (2008)

There are clearly limitations, but it should not be a question of substituting blogs for official sites, but to take both into consideration. By doing so, one is more likely to gain those revelatory moments that are so important in management decision-making.

Although the severe limitations of many of the composite political and country risk assessments were highlighted in **Chapter 6**, they are still worthwhile examining. The same risk assessments highlighted in **Chapter 6**, were scrutinised here, which, with the exception of the ICRG ratings, are all from open sources, accessed in June 2007. The summaries of the assessment values are presented in **Table 7.3**.

Table 7.3 Comparisons of summative risk assessments for selected databases for June 2007

ONDD							Coface	EKN		ICRG 2006	CIDCM 2008 forecast	Travel Warnings	Lonely Planet
PST	PMT	ST	War	Ex	T	CR	CRR	CST	CLT	PR			
6	7	6	6	5	7	C	C	7	7	51	High	Yes	Mid level alert

Source and Key: For **ONDD** (2007) : PST – Political Short Term; PMT – Political medium/long term; ST –Special Transactions; Ex – Expropriation; T – Transfer risk; CR – Credit Risk. For **Coface** (2007): CRR – Credit Risk Rating. For **EKN** (2007): C ST – Country risk Short Term; C LT – Country risk Long Term. For **ICRG** (2007); PR – Political Risk. **CIDCM** (2007). Lonely Planet data cited in Phillips *et al* (2006).

From this table, the general pattern that emerges is that Ethiopia is a country in the ‘high’ to ‘very high’ risk categories. The limitation of these models is that many are geared towards credit risks, which, as stressed before, can be very different from travel risks, * and so are of limited use in operational risk assessments. Where they are of help is in the formulation and adjustments of some of the likelihood ratings produced for the different hazards that appeared in **Table 7.1**. This is particularly true in relation to the ONDD War score and the ‘High’ CIDCM risk rating, which is why it was given a high probability rating of fours and threes, but which, it must be stressed, was adjusted to the different border areas, rather than a simplistic, single composite score. Also, whilst weak in terms of specific hazards, the high scores act as a more general warning signal to help prick one’s consciousness that Ethiopia is a vulnerable country, where hazardous events are always bubbling away.

7.3.3 Reflecting on output factors, indicators and databases (Stage 3)

In **Chapter 3, Section 3.5** the wide variety of political hazardous events which can generate risks to an organisation were highlighted, with further analysis of the notion of researching output event frequency taking place in **Chapter 6, Section 6.3**. In that Chapter it was argued that it is not only important to recognise events temporal distribution, but also, where appropriate, their geographic occurrence, which allows for the utilisation of spatial analysis. The analysis of outputs, although relatively straightforward, is still challenging in terms of the wealth of information that can be

* Interestingly, in terms of the ICRG risk scores in 1997 and 98, the risk rating placed it in the ‘Moderate-Risk’ category, but then in 1999, when tourism demand recovers slightly, the risk score moves to the ‘High Risk’ category, later moving back to ‘Moderate-Risk’, then moving steadily back down to the lower end of the ‘High-Risk’ category, yet at the same time tourism continues to rise.

found, as can be illustrated by the information recorded in **Appendix P** and **O**, which is informed by a number of databases. It should be appreciated that the analysis of that data informed the Risk Assessment table in **Appendix M**, under the analysis column, which in turn helped to formulate the assessment values in that table.

The single case study analysis meant that a more intimate exploration of hazardous events could take place in comparison with the broader-focused comparative analysis in **Chapter 6**. Overall, Ethiopia emerges as a country with a troubled past in relation to many hazards, ranging from war, acts of terrorism and numerous natural disasters. Whilst researching the output events, it soon gave an insight into the basis of many of the governmental travel warnings. One salient feature is how few incidents need to occur (sometimes just once), in order to warrant a government travel warning. This low frequency is also one which can be very specific to a particular part of the country. Terrorist events are of interest here, as further illustrated in **Box 7.2**, where in pure statistical terms the likelihood of becoming a victim of a terrorist attack, based on past attacks, is very remote, with the likelihood also varying according to the region one may be travelling to, yet government advice often presents it as a ‘high risk’ factor affecting travel to the whole country.

The geographical analysis of past events also emerged as very important, as this spatial analysis helps to identify hazardous *hotspots* in a country. It is not an original technique,^{*} but one very useful for giving a quick visual indicators of hazardous areas, which can then be used to help inform the appropriate control measures, such as avoiding travel to certain locations. In terms of the analysis conducted for Ethiopia, the technique developed was to ensure the events were mapped in terms of their location, a simplified illustration appearing in **Appendix R**. What is perhaps surprising is how geographically concentrated many of the hazardous events were, where one soon realises that whilst some governmental advice does contextualise travel warnings to geographic regions, these still represent huge geographic spaces.

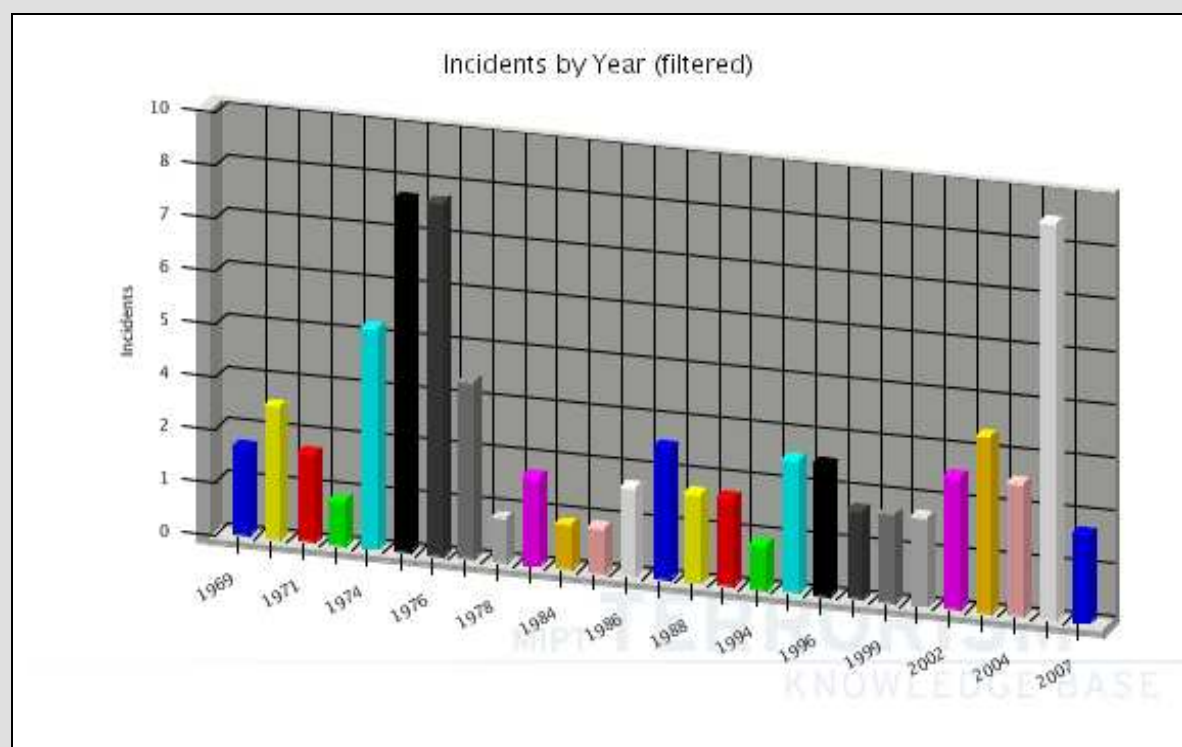
^{*} One can for example go to the MIPT or the MAR databases to find some very useful hotspot maps, but these can suffer from a lack of detail.

Box 7.2 Analysing and assessing the terrorism threat in Ethiopia

The level of terrorist threat according to various governmental advice sites emerges as high for Ethiopia. The simple question raised is how does this relate to the frequency of attacks and notions of probability? Between 1968 and August 2007 MIPT (2007) identified 79 incidents, with 298 injuries and resulting in 197 fatalities. In **Graph 7.1** the entire recorded terrorist attacks since 1968 are plotted on a graph. The higher number of incidents in the 1970s related to the separatist struggle and war with Eritrea, and the Eritrean Liberation Front (ELF), who record 30 incidents, but with the last one taking place in 1991. The 1996 plane hijack and crash when it ran out of fuel, can also skew the data, accounting for 127 of the fatalities for that year. In terms of frequency, the number of terrorism incidents in recent years is still relatively rare, sometime even recording no attacks, such as in 2000 and 2001. If one was to turn these into simple ratios, of number of attacks, to the number of tourists, one soon realises that it would appear, in statistical terms, a low likelihood risk, which could be adjusted to different geographic locations.

In terms of severity of outcome, there is more cause for concern. All the attacks which were found on the MIPT (2007) database (**Appendix O**), together with some additional citations, are presented in a table in **Appendix P**, which focuses on the time periods between 1994 to August 2007. The key information is plotted on **Graphs 1 and 2** in relation to number of incidents, injuries and deaths. Looking at the data, most of the attacks relate to bomb attacks, with a worrying number of hand grenades thrown into crowded places particularly in hotels, cafes and market areas. This obviously changes the likelihood dimension for tourists becoming victims of an attack. Many of these attacks are marked by a high numbers of injuries and deaths. Also of concern, are the numbers of kidnappings that have occurred, which whilst quite rare, is a serious risk in terms of the organisation involved with tourism. Overall, what should be appreciated is that using frequency to assess the risk is useful to a point, but one must consider many other factors.

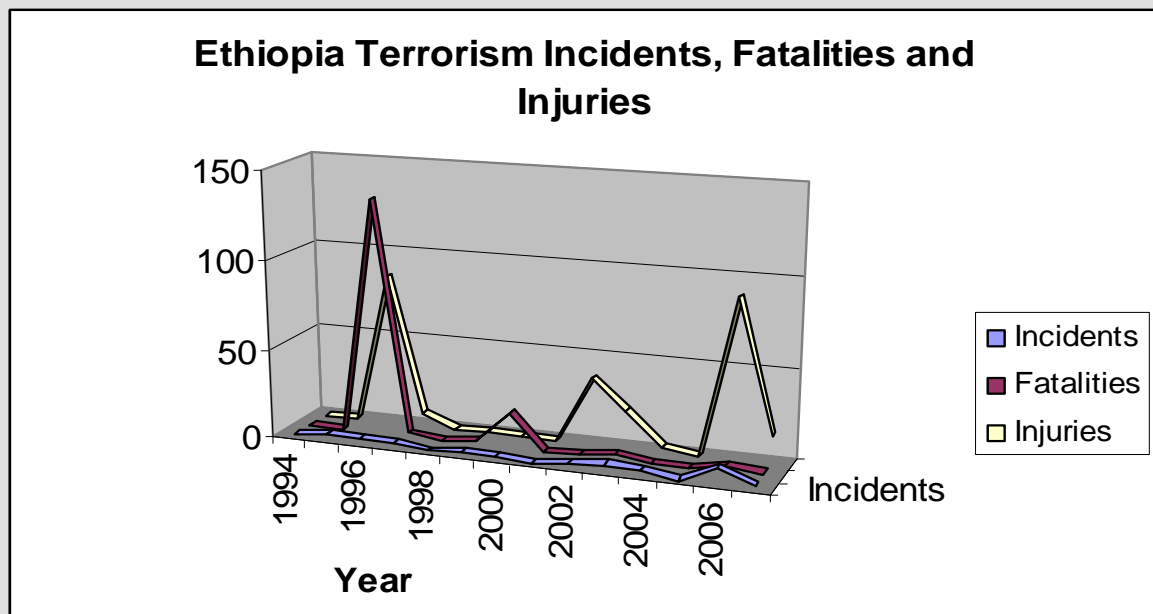
Graph 1- Total Number of Terrorist Attacks (1968-2007)



Source: MIPT (2007)

Box 7.2 Analysing and assessing the terrorism threat in Ethiopia (continued)

Graph 2 – Incidents, Fatalities and Injuries (1968-2007)



Source: MIPT (2007)

What this spatial analysis is also very good at is revealing some of the opportunity travel risks which can be taken, such as travelling to relatively remote areas relatively untouched by tourism. Of course, what is not clear is that because of an absence of events, this does not mean that there is no risk, but simply that a lack of tourists to an area means there has been no exposure to the hazard.

7.3.4 Reflecting on the political system (Stage 4)

In **Chapter 6, Section 6.4**, the value of the work carried out by the PITF was highlighted as they classify political systems using a variety of consistent criteria. Freedom House and the FSI offer additional information by which a notion of the quality of the political system can also be gauged. To begin with, the **Polity IV polity score** for Ethiopia was 1 in 2005, indicating a system veering towards autocracy. The Polity Graph for Ethiopia, which can be seen in **Box 7.3**, with a more detailed explanation in **Appendix S**, shows a country with a history of autocracy, although becoming less so in the 1990s. This classification, verified with the many incidents of conflict, such as the number of demonstrations, arrests and state repression which has taken place, give cause for concern, where violence by citizens and the state remains a

distinct possibility. Ethiopia's classification as a partial democracy according to the PITF classification, which can be seen in **Table 7.4**, acts as another indicator of a political system that is vulnerable to turmoil.

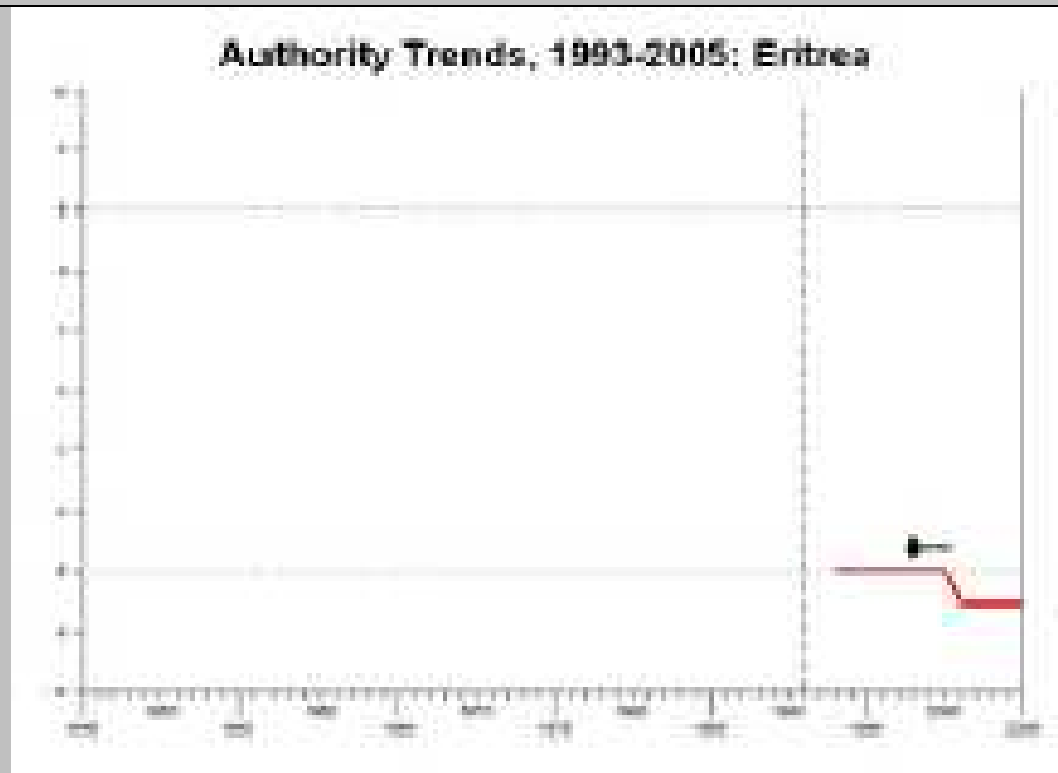
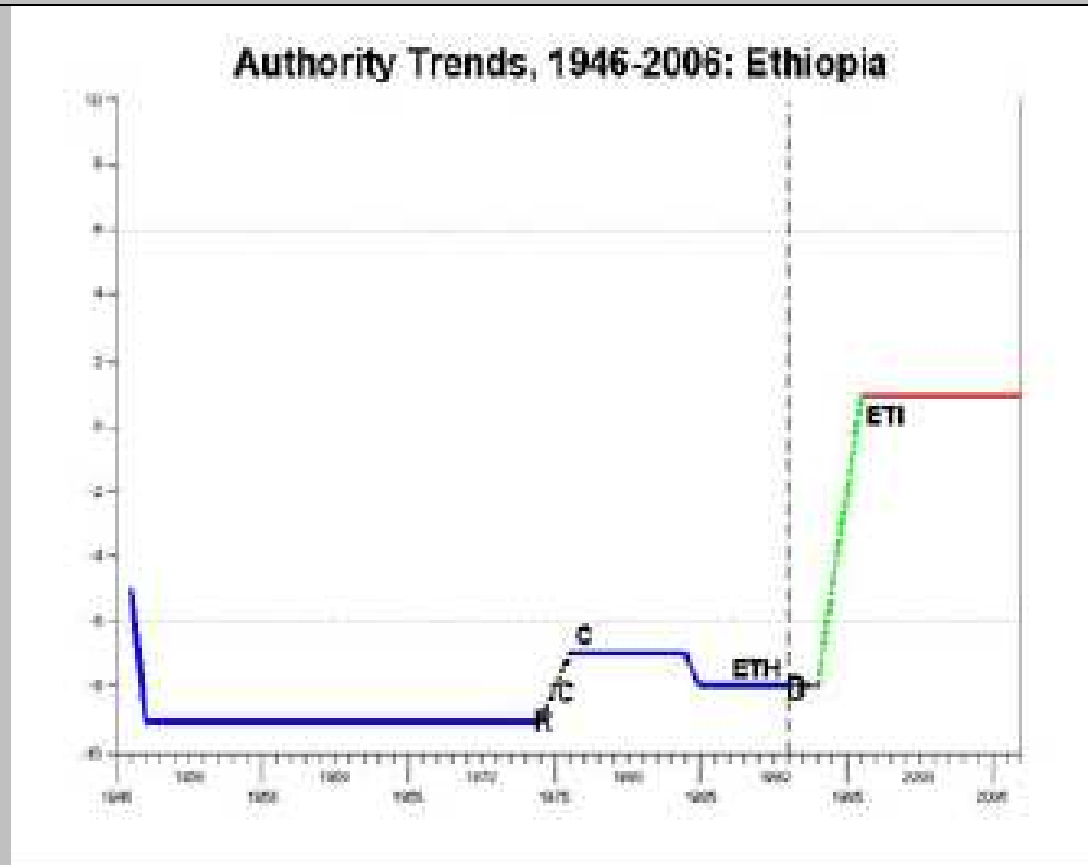
Table 7.4 PITF categorisation for Ethiopia and its neighbours

Characterisation of political regimes for analysis of vulnerability to instability						
	Competitiveness of Political Participation (PARCOMP)					
Executive Recruitment (EXREC)	Repressed (1)	Suppressed (2)	Unregulated (0)	Factional (3)	Transitional (4)	Competitive (5)
(1) Ascription						
(2) Ascription + Designation						
(3) Designation		Eritrea				
(4) Self-Selection		Sudan				
(5) Transition from self selection						
(6) Ascription + Election						
(7) Transitional or Restricted Elec.				Ethiopia Djibouti		
(8) Competitive election					Kenya	

Source: Polity IV (2007)*

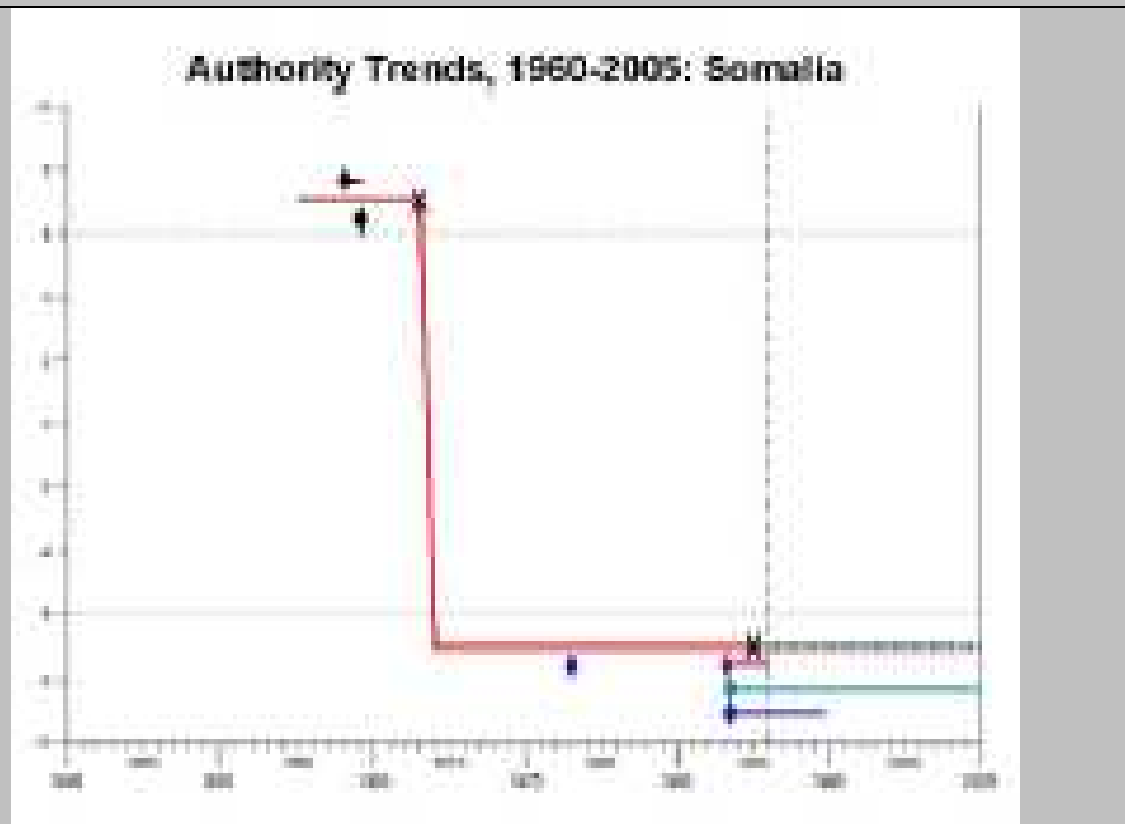
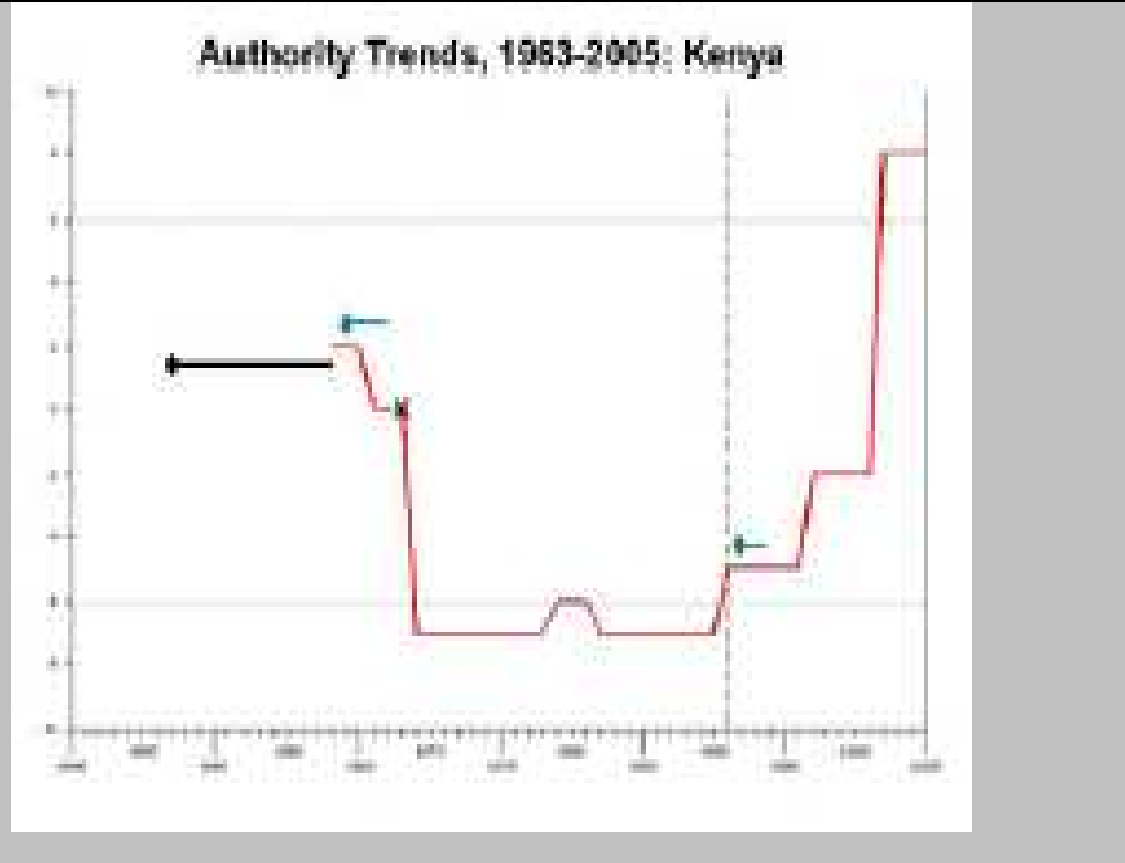
* Somalia has a transitional code of -77 therefore does not appear on this table, which is described as having a fragile democratic state

Box 7.3 Comparing Polity IV graphs of neighbouring countries



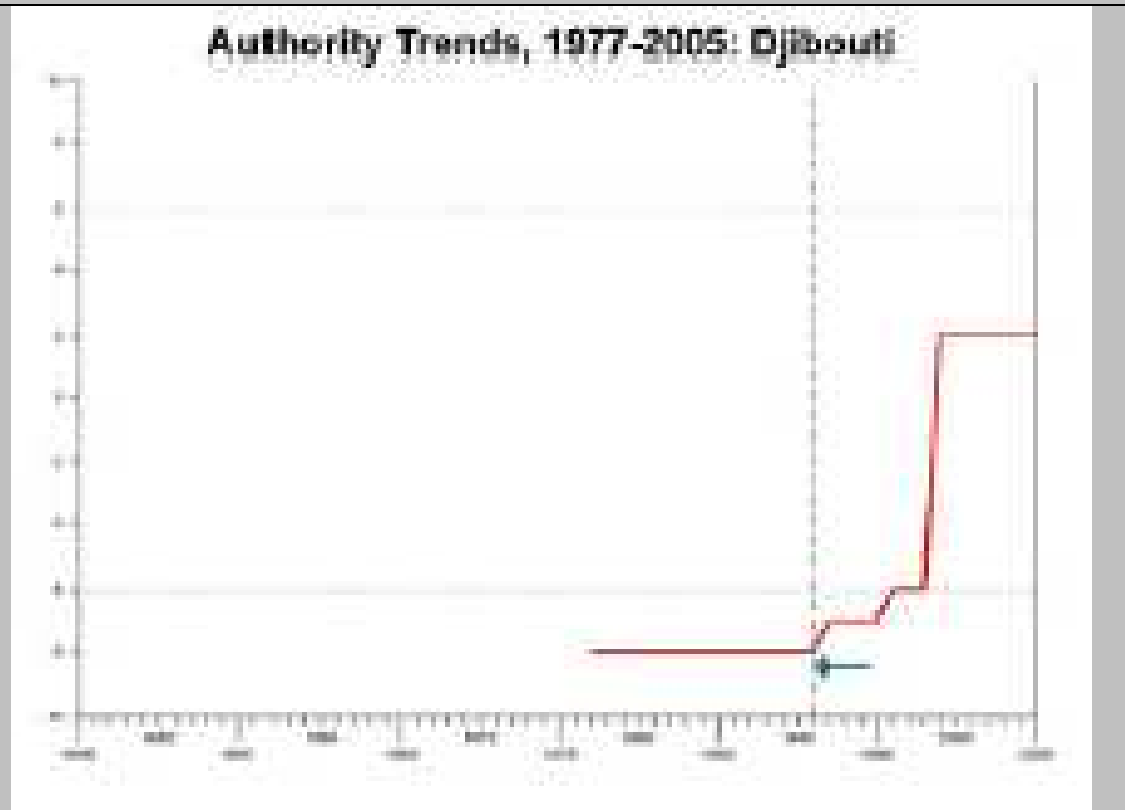
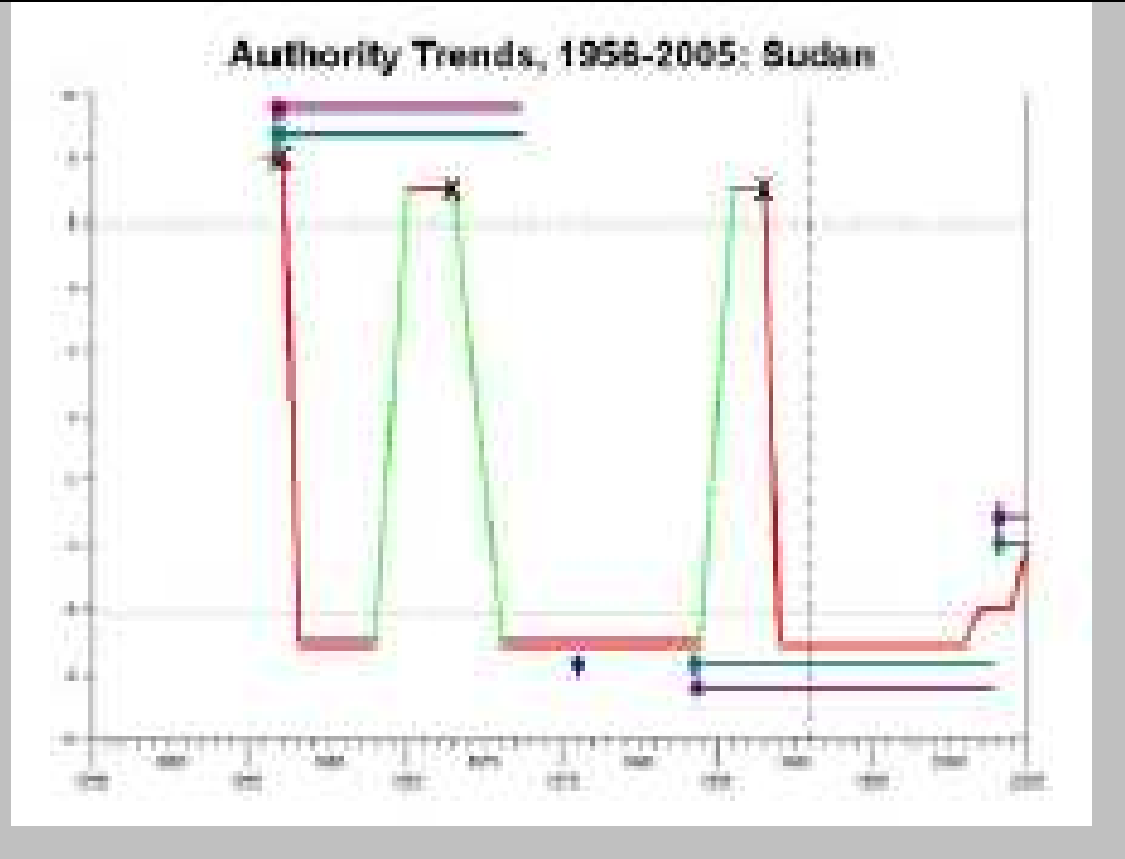
Source: Polity IV (2007). See also Appendix S for details of how the Polity IV graphs are produced and what the colour codes indicate.

Box 7.3 Comparing Polity IV graphs of neighbouring countries (continued)



Source: Polity IV (2007). See also Appendix S for details of how the Polity IV graphs are produced and what the colour codes indicate

Box 7.3 Comparing Polity IV graphs of neighbouring countries (continued)



Source: Polity IV (2007). See also Appendix S for details of how the Polity IV graphs are produced and what the colour codes indicate

When looking at Ethiopia’s political system and way in which this could shape hazards and risks, the analysis of its neighbouring countries systems was also found to be particularly useful. What the Polity IV graphs in **Box 7.3**, and the PITF system classification in **Table 7.4**, help to convey is an alarming picture in terms of Ethiopia’s neighbours, who have all experienced a great deal of political turmoil over the years, together with many of the systems characterised by authoritarianism, interspaced with violent conflict. The graph for Sudan is particularly striking, indicating a great deal of turmoil. The importance of the neighbour factor was discussed in **Chapter 6**, because not only is there a strong possibility of conflict over-spilling a country’s borders, but just as importantly there is the risk that tourists can project one country’s problems onto another, regardless of whether the actual hazards exist. This information helped further refine the assessments values given to the border areas in **Table 7.1**. Although Kenya appears as the most democratic in **Table 7.4**, the events in Kenya in 2008, where the elections helped precipitate inter-factional violence, illustrate the vulnerability to turmoil of the ‘partial’ systems, whether autocratic or democratic. The FSI assessments in **Table 7.5** also add to these concerns not only about the vulnerability of Ethiopia’s political system, but also of its neighbours, as all appear in the ‘Alert’ or ‘Warning’ zone.*

Table 7.5 FSI categorisation of case study countries

Risk Rating Classification	
Classification	Countries (2005, 2006 and 2007)
Alert zone (120 - 90)	Ethiopia ; 95.5 – 2007; 91.9 – 2006; 90.9 – 2005; Somalia ; 105.9 2006; 102.3 2005 Sudan ; 113.7 2007; 112.3 2006; 104.1 2005 Kenya ; 91.3 2007; 92.7 2005
Warning zone (89.9 - 60)	Eritrea ; 85.5 2007 83.9 2006; 84.1 2005 Djibouti ; 80.3 2007 Kenya ; 88.6 2006
Monitoring zone (59.9 - 30)	
Sustainable zone (below 30)	

Source: The Fund for Peace (2007)

7.3.4 Reflecting on the input factors, indicators and databases (Stage 5)

The analysis of inputs is where many structured political risk models begin, whereas in the model developed here it comes towards the end of the process. The rationale for this method was formulated in **Chapter 4** and clarified in **Chapter 6**. In terms of the

* It is of interest that the FSI placed Kenya in the warning zone before the problems after the elections in 2008, where as many other databases placed it in a lower risk category

actual factors and indicators used, it was also highlighted that there are numerous potential indicators which could be used, but not all are useful as warning indicators of hazardous events. The single case study application did allow for more additional input indicators to be analysed in comparison with the previous chapter. The key data found of most interest is presented in **Tables 7.6 and 7.7**.

The FSI indicators, which are presented in **Table 7.6** give a variety of composite assessment scores covering a number of economic, social and political factors. The value of this database is that it offers another example from which one can utilize some ready made assessments, before a more detailed separate analysis of more specific indicators is made. Each category is scored between up to a maximum of 120, with the higher the scores, the more cause for concern. With regard to Ethiopia, it is given high scores in most these areas, particularly in relation to demographic pressures, factionalism and poor economic performance; scores that for many areas have worsened rather than improved, which is cause for further concern.

Table 7.6 FSI assessment scores for Ethiopia

		Demographic	Refugees	Group grievances	Flight	Urban Development	Economic growth	Legitimacy	Determination	Human Rights	Security	Factions	External	Total
Ethiopia	2007	9	7.9	7.8	7.5	8.6	8	7.9	7	8.5	7.5	8.9	6.7	95.3
	2006	9	7.6	7	7.5	8.5	8	7.6	6.2	8	7.5	8.7	6.3	91.9
	2005	8.7	8	6	7.3	9	8.5	7.9	5.5	6.3	9	8.9	6	91.1

.Source: The Fund for Peace (2007)

In **Table 7.7**, a sample of more specific indicators is presented, which offers an insight into some of the information that informed the FSI scores. In **Appendix S**, a more detailed analysis of each of the input categories is conducted, which is of invaluable help in assessing the more long terms prospects for Ethiopia. In terms of this section, it is felt sufficient to produce a more general summary of what the data in **Table 7.7** conveys. Overall, the figures convey a pessimistic picture, showing a country vulnerable to conflict and turmoil. The low GDP per Capita figures, its high infant mortality rates, its high amount of debt and its highly factionalised ethnic makeup, which is reflected in the political system, are all indicative of this. In terms of the underlying trends (not produced here), whilst some improvements were found, such as in economic growth, or an improving HDI score, they are very modest improvements, tending to still stay within the hazardous bands highlighted in

Chapter 6. One has to work hard to try to identify the more positive glimmers of change and opportunities in terms of the underlying trends. One can, however, flip the perspective and note not how bad the situation is, but rather that given some of the indicator scores, it can perhaps be surprising that the political system is not more turbulent.

It is vital to stress that because a pessimistic picture emerges, this does not mean conflict will occur, or that travel should be ruled out; rather it creates a picture of a country which is vulnerable to conflict, which seems set to continue in the future, certainly in the medium term. Travel can also take place safely, but an organisation should have realistic expectations that various hazardous events could occur which could generate many risks to the organisation. This deeper analysis of some of the underpinning input factors and the trends help guard against a more naïve, simplistic view that because the political environment may be relatively calm at the time of analysis, or a country has no governmental travel warnings, that this means some of the underlying problems have disappeared, or been solved. In a sense it is using the notion from chaos theory, where systems are viewed as always on the ‘edge of chaos’, or in a ‘pre-crisis’ (Faulkner 2001, p137). What the input analysis helped to show is just how close to the edge Ethiopia often is.

Table 7.7 Sample of key input indicators for Ethiopia

	Sub Input Categories	Key Indicators	Data
Economic	Economic basis	Economic Composition (CIA FB using WB data 2007)	Agriculture: 48.3% ; industry: 13% services: 38.7% for 2006
		Resources (CIA FB using WB data 2007)	small reserves of gold, platinum, copper, potash, natural gas, hydropower
	Economic Growth (Economic outputs)	GDP growth annual % (CIA FB using WB data)	6% (2000), 9% (2001), 2 % (2002), 4 % (2004) 13% (2005)
		Inflation, GDP deflator (CIA FB using WB data 2007)	3% (2000), 6 % (2001), 7 % (2002), 13% (2003), 0 % (2004)
		% below poverty line	38.7%
		GDP per capita	\$1,000
	Economic Stability	Inflation index	13.5% (2006)
		Unemployment	NA
	Economic Trade	Balance of payments Current account (000,000) (CIA FB using WB data 2007)	-\$1,786 deficit (2006)
		Exports of goods and services (% of GDP)	15 (2000)), 5 (2001), 16 (2002), 18 (2003), 19 (2004)
		Imports of goods and services (% of GDP):	30 (2000); 30 (2001); 34 (2002); 36 (2003);, 0 (2004)
		Trading partners: (CIA FB using WB data 2007)	Export partners: China 11%, Germany 9.1%, Japan 7.8%, US 7.1%, Saudi Arabia 6.1%, Djibouti 6%, Italy 5.2% (2006). Key Import partners: Saudi Arabia 18.1%, China 11.4%, India 8.1%, Italy 5.1% (2006)
	Economic Debt	Public Debt % of GDP (CIA FB using WB Data)	80 (2006)
		Debt external	\$3.75 billion (2007)
		Economic aid recipient	\$1.6 billion (2007)
Value of aid			
Public Debt % of GDP		80	
Social	Welfare and population	Population	76,511,887
		Infant mortality per 1,000	91.92
		Death rates per 1,000	14.67
		Life expectancy	49.23
		Births attended by skilled health staff (% of total) (WB Country Profile, 2007)	5.6 (2000), 5.7 (2005)
		Malnutrition prevalence % of children under 5 (WB Country Profile, 2007)	47.2 (2000) , 38.4 (2005)
		Literacy % over 15 who can read and write (CIA FB)	42.7 % (2003)
		School enrolment secondary (%) (CIA FB)	63 (2000), 69 (2001), 72 (2002), 73 (2003); 77 (2004)
		Human Development Index (HDI)	0.367
	Social divisions	Religious (CIA FB 2007)	Christian 60.8% (Orthodox 50.6%, Protestant 10.2%), Muslim 32.8%, traditional 4.6%, other 1.8% (1994 census)
		Languages (CIA FB)	Languages: Amarnigna 32.7%, Oromigna 31.6%, Tigrigna 6.1%, Somaligna 6%, Guaragigna 3.5%, Sidamigna 3.5%, Hadiyigna 1.7%, other 14.8%, English (major foreign language taught in schools) (1994 census)
		Ethnic	Oromo 32.1% ; Amara 30.1% Tigraway 6.2%; Somalie 5.9%; Guragie 4.3%; Sidama 3.5%; Welaita 2.4%
		MAR cited groups	Afars; Somalis; Amhara, Tigreans, Oromo
		Refugees 2007: refugees (country of origin), CIA World Factbook 2007.	93,032 (Sudan) 23,578 (Somalia) IDPs: 132,000 (border war with Eritrea from 1998-2000 and ethnic clashes in Gambela; most IDPs are in Tigray and Gambela Provinces) (2004)
	Natural/ environment	Natural	Forest area (sq. km) (CIA FB using WB data 2007)
Natural hazards:			Rift Valley susceptible to earthquakes, volcanic eruptions; Climate: frequent droughts tropical monsoon with wide topographic-induced variation
Disease		HIV aids adult prevalence rates (CIA FB)	4.4% or 1.5 million people (2007)
Key Actors		% of GDP spent on Military over time: (WB Data 2007)	10% (2000), 6% (2001), 6 (2002), 5 (2003), 4 (2004) NA (2005), 3% (2006)
		CIDCM degree of militarization:	Medium (2008)
		Key parties	There are over ten parties of reasonable size, plus dozens of many smaller parties.

Source: CIA World Fact Book (2007), UN (2007), MAR (2007) and the World Bank (2007)

7.3.5 Control measures and scenario techniques (Stage 6)

The area that has not been discussed in any depth in this work relates to the specific tools which can be used in the identification, analysis, assessment and development of control measures. Some have been touched on, such as the notion of spatial analysis, or the use of assessment matrixes, but it should be recognised there are so many more, for which the Office of Government Commerce (2002, p. 99), and Sherwood (2002, p.6) give useful overviews. Numerous tools were looked at from the different subject disciplines examined, ranging from forecasting techniques, such as trend extrapolation, game theory, contingency analysis and scenario analysis. What is given here is a short discussion of some of the findings found from using scenario techniques that were helpful in developing a number of control measures.

In relation to scenario tools it should be appreciated that there are many possible approaches, with Schwartz (2001, p.42) making the basic distinction between exploratory type methods and decision-based scenarios, whilst Frosdick (1997, p.167) distinguished between intuitive, deductive and inductive based methods. Alternatively, one can simply list the variety of more specific techniques, such as simple mind maps, or the use of analogies, to the more sophisticated models which utilise complex software, such as the decision tree diagrams, HAZOP analysis, or the development of PERT charts. Of these many models, Fault Tree and Event Tree analysis were found to be particularly interesting. Event Tree analysis (a more inductive approach) maps out the critical paths of the consequences or effects of the events, whilst Fault Tree analysis (a more deductive approach) focuses on the variables which can cause the hazardous event(s).^{*} Although these techniques have their roots in engineering, particularly military projects, and focus more on the notion of failure nodes (the hazardous event or action), they have been readily adapted to a variety of management fields.

One of the critical factors with scenario exercises is to properly frame the question or context (Schwart 2001, p.42), because, as Vertberger (1998, p.31), a problem which is ill defined is poorly understood. To illustrate the sheer breadth of possibilities, and how one can distinguish between Fault Tree (causation) and Event Tree (consequences)

Frosdick (1997) illustrates some of the differences using an analogy of a house fire. In relation to Event Tree Analysis the house fire is the failure node, where one can map out the consequences of various events, together with (very importantly) the consequences of various control mechanisms or safety devices, such as whether there are smoke alarms or not in the house. In relation to Fault Tree analysis, this looks at the conditions which create a fire, working backwards in relation to what can go wrong (a form of hindsight review), such as a fire needing fuel, where this may leak from, what may cause the leak and so on..

questions or situations, the following examples are given which were considered for scenario exploration in relation to Ethiopia and XCL:

The sample Fault Tree related questions considered:

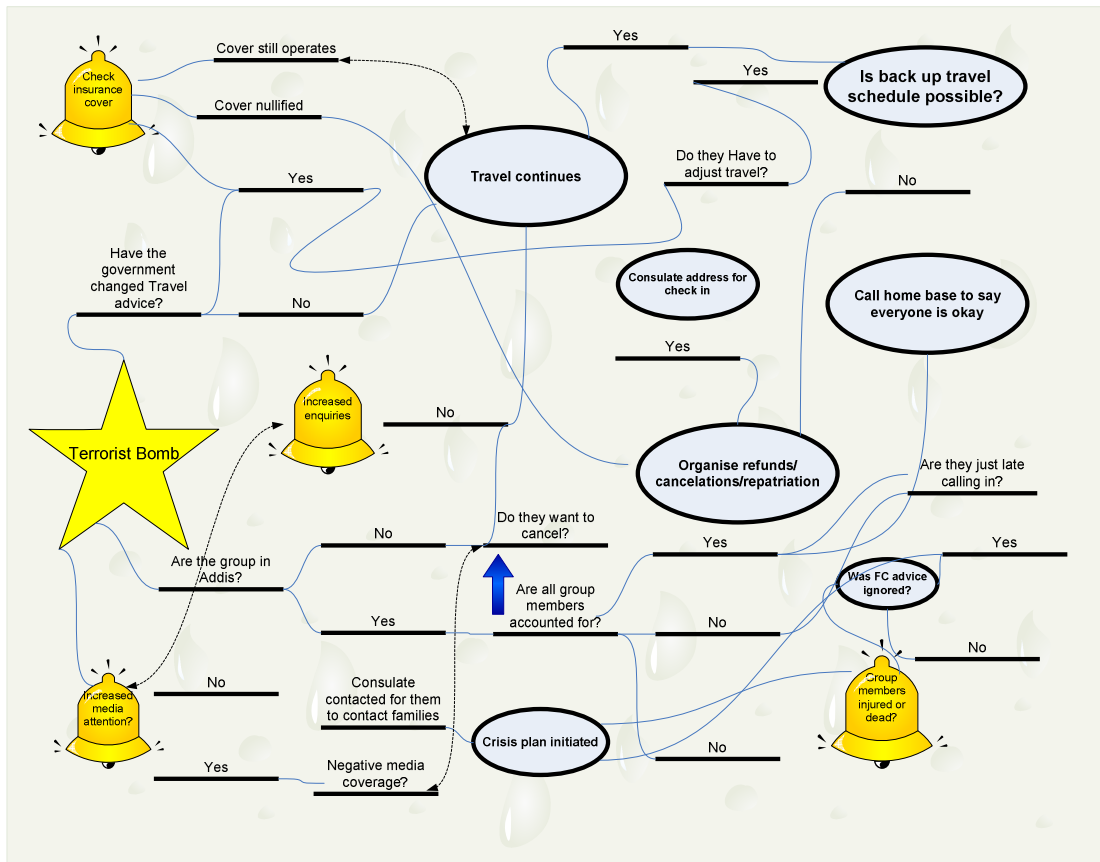
- What factors could lead to government change, such as Meles losing power, or a military coup taking place?
- What factors could create another famine and humanitarian crisis?
- What factors would lead to an increase in terrorism, particularly in relation to bomb attacks and kidnapping?
- What factors could lead to a group, such as the Oromo or Amhara people, to embark on an insurgency or political dissent campaign?

The sample event tree related questions considered:

- What would be the impact of economic growth/decline in relation to conflict?
- What would be the impact natural disasters, such as a drought, have on political stability?
- What would be the impact of a terrorist bomb in Addis Ababa, on the expedition/tour operations?
- What would be the impact of a military coup on the expedition/tour operations?

Various Fault Tree and Event Tree scenarios were explored. What is presented in **Diagram 7.2** is an example of one Event Tree scenario developed, which focuses on the possible impacts of terrorist attack for an expedition/tour group, using the Visio Microsoft software.

Diagram 7.2 Sample event tree scenario for a terrorist bomb attack



Source: Author

A number of important observations can be made in relation to scenario techniques. It is here that the concept of catalyst events or triggers, noted in **Chapter 3**, and identified as one of the key elements in the anatomy of political risks, become more important. When considered in relation to the input and output factors for Ethiopia, it can be seen as a tinder box, as **Table 7.8** illustrates with some simple scenarios considered in relation to the key catalyst events identified in **Chapter 3, Table 3.5**.

Table 7.8 Sample trigger events and scenarios summaries

Event	Description
Key political leader dies	<p>Possible scenario: Meles dying.</p> <p>Optimistic: Depending on the nature of his death it can affect the nature of the outcome, but it could lead to a decentralising of executive power and a strengthening of the other political institutions, which makes the country more attractive for investment and tourists.</p> <p>Pessimistic: A power vacuum is created which may initiate a power struggle, where the groups revert to ethnic violence. If the death is from an assassination, then this could initiate violent reprisals against the group responsible.</p>
Key political leader removed from power	<p>Possible scenario: Meles removed from power by opposition group, through the political process, or a military coup.</p> <p>Optimistic: As 'leader dies' scenarios.</p> <p>Pessimistic: As above. If military coup, then this can lead to more repression, curfews and violence on opposition groups, together with international sanctions, creating negative images of the country.</p>
Death of significant 'other'	<p>Possible scenario: Key leader of opposition group killed.</p> <p>Optimistic: If hostile groups, such as a criminal or terrorist organisation, then it could lead to an improved image of safety.</p> <p>Pessimistic: Initiates violent demonstrations and condemnation from global media, all creating a negative perception of the country.</p>
Key statements and actions of politicians	<p>Possible scenarios: Politician, domestic or external makes a statement which mobilizes opinion in some manner, which could range from the president of the USA, to Meles or opposition groups.</p> <p>Optimistic: It leads to peaceful protests and peaceful reform and enhanced public perception.</p> <p>Pessimistic: It leads to violent protests, embargoes or strikes.</p>
Terrorist acts	<p>Possible scenarios: Bomb and kidnapping in key tourist areas</p> <p>Optimistic: It leads to a tightening of security measures, or the seeking of a peaceful resolution to the conflict. Travel in short term becomes more secure.</p> <p>Pessimistic: It leads to an intensification of the conflict and more violent reprisals, with a downward spiral of violence. Affects perceptions of travellers and discourages them from travel.</p>
Natural disasters	<p>Possible scenarios: A number of years of good or bad weather.</p> <p>Optimistic: A number of years of good weather act as a solid platform for economic growth and improvements in the standards of living.</p> <p>Pessimistic: A number of years of poor weather destroy products, eroding its foreign earnings, creating humanitarian crisis and a huge refugee problem.</p>

Source: Author

Many of the Event Tree scenarios and the risks generated can be mapped out in a generic sense, therefore reducing the number of scenarios which need to be developed, which can be particularly important in relation to the development of crisis plans. * Finally, as **Table 7.8** reveals, the mapping out of scenarios can also be useful for revealing a variety of weak signals of change, such as the implication for when the Meles period comes to an end.

* Whilst the cancellation of a trip or an injury to a person may be caused by a variety of factors, the mapping out of the organisation's responses reveals some generic actions, whatever the cause.

7.4 Expedition postscript and discussion

So how did this risk assessment compare with the expedition that XCL actually undertook in August 2007? It should be remembered that this assessment was carried out independently from XCL's, but periodically, if any important information was found, this was given to XCL. Whilst this may have had some impact on the expedition, it was felt only right and proper on the grounds of ethics that if anything was found which could help reduce the negative risk exposure of the expedition then this would be given.

In fact none of the political hazards identified as a possibility in this assessment occurred during the expedition. This is not to say that the actual expedition was 'uneventful.' Dig Woodvine, the expedition leader was interviewed in June 2008. During the meeting, there was also the opportunity to examine a wide range of additional reflective materials produced by XCL after the expedition, some of which are presented in **Box 7.4**. In his words, he described the trip as the 'most challenging' of all the expeditions he has conducted over the years. The events that made it so challenging ranged from:

- Expedition member's luggage failing to turn up for the first two weeks of the expedition. Community projects failing because the key contacts with whom the work had been set up, disappeared, resulting in group frustration at not being able to carry out the intended community project.
- Running over and seriously injuring a young boy, who thankfully made a full recovery, but resulted in an expedition vehicle being impounded.
- A number of group members perceiving that they were threatened by local people.
- Group dynamics breaking down.
- Running over another person in Addis, but without serious injury.
- Vehicles breaking down.

The most obvious hotspots were in all the border areas, which were avoided. It was of interest how the expedition group still travelled to areas where hazardous events had occurred in the past, particularly in the South, near the Gambella area. Although this received some broad travel warnings, the spatial and temporal

analysis still revealed that events were relatively rare and took place over a huge geographic area. Whilst it was clearly risky to travel there, there were also many opportunities for witnessing some unique areas, which Woodvine confirmed in the interview, stating how many members experienced some intense, provocative experiences, which they would always remember. It was also interesting how their experience of corruption and bribes was closer to Brigg's (2006) experience of being of minor importance, noted in **Section 7.3.2**, which is contrast with some of the other measures, such as the TI corruption score, where it emerges as quite high.

Box 7.4 Reflecting on the XCL expedition

XCL are always creative in how they reflect upon events, using a creative visual process, as part of the 'dust-down' post expedition review. What is highlighted here are some of the reflections on the expedition produced by the expedition leaders.

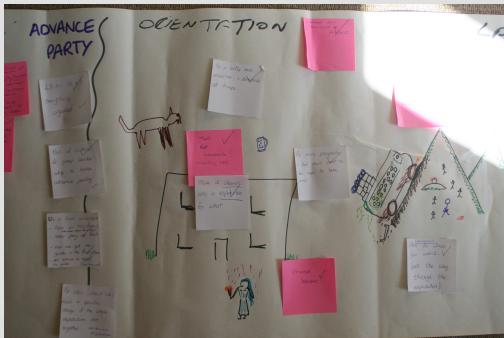


Illustration 1: Shows some of the expedition difficulties, leadership failures and tough terrain



Illustration 2: Shows the accident and the loss of the vehicle and what was learnt

The expedition was certainly eventful. One of the things of interest about XCL, is how they constantly strive to make the most of things when they went wrong, and which ultimately helped enhance the overall client experience. So when one project failed, they managed to improvise another one, helping to build a safe compound around a school where there had been a number of abductions of school children. A project which all the expedition members felt proud of and was cited as one of the expedition highpoints.

It is also of interest how one can compare certain indicators with actual experiences. One of the questions asked was about the need to pay bribes or problems with corruption, which judging from some of the indicators would seem to be a severe problem. Yet in relation to their expedition, they encountered few problems, revealing an experience closer to the one highlighted earlier in the Bradt travel guidebooks. This is not to say it did not exist, as Dig Woodvine noted, but that it was 'built into' the price paid for goods and services.

Although none of the hazards and risks from the political environment identified at the beginning of this work materialised during the expedition (thankfully), this does not mean that the assessment produced was of no value. The value of a risk assessment is not to predict that x and y will occur, rather it is to identify the range

of possibilities. The assessments informed their actions, such as avoiding certain areas, particularly the border areas. In relation to the areas travelled to where hazards were identified, such as to Addis, the risks were examined and the decision taken to still proceed; but because no risks manifested themselves, does not mean they did not exist. Howell (2001, p.5) makes an analogy with a weather forecast and the risk of rain, which means precautions may be taken, such as taking an umbrella to work, but because it does not rain does not mean that the risk forecast was wrong, or the control measure to prevent getting wet and the risk of ruining clothes, a wasted effort. The abductions in the Dhanakil desert and the outbreak of the war in Somalia in the early part of 2007, showed the vulnerability of the expedition, which if they had occurred at the point of departure would have posed more serious problems for XCL. The type of clients enlisted and the nature of the expedition conducted, meant that they would have been less inclined to cancel and would have waited to see what transpired because so much had been invested in the expedition.

7.5 Chapter discussion and summary

Exploring the process model and risk paradigm for a single case study country and organisation was very revealing. In terms of what the data revealed about Ethiopia and the risks to the organisation, it showed a country with many hazards and risks for tourism organisations. What is of interest, however, despite all the warning indicators, is the fact that XCL still undertook their expedition, which highlights the importance of always contextualising the assessments at the micro level.

In terms of the actual practical process elements, it showed the problem that identifying the potential hazardous situations is not the same as knowing if, or when they may occur; factors that the catalyst and scenario techniques try to ameliorate, but by no means solve. The importance of the paradigm or risk culture is also vital, as the tendency (particularly with Ethiopia) is to focus on the negative events; what the fourth age risk and complexity theory paradigms helps to do, is prick one's consciousness for seeing alternative possible pathways, not just the negative. As such it serves as a useful counter-balancing force to help in the process of reflection and scenario writing. The real difficulty is in relation to trying to develop equivalent

risk scales for upside impact areas, to better balance and recognise the upside risks, which has not been fully resolved and opens up another important area for research.

When utilising the models, it is also evident that whilst it can be useful to develop conceptual distinctions between the analysis, assessment and control stages, in practice there is greater fluidity between these process stages, where one can constantly go back and forth between them. One of the factors which encourages this movement between the stages is the accessing of a wide variety of databases, partly for triangulation, partly out of the need to develop a richer more holistic picture. This has the result that one can reappraise the analysis and assessment in the light of new information. Whilst the research process can appear neat in the diagram, in practice it is not always the case that it progresses along linear lines. The fact that a great deal of information can be sent via bulletin services, particularly from government advice websites, is of immeasurable value in this process.

The problems found with this approach— and it is an acute one in all decision making - was the realisation that at times, instead of encouraging more valid, evidence based decision making, it could in fact mean that people and organisations would search for information which supported the decision or viewpoint already taken, rather than any real notion of an objective truth. Aspects of this could certainly be observed within XCL and their determination to travel. It is not an original critique, as there are no simple answers to this problem, but awareness can be useful when refining the risk culture to be adopted.

When looking at Ethiopia, the data constantly throws up many warning indicators, which need to be considered, and to believe that the future will be risk free because the present is relatively calm is foolhardy. When the risk analysis was conducted at a deeper level, it revealed a political system and leadership that always has the potential for conflict, with the underlying input factors indicating many inherent weaknesses, which at times just need a trigger for turmoil to be unleashed. The fact that there may be periods of stability, may not always indicate that things are better, or problems disappearing, but that their intensity and frequency may ebb and flow depending on different external conditions.

Chapter 8

Conclusion

8.1 Reflecting on the originality of the work

This could have been a shorter piece of work. To focus simply on political risk within the confines of the existing political risk literature, models and paradigms could have achieved this. For this work to just focus on one particular political hazard, such as terrorism, would also have set tighter parameters on this work. Yet to do this ignores the operational realities for tourism organisations and how risks present themselves: increasingly unpredictable in their nature, more complex in their interactions, and more variable in the opportunities and threats generated. Whilst having a thorough understanding of just one area of risk or political risk is important, it does place bounds on one's thinking and how one can anticipate and plan for these risks. In relation to the many tourism operators, it manifested itself by the usage of risk approaches that were predominantly confined to more familiar operational hazards and risks, yet which often failed to take into account the political environment; in relation to the political risk models, this problem showed itself by the desire to construct a single composite risk value which ignored the spatial or geographic dimension of risks.

So instead, Levi's comment on how research can lead to ignorance, cited at the very beginning of this work, has helped act as a reminder that it is always worthwhile to stop digging in a particular direction, in order to raise one's head above the parapet to gain a better sense of where one has come from and going to. This was done by using a comparative approach between many different subject disciplines and topic areas. It was a bold task. And, to continue with the trench/parapet analogy, it is one prone to many dangers, only in this sense, these relate to the critique of the methods and approaches used, and the question of why certain factors or conceptual constructs were not explored more deeply in this work. The breadth of the approach taken is both this work's key strength and potential weakness.

This has not been a work that offers much in the way of theorizing about causation of political hazardous events. No grand theory in the positivistic tradition here.

Readers of this work may be disappointed at this. Indeed, at the beginning of this work it was anticipated that this might form a key feature of the work. The research journey revealed otherwise. What emerged was that whilst there are numerous theories which can be used to explain political change, which in turn generate a plethora of factors that can be used in the analysis, when it comes down to the more specific pieces of data which can be used as a direct or indirect indicator of those factors, and, just as crucially just where one actually obtains that data from, the information becomes more opaque. So this work changed. It adapted to the world that tourism operators now find themselves in, whereby the drivers of regulation, global complexity, conflict and the impact of the internet, has meant that the need for operators to find a method to scan, analyse and assess the political environment has become more salient than ever. As such, this work slowly changed its focus, moving towards clarifying the language of risk, developing a variety of typologies, and paying particular attention to identifying the key indicators that can be used in the analysis and assessment of political hazards, and the risks these events could pose to the organisation. It was this lack of previous work carried out in relation to tourism and political risk that helped identify the need for this work, and producing a practical model illustrates the work's originality.

8.2 Reflecting on what has been achieved in relation to the assertions, objectives and aim

8.2.1 Reflecting on the assertions

Rather than begin by reflecting on the extent to which the single aim of this project has been achieved, it is felt better to consider how far the assertions raised have been addressed and the objectives achieved, as these all ultimately contribute to the thesis aim.

In **Chapter 1** a number of preliminary assertions were raised, together with some additional ones identified after the initial discussion of the literature, which appeared in **Chapter 5**. As a reminder, the reasons why assertions were used, rather than hypotheses, was that it was not the intention of this work to prove or disprove ideas, rather to reveal and gain deeper insights into the topic area. In terms of what was revealed the results can be described as mixed. The following bullet points provide a

short review of the insights gained in relation to the assertions raised, with the assertions highlighted in bold:

- **The literature on business and political risk assessment is not sufficiently contextualised for the needs of the tourism/sports industry and is skewed towards the more traditional economic sectors, dominated by big business, often with an American bias:** The research did indeed reveal this bias, particularly towards the credit related industries, with relatively little done in terms of developing models directly relevant towards the tourism industry. What was also shown was that the models do not only need to be contextualised for the tourism industry, but more particularly for the different parts of the industry and ultimately for the individual organisation itself. Furthermore, it was surprising how isolated some of the commercial risk models could be from some of the developments in risk management revealed by examining the different subject fields.
- **Political risk assessment is becoming more important on the grounds of finance, legal regulations and morality:** This was easily clarified early on in the work, particularly with the new regulatory British Standard Institute (2007) developed for overseas ventures (BS 8848:2007). Whilst many operators also recognised the importance of it, in practice the application of a structured risk method varied considerably.
- **Many tourism organisations' assessment of political risk is often ad hoc, intuitive and variable, with little integration of strategic and operational levels of management.** This was certainly revealed by the number who did not use a structured approach, whilst those that did, showed many variations. Very few actually had a structured method for analysing and assessing the political environment, beyond the consultation of the government travel advice sites.
- **Travel advice issued by governments can lack subtlety as indicators of real political risks.** The travel advice did indeed reveal many problems, which could often frustrate operators. What is not always appreciated, however, are their strengths, particularly using their bulletin services which

can help build up a frequency profile, and the vital importance they play in terms of insurance. Whilst they can also be characterised as often being over-cautious, the UK FCO was not always as cautious as other English language sites.

The following bullet points provide a short review of the insights gained in relation to the questions raised in **Chapter 5**, with the questions highlighted in bold:

- **Is any political risk model developed prone to become a country risk model because of the variety of factors and indicators that could be looked at?** Whilst conceptually, political and country risk can be defined as different, in terms of the practical methodology, the boundaries become more blurred. Indeed, one of the recommendations made is that if the model developed is utilised, and any indicators or signals of potential hazards or risks which are not politically related, are identified, then these should not be ignored. Furthermore, it makes practical sense in relation to saving time looking at a variety of hazards and risks when accessing certain key databases. It is for this reason that the political environment is used as the hub of analysis, together with adopting a fourth age risk paradigm culture, which helps to initiate cognition, or alert an operator of the risk opportunities and threats which can be generated from political hazardous events.
- **Are composite indicators, such as the Human Development Index (HDI) better than single indicators of risk?** Whilst composite indicators have their place, they are fraught with problems and lack subtlety. This was particularly true with the risk models which strived to reduce political, or country risk down to a single composite value, which whilst attractive, is of little help in operational based risk assessments.
- **How can political risk be made more dynamic and operationally focused in order to reflect the inherent dynamism of the political environment?** In the discussion, a constant theme which arose concerned the complexity of the political environment and the speed of change. The model developed, reflected an approach whereby the risk process begins by consulting the ever-changing incident and travel advice databases. What was not addressed

directly is the frequency that these databases are consulted, although it should be appreciated that this can be governed to an extent by subscription to the various government bulletin advice and news services, whereby any new information should initiate some reflection of the risk assessment. A key theme which also emerged from this analysis of making models more dynamic, was the vital importance of triangulation to both corroborate, and give more detailed insights into hazards. This would involve using a variety of databases, which could range from 'expert' advice, to individual, anecdotal experiences found from travel blogs.

- **Does the number of risk factors utilised affect the accuracy of the assessment made?** This was one of the more surprising discoveries of the study, in that increasing the number of factors and indicators analysed may not necessarily lead to a more accurate assessment or better control measures. It is more than possible to make an assessment of a hazard and the risks it may pose, whilst still being largely ignorant of what may drive or cause it. This has vital implications as it reveals that a risk assessment does not necessarily need to be left to an expert on the political environment.
- **Just what is the best direction of the analysis? Should it take an inductive or deductive approach?** In the attempt to deal with the issue of making a model more dynamic, and reflecting the operational realities of resource restricted operators, a checklist method is adopted (the tables of hazardous events). The direction of analysis then begins by using existing travel advice and assessments, followed by looking at the frequency of events, then looking at the political system itself, finishing, if time allows, by a more strategic analysis of the more complex, underpinning economic and social input factors which can drive the hazards and risks. What was not fully clarified was the actual time which should be spent on data collection, analysis and assessment.*

* Mark's (1988) point, highlighted in **Chapter 4 Section 4.3**, that more time should be spent on collecting good quality data, and less time on the analysis, suggesting 70% on research, and 30% on the analysis cannot be commented on in such precise terms, but the basic balance is agreed with.

8.2.2 Reflecting on the objectives

Clearly, many of these findings from these assertions examined are intimately related to the objectives of this study. In relation to the more specific review of the objectives and their achievement, the following points can be made, with the objectives highlighted in bold:

- **To examine if it is possible to have a common culture, language and process of political risk management embedded in existing management practices relevant to tourism organisations.** What this work has illustrated is how there are often similarities between some of the core risk concepts, but the descriptors and ways that they are used vary, depending not only on the subject field, but also the time that they were written in. It was highlighted that it is more than possible to develop a basic risk culture and language which can be adaptable for all aspects of risk management, whether this is for strategic political risk assessments, or short-term operational based adventure expedition risk assessments.
- **To identify and clarify the key vocabulary used to understand risk management in a tourism, business and political risk context.** The great advantage of doing such a broad comparative analysis was that it revealed the confusing language (the messy palette) of risk. This has a serious implication impeding the effective communication of risk. The importance of this cannot be underestimated. Without the effective communication of risk, any risk management process will fail, no matter how good the analysis and assessment is, as the ultimate purpose is to help inform and guide actions to deal with potential risks. There is also the danger that multiple risk systems and vocabularies may be held within the organisation, which can add to the confusion. To deal with this, this work has endeavoured to develop many typologies, which, it must be emphasised, are not designed to standardise the language and approach, but rather act as a lexicon to help better understand the various risk management approaches.
- **To identify and analyse instances of good and bad practice for risk assessment from across a variety of subject fields.** In the development of

the variety of typologies and checklist tables, constant reference was made to many different models and approaches. The model developed for this work is essentially a synthesis of a variety of approaches, whereby bad practice is avoided, such as a narrow focus on the negative aspects of risks, and good practice is built upon, such as extending the notion of risks to more esoteric areas, such as ethics and reputation.

- **To test the relevance of existing models of political/country risk assessment for the tourism industry.** This proved more challenging than anticipated. From the initial scans of the many possible political risk models, they seemed to provide a detailed methodology which could be replicated; on closer scrutiny not only were there many vagaries as to the type of specific data which should actually be used and interpreted, but there were also issues of copyright to consider. The comparison with a number of existing, composite risk assessment values compared with tourism demand, revealed a decidedly mixed picture in relation to gauging the level of attractiveness of a destination. They can be useful, and the many open databases should be consulted, but one should avoid over-relying on just one method as the basis of a political risk assessment.
- **To analyse which are the best ways to ascribe a risk value, if at all?** The results were far from conclusive. Despite many methods designed in the positivistic tradition, ultimately, all risk assessments are social constructs they require the information to be interpreted. This theme was constantly evident in the literature. It was not that surprising then, that so many different approaches were discovered. Although many classifications were examined, it emerged that it can sometimes be misleading, as using many risk values is reductionist and can give false signals. There is also the problem that they tend to underplay and distract from looking for the opportunity risks, as many of the scales were developed within an older, second age risk paradigm. The key is to recognise the variety and again adapt to the organisation itself, whether this is a seven point, five point, three point scale, or for that matter, no scale at all.

8.2.3 Reflecting on the aim and the model developed

So this leaves the project aim, which was:

To develop a systematic, practical framework for analysing, assessing and controlling political risks, relevant to small to medium sized tourism, adventure and sport organisations.

Certainly, the attempt to achieve the objectives and examine the assertions did help distil the key elements which could help construct a model. What was finally produced was not what was initially anticipated. The model developed gives guidance on the direction of analysis and some very specific details on the key databases which were found to be the most relevant in terms of generating information. The impact of the internet has been profound in this respect, as it means numerous databases can be accessed to help inform the risk management process. The problem is that one can be easily overwhelmed, as indeed I was to begin with. Yet after much patient reviewing and analysis, the pattern that emerged was that many databases are simply re-interpreting a number of key databases, particularly in relation to the data produced by the UN, the *CIA World Fact Book* and the World Bank. The result is that the number to consult can be reduced considerably. The specific attention given to the more specific pieces of data that act as indicators and where these are accessed from came to form a key part of this work. Ultimately, the diversity of the tourism industry, its segments and the different risk tolerances or thresholds which must be set, mean that one should guard against being too dogmatic and deterministic about saying what is the right and wrong way for analysing and assessing risks.

Although it is acknowledged that the model developed is a synthesis of many models, and theories, there are still a number of unique features to it. The model allows for one to delve into data of varying levels of complexity in order to make an assessment. Of particular relevance is how the more complex analysis of causation factors (the input indicators) comes towards the end of the process, and indeed, could actually be ignored in terms of making a political risk assessment. Many may baulk at this, as so much of academic thinking is designed for seeking understanding: in contrast, so much of a practitioners' time is trying to collect

information with limited time and money, in order to try and make a reasonably informed decision or plan. Some reading this may recognise a contradiction with an approach that selectively focuses on different data in order to make an assessment, whilst at the same time encouraging the adoption of complexity and system theory paradigms in the risk process; theories which constantly emphasise the importance of looking at the whole system and the interconnection of forces.

There is no perfect answer to this critique, because whilst the model is designed to consider all aspects of the system and the inter-connection of forces, it recognises an operational reality where selectivity is sometimes necessary. The risk model developed here illustrates how one can embark on the research process, with the data collected broken down into more digestible components, rather than trying to embark immediately on a complex, inductive analysis of causation factors. Instead a more flexible approach is developed. After all, an adventure operator does not need to understand all the complexities of what actually causes an avalanche, to make an assessment of the risks of an avalanche to a tour group. An assessment which could be based on simply listening to what others say, to observing the more immediate conditions, to a more detailed analysis of the factors which can lead to an avalanche occurring. As such the model is more pragmatic, which encourages adaptation, and where one will often have to balance aspects of academic rigour versus management functionality. As one moves through the model, one also moves closer to the ideals of the paradigms adopted.

The approach developed here is grounded in the context of the practitioner, who is a 'non-expert' in political risk. This is why the process initially begins by accessing the travel advice sites (also governed by a regulatory aspect), then followed by an analysis of past incidents. The use of a frequency based approach is one common to many areas of operational risk management and is often used to help quantify probability. The profound weakness of this approach is recognised. The dangers of using the past for the projection of the future was discussed in **Chapter 6** with the analogous black swans. The real value of this approach is how one can adapt it in relation to spatial analysis, not necessarily the assessment of probability. When complemented with the news services of incidents which can be constantly emailed to operators, they act as important alert service of potential risks, both good and bad.

It is an approach not found in any explicit way in the literature on the existing risk models.

The other important feature to emphasise is in relation to the risk culture used. This, as said earlier, is the lens through which hazards and risks are viewed, which in this work is based on a preference for the fourth age paradigm, which is grounded in complexity theory and a view of the political environment where the notion of political stability is something of a misnomer, as it can detract from the inherent dynamism of any political system to generate hazards and risks. The latter is particularly important in relation to not making simplistic notions of democracy as less risky, rather that there are many shades, which vary in the political hazards created, and the risks generated. Such a culture can help in terms of creativity and as the cognitive prompt for seeing risks differently. This culture is also of particular use when attempting to apply certain tools, such as the scenario exercises conducted in **Chapter 7** illustrated.

But how good is this model? By no means can one say it is a perfect method. Far from it. As highlighted in **Chapter 5**, there are a number of inherent weaknesses in the model which can always undermine it. Clearly the model still needs more application, but it is anticipated that it would, indeed, should be adapted according to the needs of the organizations and its type of clients and assets exposed to risk. One of the unique aspects of the model can relate to the use of qualitative information, which has looked to a single story or comment to help give a revelatory insight into the risk process, rather than building on simple quantification of structured responses to questions. Some may not like this, arguing it lacks validity and reliability when used in other situations. But again it should be appreciated that in management decision making, decisions are not just made in relation to pure mathematical modeling and statistics: often it can take that single glimmer of difference which can be enough to help confirm a decision, even though all the evidence can point to such an action being very risky. Hauss's work (2001, p.4) is of interest here. He observes that so much in international affairs is presented in a dispassionate way, yet in contrast the decision making process is far from rational and often highly emotive. So to with this work. The emotional element of risk interpretation is recognized, rather than simply trying to rely on cold probability.

This was certainly true with Ethiopia, whereby the data collected pointed to travel which could be risky, but within the data collected one also finds the information which gives positive signals, such as with the interesting use of the micro, anecdotal information provided by a travel blog, rather than just relying on a theoretically more expert, but general travel advice site. Furthermore, it was noted that whilst for some, this information may instil fear and inaction, for others it can create excitement and action. True, sometimes this may be a question of people seeing what they want to see. If one gets it wrong, then the actions can be deemed as reckless; if one gets it right it can be seen as vanguard decision making, by leaders ahead of the game. Finally, there is also still the problem that a suitable scale to better represent the upside risks is needed. As stated earlier this was never fully resolved, if indeed it ever can.

8.3 Recommendations for future research

This work has generated as many questions as it has answered, highlighting numerous possible areas for more research. Indeed, one such spin-off area which has already been explored beyond this thesis, was in relation to giving greater conceptual clarity to the notion of hot war tourism (Piekarz 2007). In that discussion it was highlighted how the growth of the peace keeping industry, changing social figurations and increased opportunities for more challenging travel, has meant that one can find many people traveling towards conflict zones, rather than away from them.

The other important areas can be listed as follows:

- **Exploring the risk in the traveller decision making process, in order to develop some user typologies to help in risk assessments and marketing strategies.** The use of heuristics seemed a particularly rich area of study, whereby a more humanistic approach could be developed to understand how perceptions of political risk are formed. This also has some interesting implications in relation to the notion of the post-modern tourist and market segmentation. Related to this is the role of emotions and arousal plays in the decision making process. Whilst Frosdick (1999, p.122) raised this issue, citing Toft's (1993) work and how too much arousal can lead to risk

blindness, it is of interest how arousal may also lead to more positive outcomes and the relationship to notions of acting on ‘gut feelings.’

- **To apply the model to more organisations in order to continue to refine and develop it.** This study allowed for a model to be developed around a single case study, but it would be useful to apply it to more practitioners to continue to refine it and learn from further instances of good and bad practice.
- **To research in more detail the systems used for recording, and monitoring data.** This is often an overlooked area focusing on the simple practicalities of how information is actually recorded. Whilst perhaps not as dynamic as other areas of risk management, it is of vital importance as having robust systems which can stand scrutiny of an audit trail is an important control mechanism if litigation takes place.
- **To examine more intimately the output method, using more focused, statistical techniques.** Although, it was briefly explored and found to be of limited value for this model, it would still be useful to conduct a more in depth, positivistic study which clarified the relationship of certain conflict events with tourism.
- **To explore in more detail why issues of human rights and government abuses are less important than environmental factors in market positioning.** Whilst notions of ethical tourism have grown in terms of marketing, there is an interesting willingness of travellers and operators to seemingly ignore governmental abuses of its people, with the key exception of Burma. Whilst one can notice a growing number of campaigns which do discourage travel to countries with a poor record on human rights, these do not seem to have struck the same chord as environmental issues, and hold fewer marketing opportunities in comparison with issues of sustainability.

8.4 Final thoughts

At the beginning of this work there were aspirations to construct a neat, structured model that could produce clear and specific risk values. As the research progressed

the inherent weaknesses of such an approach was constantly exposed. One must accept that perfectly rational decision is near impossible; instead the key is to know how best to collect data, within the given resource constraints, in order to develop appropriate plans and control measures to deal with upside and downside risks generated from political hazards.

It is also vital to stress that because a high risk assessment value may be given, it does not mean that travel should not take place. The point of a risk assessment is not to construct an iron law determining actions, rather it is to help inform the decision making processes. Into this mix is the vital importance of the risk culture adopted, as it can encourage a constant examination and reflection of the environment and the need to be flexible and adapt one's actions accordingly. The final ingredient is how people respond to this information at an emotional level. Perfect decision-making should be accepted as utopia; better decision making based on good information, is both achievable, as well as a dynamic aspiration driving individuals and organisations forward. This is why the work has come to the firm conclusion, along with many other writers, that political risk is far more art than science, despite the aspiration of many for it to be otherwise.

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Appendix A - Summary of the key political hazards and related political risk events

Category	Description	Examples of hazardous events	Examples of Impacts
1. Structural workings of political systems	This relates to the hazards that can emerge from the day-to-day workings of government, such as taxation changes, infrastructure initiatives, passport controls and dealing with bureaucracies. Although they may not have the visibility or drama of other political hazards or risk events, such as acts of terrorism, they are just as significant. The term risk event, as a consequence may be less accurate, as the timescales may be more gradual. It recognises that policy initiatives must not just be associated with changes with government, but can also be developed within existing governments, particularly in response to pressure group lobbying, or in response to events, such as September the 11. th	Bureaucratic delays • Nepotism • Policy initiatives and developments • New laws, regulations/deregulation • Pressure group lobbying (e.g. human rights, environmental groups) • Bribery • Arrests/executions of significant opposition leaders • Illegal detentions • Local business partnerships • Centralising/decentralising (or strengthening of local democracy or strengthening of local businesses) • Legal rulings (e.g. copyright, duty of care etc.) • Bias in legal rulings (i.e. lacks neutrality from the government) • Adherence to laws and regulations • Public spending • Incentive measures • Exchange rate controls • Business protection laws or lack of • Red tape/delays • Central/local government tensions • Trade Union activity • Taxations.	<p>Operational Risk Impacts</p> <p>Certain products/services may have restrictions placed on them (e.g. Iran in 1979 and the banning of Alcohol in hotels). Strikes, demonstrations and riots can affect immediate operations by placing physical restrictions on travel and so the suspend operations.</p> <p>Physical Risks Impacts</p> <p>Terrorists, war or demonstrations can result in people being killed or injured, or buildings and equipment damaged or destroyed.</p>
2. Regime Change	This tends to generate hazardous events which could impact upon an organisation, as the changes can be quite radical and fundamental, seeping through all layers of society. Regime change, however can also create many opportunities as well as threats, but care must be taken that a change to a democratic system must not be viewed as only creating opportunities as earlier discussions reveal.	Revolution (violent and non-violent, such as Czechoslovakia's 'velvet revolution') • Military coup d'etat • Radical policy reorientations delays • Expropriation of assets • Changes in foreign relations • Marshall law and curfews • Illegal detentions and mass arrests • Boycotts/bans • Pressure group activity • Democratic elections • Peace initiatives.	<p>Financial Risk Impacts</p> <p>An organisation may face increases in cost from taxation from both a local and central level (e.g. Newquay town council increased the local airport tax on incoming travellers, in 2005, which led Ryanair to protest about the increased costs and reduce the number of flights to the area), or new regulations can impose additional costs.</p>
3. Leadership and government change	This refers to where the government alters in some way, whether it relates to changes in leadership, or changes in the parties holding the reigns of power. Whilst there may be little radical change, there can be numerous micro impacts, such as tourism taxes, particularly at a local level. The notion of leadership changes can also be extended to opposition groups, who may generate a new set of risks. In older political risk models, there was often a concern for tracking the potential of left-wing groups/parties obtaining power or influence, but is a simplistic approach. Change here can take place in both a peaceful or violent manner	Policy changes such as employment legislation delays • Taxation changes (national and local) • Expropriation (usually more limited) or privatisation • Changes in international relations (improved/worsened) delays • Sanctions/boycotts (placed or lifted) • National elections • Local elections • Prisoner releases/opposition group arrest delays • Popular support for new leaders and parties/feel good factors • Local partnership initiatives • Changes in ownership laws • Ethnic/religious tensions generated/decreased • Exchange controls • Interest rate changes.	<p>Reputational Risk Impacts</p> <p>Organisations must think carefully about their ethical stance, as it can become compromised if they travel to countries where governments have a poor human rights/environment record. The reputation can also be affected depending how they respond to advice and crisis situations. Reputation is intimately tied in with brand development.</p>
4. Security and Conflict War/insurgency/guerilla campaigns	Gurr <i>et al</i> (1986) makes the observation that some theories of conflict present the tactics of conflicts as a series of episodic events such as revolutions, whilst Gurr regard conflicts as a continuous process and flipping the perspective, not looking at 'why men rebel?' but what factors or theories help explain why conflicts vary in the scope, intensity and general form. The difference between insurgency, war and terrorism can be very fine, and can at times be one of semantics, or some argue the scale of destruction and casualties	Urban battles • Atrocities on civilian • Bombings/shootings • Kidnappings/hostage taking • Border area lawlessness • Travel restrictions/communication disruptions • Embargoes	<p>Emotional Risk Impacts</p> <p>Passengers /customers can become stranded, or may be unable to continue with the holiday,</p>

<p>Genocide and Politicide</p>	<p>‘Genocides and politicides are the promotion, execution, and/or implied consent of sustained policies by governing elites or their agents-or, in the case of civil war, either of the contending authorities-that are intended to destroy, in whole or part, a communal, political, or politicized ethnic group’ (MAR 2007). In genocides the victimized groups are defined by their perpetrators primarily in terms of their communal characteristics. In politicides, in contrast, groups are defined primarily in terms of their political opposition to the regime and dominant groups.</p>	<p>Ethnic cleansing • Persecution • Mass arrests.</p>	<p>leading to frustrations and the risk of disappointment and claims for compensation. The challenge and risks encountered, whilst difficult at the time, alternatively could lead to enhancing the experience.</p> <p>Ethical Risk Impacts</p> <p>Overlaps with reputational risks. Military/authoritarian leaderships actions, such as using violence to repress demonstrations, means many ethical and moral dilemmas can be raised about the ethicality of travelling to the destination. (e.g. Austrian election of the Far Right president in 2000).</p>
<p>Terrorism</p>	<p>Terrorism has increasingly targeted tourists, but it should be appreciated that countries can have a terrorist problem with travel and tourism not being affected in any significant way, as the UK and Spain illustrate. What is of particular importance is to understand the methods of the terrorist campaign, who is targeted, what is targeted and where they are targeted</p>	<p>Bombings of buildings and people • Shootings of people • Building defilement • Kidnapping and hostage taking • Targeting of “foreign” travellers/buildings • Levying “taxes”/permits to travel • Illegal detentions/tortures • Assassinations • Hijacking/hostage taking • State sponsored terrorist responses. • Peace deals/arms surrenders • Political sections developed. • Arson</p>	<p>Legal and Regulatory Risk Impacts</p> <p>Corruption is a particular important risk, which organisations must consider because if they act with complicity, they run the risk of arrests, prison and their reputation tarnished. There are also the risks of customers purchasing illegal artefacts (such as animal skins) which raises many more ethical and reputation risks.</p>
<p>Civil Protests</p>	<p>Whilst demonstrations can take place and be peaceful, which can even present an area, or country in a positive light (as the activities around the UK G8 July 2005 meeting illustrate, which was accompanied with a variety of events and concerts, which were used in a very positive way by the London Olympic bidding committee), they have the potential to turn more violent and descend into riots, or receive a violent backlash from the authority, as in Tiananmen square in China, in 1989.</p>	<p>Demonstration • Secondary picketing • Rioting in towns and cities • Strikes in key sectors, such as air traffic control • Blockades/restrictions on communications (e.g. French farmers and fisherman) • Curfew imposition • Marshal law • Illegal detentions and arrests • Pressure group protests and demonstrations • Armed attacks • Curfews.</p>	<p>Strategic Risk Impacts</p> <p>This may be created as peace is restored and the legacy of war is packaged into tourist attractions themselves. Something with a long history. The deregulation of the airline industry also gives one of the most dramatic examples of political change creating numerous market opportunities.</p>
<p>Ethnic violence</p>	<p>Rioting is more serious and can severely affect an image of a destination and place areas out of bounds. As the riots in France in 2005 illustrate, they can affect all countries. Ethnic violence Societies can have many cleavages and differences, which does not necessarily mean it is a precursor to instability, but it does suggest that politics will have an inherent dynamic in them</p>	<p>Xenophobia • Racism • Discrimination (religion/ethnicity).</p>	
<p>Criminality</p>	<p>Although many would not put this as a political hazard, the increasing blurring of the boundaries between criminality, insurgency, terrorism and war, means that it should be considered. This is particularly true in relation to weak or failing states, where criminality can thrive.</p>	<p>Corruption • Bribery • Kidnapping • Drug/arms/animal smuggling/selling • Armed attacks/robbery • Hijacking • Executions • Theft • ‘Beneficial ownership’ (Grey area) • Nepotism • Cronyism (Grey area) • Counterfeiting • Fraud.</p>	

Government repression	This is often overlooked, but can be just as important, particularly as it can have generate many serious ethical and reputational risk impacts. It should be appreciated that states can also be involved with terrorism upon their own citizens.	Mass arrests • Executions • Curfews • Opposition attacks • Media attacks.	
5.Natural Hazards	For many years the impact of the natural environment has tended to be ignored in many political risk scanning models. In relation to politics, it is increasingly recognised that what happens in the natural environment can have profound impacts on future developments in the political environment. In relation to disease, it may seem on first glance odd that this is placed as a political hazard. The reason for this is that disease can not only affect people’s perception of a place and willingness to travel, but it can be the government’s response to the disease that can have such profound impacts on travel. Travel can be deemed as part of the problem in relation to how quickly it can spread diseases, therefore restrictions may be placed on travel by governments. Previous outbreaks of Severe Acute Respiratory Syndrome(SARS) initiated significant political responses and had a huge economic impact on the Asian economy (Overby <i>et al</i> , 2004).	Environmental disasters Drought and Famines • Earthquakes and Tsunamis • Hurricanes and typhoon • Flooding Pollution • Disease • Quarantine measures • Travel restrictions • Denial of access to areas.	
6. External interaction events and relations	This relates to the idea that events beyond a country’s borders, or the relations they have with other states, can generate many political hazards. The cartoons published in Denmark also show another, more complex element, whereby it is not just government actions, but also individuals and organisations associated with a country.	Embargoes • Association risks (e.g. people targeted because of a countries support for another countries policies) • Communication/travel restrictions • Demonstrations, riots and strikes • Terrorist/insurgency groups formed • NGO initiatives • Border disputes • Intellectual property disputes.	

Source: Synthesised table produced by the author

Appendix B - Categorising political risk approaches/methodologies

<p>Who is used</p> <p>There are many different organisations which can be used in political risk, who generate different types of information, use different analytical tools and vary in their degree of expertise.</p>	<p>What data can be used</p> <p>There are now huge amounts of data that can be collected and used for analysis, yet different data can be used for different types of analysis, which in turn can reveal different types of risks.</p>	<p>What is focused on (level and variables/factors)</p> <p>This categorisation relates to the many different factors that can be focused on. What must be emphasised is that many models do not just focus on criteria based on one category, but tend to overlap.</p>	<p>When are they used</p> <p>The actual time scales and purpose of the analysis and assessment focused on vary, from an immediate daily assessment, to plans covering years</p>	<p>How the methods or approaches are classified</p> <p>When examining the literature one can end up classifying the classifications as there are so many approaches. The methods identified here tend to be the most common approaches</p>	<p>Which analytical tools/methods are used</p> <p>The degree of sophistication used in analysis and assessment can vary from using 'gut reactions' to highly sophisticated, computer-simulated forecasts. A key point to appreciate is that political risk can, indeed should, be blended in with many existing forecasting and planning models utilised</p>
<p>Consultancies/agencies:</p> <p>These can be classified themselves in different ways, such as Bouchet <i>et al</i> (2003) distinguishing between firms who offer <u>specialised rankings</u> (e.g. BERI); <u>export credit agencies</u> (e.g Coface); and <u>credit ranking agencies</u> (e.g. Fitch). Some of these may or may not be involved for commercial reasons. Examples of organisations who conduct <u>political risk assessments</u> include: PRS; HIS Energy; Control Risk Group. Examples of organisations who conduct <u>country risk assessments</u> include; ICRG, EIU; BERI ; Euromoney; Moody's Investor services; Rundt & Associates. Examples of organisations who conduct <u>financial/credit risk</u>: Institutional Investor; Standard and Poor.</p> <p>News agencies</p> <p>There are many global news services which are useful, such as the BBC website. What can also be beneficial,</p>	<p>Country status data</p> <p>Examples can include risk assessment values published; economic data such as GDP, inflation rates etc.; social indicators, such as birth rates, infant mortality rates etc..</p> <p>Incident data</p> <p>This relates specific incidents, such as terrorist attacks, which can be used to build up a frequency profile. Examples of useful databases include; CIA world fact book; MIPT database on terrorism; Country Profiles provided by the UK FO; news databases</p> <p>Advice data</p> <p>This tends to be ignored in the literature on political risk. Examples include governmental advice; guidebook/travel site warnings; insurance recommendations; or even pressure group advice such as</p>	<p>The level of analysis</p> <p>By synthesising a variety of approaches a number of key levels can be identified. The <u>global level</u>, which reflects the importance of understanding events around the world, particularly the actions of the USA. The <u>interstate-level</u>. The <u>macro level</u> on analysis focuses on political change which affects <i>all</i> industries in a country. The <u>micro level</u> on analysis focuses on political change which affects only specific industries in a country. The <u>organisational level</u> can relate to inductive approaches, whereby one can focus more directly on the impacts political events may have, ignoring the determining variables and focusing on the dependent variables (this relates to Howell's (2001, p..8) type III classification). Within the context of the organisation itself, this can be further divided between the <u>strategic level</u>; <u>programme level</u>; <u>project level</u> and the <u>operational level</u> (NAC, 2002)</p> <p>Actor/source approach</p> <p>This can have a strong behavioural approach and examines the importance individuals can have in generating risk (this relates to Howell's (2001, p.8) type IV)classification.</p>	<p>Short-term operational decision making</p> <p>Examples may relate to amending travel plans to countries and regions because of civil unrest.</p> <p>Medium, to long term strategic decisions making and planning</p> <p>Examples may relate to examining the long-term prospects of a countries political stability in order to decide future investment decisions, such as building a hotel)</p> <p>The type/scale of assets at risk</p> <p>Depending on just what is at risk can affect the extent of</p>	<p>Intuitive, deductive or inductive</p> <p><u>Intuitive</u> assessments relate to the more 'instinctive approaches in decision making; <u>inductive</u> approaches relate more to theory construction where an event is explored more in the context of its possible impacts upon the organisation; <u>deductive</u> approaches look more at a range of data and factors in order to reason future events and outcomes, based on a theory.</p> <p>Degree of methodological structure</p> <p>Three useful sub-categories which can be used here are developed by Monti-Belkaoui <i>et al</i> (1998, p.94), adapting Kobrin's (1979) and Kennedy's (1987) work, which are:</p>	<p>Intuitive assessments</p> <p>Examples may include the creative thinking techniques, use of analogies, interviewing project team workers and speculation. One of the classic examples of an intuitive or unstructured approach is the 'Grand tour'. A method that has been characterises by executives travelling to a country in order to gain a snap shot of its viability for investment. A variation of this is to use people who have regional expertise, such as journalists, diplomats, academics etc., who interpret local events to help advise on local conditions – an approach described as the 'old-hands approach' (Monti-Belkaoui <i>et al</i> 1998, p 91). These methods tend be based on experience and are highly normative (Monti-Belkaoui <i>et al</i> 1998, p.90).</p> <p>Scanning approaches</p>

<p>if available, is the use of a countries own news databases, which whilst they may have a degree of bias, can still be a useful source for collecting certain types of incident data (many examples of English speaking news agencies exist, such as in Morocco or Nepal).</p> <p><u>Governmental</u> Examples include the USA State department; CIA databases; UK FO etc.</p> <p><u>In-house</u> This is where people within the organisation goes directly to the raw data sources (e.g. incident or country status data) in order to conduct the analysis and assessments. They can also use in-house experts.</p> <p><u>Other</u> Examples include guide book websites (e.g. Lone planet; Local agents).</p>	<p>Tourism Concern</p> <p><u>Ethical data</u> Examples may include information from Amnesty International; Freedom House; Transparency International or the more direct, prescriptive comments offered by Tourism Concern.</p> <p><u>The qualitative/quantitative mix</u> Bouchet <i>et al</i> (2003) actually make a distinction between country risk assessments which are <u>quantitative based</u> or <u>qualitative based</u>. This relates to the extent that qualitative data or quantitative data should be used – an issue critical in all risk management fields. Although a quantitative skew can be detected, many writers tend to advocate mixed data approaches.</p>	<p>Brink (2004, p.37) identifies the: individual or psychological level; the group/social level (e.g. ethnic groups).</p> <p><u>Structural conditions approach</u> These can range from more specific economic, social and environmental factors to ethical issues and how the forces interact and correlate with each other. The tendency is to ignore the environmental factors in many models.</p> <p><u>Relative deprivation approach</u> These approaches focus on the economic and social conditions and can bring in theories of frustration and demonstration affects.</p> <p><u>Government/regime type approach</u> Many types of risk assessments have been too simplistic in associating riskiness with certain types of government or regimes, particularly left-wing types. An approach which is dangerous as it ignores many other types of risks.</p> <p><u>The value systems</u> This relates to the cultural make up of the country such as the aspect of religion, nationalism or language.</p> <p><u>Systems theory/institutions</u> This approach examines systems, institutions (e.g. judiciary, assembly the executive etc.) and processes, with its inputs and outputs and how forces interacts to generate change and risks *</p>	<p>the risk analysis and assessment, which relates to the type of customers and the amount of money invested. Howell (2001) uses the term investor attributes and classify it as a Type E model.</p>	<p><u>unstructured/unsystematic</u> assessments (also relates to intuitive approaches e.g. Old Hands approach); <u>unstructured/systematic</u> assessments (e.g. BERI) ; and <u>structured/systematic approaches</u> (e.g. ICRG:)</p> <p><u>Country, political or credit risk categorisations</u> This relates to the scale of the analysis and assessment, with larger scale assessments which include looking at a wide range of structural factors, being classified more as <u>country risk assessments</u>, whilst those that focus on the political conditions are can be classified as <u>political assessments</u>. <u>Credit rating methods</u> concentrate and focuses on the ability of ac country to service its debts:</p>	<p>Examples can include scanning news sources for signals and drivers of change and can be placed in a PESTLE, SWOT or SPECTACLES framework.</p> <p><u>Forecasting tools/methods used</u> Examples can include scenario writing, comparative analysis, trend extrapolation, <u>Delphi techniques</u> Shell scenario model; PRINCE model</p> <p><u>Analytical tools used</u> Examples can include fault-tree analysis, HAZOPS; FMECA; checklist indicators, statistical questionnaire analysis; spatial 'hot spot' analysis; fuzzy logic analysis; checklist approaches</p>
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Source: Author

Appendix C – Comparative review of key process stages

Writer	Field	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Stage 7
Michaels (1996)	Technical risk management	Risk Identification (establish scope, define requirements, establish baseline model, identify hazards and perils)	Risk quantification (derive risk hierarchy, select risk formulation, calculate risk exposure)	Risk control (establish risk organisation, fund organisation, implement audit trail,)				
Health & Safety Executive	Operational health and safety	Look for hazards	Decide what can be harmed	Evaluate the risk is from the hazards and decide if existing precautions are adequate	Record your findings	Review		
BMC (2007) using HSE 5 Steps to Risk Assessment”	Sport/adventure	Look for hazards	Decide who can be harmed	Evaluate the risks and decide if existing precautions are enough	Record your findings	Review your assessment and revise if necessary		
Brown (1999, p.277) Adapting Ford & Blanchard’s (1985) model.	Adventure	Risk awareness Identification (hazard assessment)	Risk evaluation (frequency & severity)	Risk adjustment or control (retain, reduce, transfer or avoid)	Risk management plan	Plan evaluation & update		
Sadgrove (1997 pp.19-22)	Business management	Risk awareness & assessment (audit resources, identification)	Set priorities (which hazards carry the most risk?)	Prevent (minimise risk, transfer, spread)	Plan (disaster plan or alternative adjustments)			
Keeling (2000, p.39)	Project management	Risk identification	Risk assessment	Risk analysis	Risk elimination			
Burke (1999)	Project	Run through project lifecycle	Identify who is responsible for managing risk	Define project objectives	Identify risks	Quantify risks	Develop responses	Risk control
Getz (1997 p241)	Event management	Identification of the risks	Comparative analysis of the risks	Predicting possible hazards	Evaluate probability of occurrence	Categorise the risks (e.g high/low/medium)	Opportunities and threats of the risks	Formulate strategies (take, transfer, terminate, reduce)
Hudson	Adventure	Determining exposure	Identifying	Evaluating those	Selecting finance	Implementing	Planning	

(2002, p.255)		levels acceptable to the planning organisations and guests	hazards to business	hazards	and control measures	mitigation strategies	appropriate responses to emergency incidents	
Bannister & Bawcutt (1981, p.22)	Business	Identification/recognition	Measure	Economic management of threats	Ensure adequate finance to meet threats			
Shell International Model (Moody, 2000)	Strategic management	Establish clear objectives (identify and evaluate significant risks to the achievement of those objectives)	Incorporate risk responses into internal control systems to address opportunities, control threats	Monitor effectiveness of the risk systems	Adopt specific guidelines for specific risks.			
Turnbull Report (1999)	Business management	Setting objectives	Identifying significant risks	Ranking and prioritising	Manage risks and control strategies	Monitor	Improve	
Hollman and Forrest (1991)	Not specified	Discovery of loss exposure (note discovery)	Evaluation of loss exposure	Select control techniques	Implementation	Monitor		
Frosdick (1999) citing Strutt (1993)	General	Systematic analysis (all parts of the system are examined)	Identification of risks (local and global)	Assessment of risks (frequencies and consequences)	Establishment of acceptable levels of risks	Evaluation of risks (are they acceptable/can they be reduced)	Determine if risks are as low as is practicable	Determine reduction measures
Burns-Howell et al (2003, p.11)	Security risk and control	Identify and list assets	List and asses the threats	List the vulnerabilities	Define and assess risks	Determine and define counter-measures and the means of implementation	To initiate and implement the risk control process	
Heng (2006, p.54)	Security studies Based on Cabinet Office strategy Unit 2002)	Identify risks	Assess risks	Address risks	Review and report risks			
Merna et al (2005)	Business management	Identification of risk/uncertainties	Analysis of implications	Response to minimise risks	Allocation of appropriate contingencies			
Chapaman & Ward (1997)	Project	Define	Focus	Identify	Structure	Ownership	Estimate	Plan
Hanley (2001, p.55)	Mapping business risks	Risk identification	Risk assessment	Risk consolidation	Risk portfolio management			
Jodice (1984, p.18)	Political risk	Identification of risk related factors	Prediction of government policy of risk factors	Deciding effective corporate response	Executing decisions			

Appendices D - Key control measures

Category	Examples of specific actions	Description/comment
Terminate or avoid	<ul style="list-style-type: none"> -Refusing an investment opportunity in a country. -Change objectives (shell Oil). -Say no to bribes as forcefully as possible; with a clear 'No' blanket policy (Marckwick, 1998). -Develop corporate codes of ethics. 	<p>Relates to risks that are high severity and probability (Hi/Hi on the risk matrix).</p> <p>Gifford (1983) comments that if a risk factor is considered too high and the decision is taken to take it, then this can profoundly affect the credibility of the expedition and confidence in the leadership.</p>
Transferred or reallocate	<ul style="list-style-type: none"> -Insurance (Wilks <i>et al</i>, 2000). -OPIC, MIGA world bank Insurance (Wells, 1998, p31), Contracting out (Howell, 2001). -Bonding option. 	<p>This is usually for Low frequency/high severity options (Wilks <i>et al</i> 2000).</p> <p>The notion of transference does not necessarily always reduce the risk, as the strike of BA baggage handlers illustrate, when they walked out in sympathy for staff of an outside catering company, in August 2005. The result was BA flights coming to a standstill and costing the company millions.</p> <p>Although an important strategy, not all would classify insurance as a specific control strategy, such as Howell (2001, p.14).</p>
Take or retain	<ul style="list-style-type: none"> -Choosing to go ahead with the project, investment or tour. -Increase security and diligence (Marckwich 1998, p.49). -Be open and transparent. -Communication of risks to all staff. - Security guards and armoured vehicles. - Prevent kidnapping. 	<p>The taking strategy is usually considered as an option when the frequency and severity are regarded as low.</p> <p>The reasons for this strategy can be varied, ranging the inherent risk where little can be done, such as the risk forming a crucial part of the experience. This is certainly true for hard adventure activities. However, this strategy can be influenced, as Sadgrove (1997 p.11) argues, by the potential rewards at the end. This concept of the 'reward' clearly influences Shell Oil approach, where a decision to take the risk is based on the degree of inevitability of the risk and the potential returns on a investment, where if they are high, it can be a risk worth taking. In this instance the risk could be deemed as high severity and frequency, but one still worth taking if the potential returns are high. This adds an interesting dimension to the assessment of risk, illustrating how the values ascribed to a risk do not make your decisions, only act as guidance. It should also be appreciated that using the term take can in fact create confusion as it may mean no action is taken to deal with the risks. The notion of trade-offs can be relevant here.</p>
Treat, reduce or minimise	<ul style="list-style-type: none"> -Training. -Protective equipment. -Information. -Political lobbying (Rugman <i>et al</i> 1995, p.360). -Cultural awareness negotiating strategies (Rugman <i>et al</i> 1995, p.360). -Secure compounds/buildings. -Security Workers (Howell 2001, pp.12-13). 	<p>This relates to reducing the frequency, severity or both. This is a critical area for all fields, at all levels of management.</p> <p>For example Bentley <i>et al</i> (2001, p.723) highlight the importance of communicating the increased likelihood of certain accidents occurring on holiday, where activities which are perceived as low risk, can have a higher likelihood of occurring. Lobbying government is something commonly cited in books on business management, yet is only a control strategy really suitable for large organisations.</p> <p>Mansfield (1999) notes how certain countries when dealing with cycles of violence simply spend more on marketing which is not always effective.</p>

Appendix E - Content analysis of key questions

Organisation & contact date	“Events which have an impact on operations”	“Value of UK FO advice”	“Other Advice/agents”
1 Across the divide 12/1/07 & 15/6/07 Risk form provided	2001 - 9/11 many cancellations and fear of flying. Noted that not many pulled out of the charity challengers (See commitment); <u>Trips cancelled when Nepal royal family killed</u> . Commented how they had to suspend tours to Nepal for 14 months and have only recently reinstated them	“Always go by what FO say.”	Use local agents.
2 Adventure Bound 19/2/05. No risk form provided	Adventure Bound is the umbrella organisation for a diverse number of enterprises operating all over the world. (E.g. Imaginative Traveller))Noted how SARS had a big impact. Also before the Iraq war in 2003 enquiries were very slow, but once it had started he reported that 2004/2005 was one of the best years for a long while. Interviewee was critical of media describing it as “big insect distorting the picture.”	No comment given.	None given.
3 Adventure Experiences: 25/1/07. Risk form provided	“9/11 created one of the biggest financial impacts by tripling insurance premiums for outdoor education providers / outdoor centres. This was an attempt to generate more income from sections of the market which had not previously brought in much revenue, to help offset the enormous payouts post 9/11. This increase in running costs had obvious knock-on effects to the price of activities to the consumer, and many businesses folded as a result. Examples are all over the UK, local ones include two centres that I know of on Anglesey. <u>Increased litigation</u> has also created barriers to UK companies finding insurance to cover overseas activities outside of the EU, especially in the US. The UK main insurer of outdoor pursuit providers ‘Perkins Slade’ will not insure activities outside the EU. We had to approach organisations in the US, and use their insurance. This act of <u>terrorism</u> also affected holiday and lifestyle decisions of potential and existing customers of the tourism industry. Specialist activity providers in our field suffered <u>large percentages of cancellations</u> , particularly from customers travelling from distant destinations, reliant upon the airlines as a means of travel. In short, people decided to <u>take their holidays ‘closer to home’</u> , and the usual wealthy clientele were replaced by customers less willing to part with their cash! A certain specialist Sea Kayaking Centre attracted many clients from the US, Israel, and other wealthy countries, on its courses. It saw countless cancellations from these clients. Thus, products and packaging had to change to meet and embrace this new demand, and those who were not able or chose not to be flexible, suffered financially. Whatever the reasons, the <u>economy itself is showing signs of slowing down</u> , and people are therefore looking to spend less. Look at recent auto companies troubles, and layoffs in similar organizations. Time will tell as to the extent of this impact on the travel industry, I believe that customers in general will always keep this aspect of their lifestyles a priority.	The website is a useful and quick source of basic advice, but I generally research and find local contacts who prove very useful	Similarly to the previous question, the ATM course put me in touch, and provided the catalyst for me to find and meet contacts from all over the world, including folk who on the course with me, and are now working in the industry, in situations ideal for gathering information. So I use specific people in organizations for travel advice. Examples of organisations which have knowledgeable people in, with up to date info on locations I’m interested in, include the following; Jagged Globe, Duke of Edinburgh’s Award, Nigel Dennis Kayaks / Nordkapp Trust Expedition Centres, Johnson Outdoors, many freelancers/small businesses in niche markets.
4 Adventure 2 Mongolia 6/3/07 No risk form	“The increasing awareness about Mongolia on South Korean Market was a main positive impact. We have increased our target market and could cooperate with Korean agencies followed by increased revenue and experience.”	“I do not use UK Foreign Affairs advice very often, but there are a lots of useful information. I will use it now more active”	We use TIES advice on our operations
5 African Conservation Experience 12/1/07 & 27 /6/07 Risk form provided	“It’s really hard to say. I actually think the events such as the recent interest in Africa due to the G8 summit and the Live8 concerts have benefited us since more people have become engaged with issues in Africa and have wanted to travel there to volunteer. I don’t think that events such as 9/11 and 7/7 have negatively impacted on us, but I think that is mainly because the areas we work in are quite removed from the terrorist threats worldwide.	“Do refer to it but our own staff could arrive at the conclusions just as quick, if not quicker!”...Don’t use it for on the ground infouseful for promotions to give to clients.	MASTA for general medical advice.
6 Africa Explorer 31/1/08 No risk form	Running the Footballs 4 fun in anticipation of the 2010 world cup. Donating footballs to Africa. Interesting how a commercial company has this social dimension. Stopped tours to Zimbabwe in 2002, with one of the prime reasons given that they had to use the <u>official exchange rate</u> which meant that things were very expensive. There were also incidents of people cancelling tours to South Africa. Problem of projection. No formal risk assessment conducted.	Don’t use it.	None given.
7 Africa in Focus 18/3/05 & 1/2/07 No risk form.	<u>Problems in Zimbabwe</u> have affected tourism and they have now stopped operating there, although they give their tour group members the opportunity to cross over when they are at the border by Victoria falls. Strong commitment to responsible travel. Niche based organisation, with its own designer truck (Dragomen does 24, they take 16) particularly for photography. Comments how they have adjusted tours in light of the <u>political problems</u> in Zimbabwe. They let tourist cross the border as individuals, rather than as a formal party, to get another view of Victoria falls. – they commented that although nothing happened, it was an <u>atmosphere of hostility</u> . Client base of around 416 people, ranging from 14 to 54 days. Problems in Northern Namibia. Said no formal risk assessment was done. Use own experience.”	“Do not really consult it.”	None given.
8 Bushmasters (Mainly operate in Guyana) 17/3/07 RA form provided.	We have only been in existence since 2005. We are located in the Amazon in the North-eastern part of South America and few global events really have really had any impact here; certainly the likes of <u>terrorism, the war in Iraq, tsunamis</u> , hurricanes don’t affect us and where we are. The only possible impact in the future that we can see would be oil prices and the subsequent cost of aviation and vehicle fuel and any measures that would dramatically increase the costs of international flights. Obviously if they find Osama Bin laden in the jungles of Guyana ...then things might change – but at least it would put Guyana on the map!	Don’t find it useful at all. See and know more of the country then high commissioner staff and find it “negative” and, certainly in the 5 years since we’ve been here, completely inaccurate. Based around local media and Georgetown, which is not the same as the rest...crime against tourists in the interior almost unheard of. One incident stays on the FCO website for ever. If for example ... all the incidents or thefts, mugging or whatever (which occur in the USA) were recorded by the UK (FCO) you would be reading volumes.	We refer our clients to things (such as) the Lonely Planet, Rough Guide etc for extended travel after our trip, but we always warn them that most of the information on Guyana is wrong and completely out of date. But we don’t use anything else ourselves for Guyana because we live here and have found that what is written on the country is proven to be incorrect nearly everywhere.
9 BOAB	<u>War in Iraq</u> created a great deal of hesitancy. Once war started demand firmed up and remained strong. Tsunami diverted many enquiries to their African	It is essential but lacks subtlety (e.g. for huge	Subscribe to ATA website & Travel Dr,

18/3/08 & 12/1/07 No risk form	destinations (note the stories of people asking if they could get cheap clothes and replicas in Africa, as they do in Asia!). <u>Regulation</u> - ATOL licences and buying of flights within an country and the implications this would have. There was a degree of hesitancy before the <u>war in Iraq</u> , but once it started, demand remained strong (background noise – becomes familiar).	countries such as for Zambia and the Sudan). Noted how they were bound by it.	
10. Crystal Active 22/6/07 Risk form provided	I've only been with TUI UK for a very short period of time so I am unable to answer your first question relating to them however I have answered your second two as requested. "Please be advised that TUI UK, of which Crystal Active is a part, outsource all of their Risk Assessment."	Very useful. One stop shop that is constantly updated and save time trawling through lots of data.	FTO EWGLINET
11. Detail Events (Adventure Racing) 5/2/07 Risk form provided.	No significant events reported	Never look at it	None
12 Different Travel 10/2/07 Risk form provided	It has varied considerably over the years.	Useful.	None stated.
13 Earth watch 31/1/08 Risk form provided.	The impact of recent Kenya problems and the <u>FCO advice</u> . Similar problems in 2003, with the <u>bombings</u> . Stopped running the Sri Lanka tours, deciding what to do with Kenya (Note date of interview). In terms of positive impact the growing awareness of environmental issues (and particularly the media focus on climate change) has seen an increase in people looking for an opportunity to get involved with something that helps them understand these first-hand. On the negative side I think country-specific events, such as the <u>embassy bombings in Kenya in 2003</u> , the recent <u>Kenyan unrest</u> , and the ongoing but variable unrest in Sri Lanka.	We make use of, and abide by, this advice. We also make use of an independent risk consultant's advisory services	Yes – Control Risk 24
14 Explore 18/6/07 No risk form provided.	I am sorry to be so obscure but this is a highly sensitive commercial area. Would be very happy to discuss informally	Ongoing focus on quality & safety - as we are constantly expanding this has a considerable impact.	Multiple..
15 Go See Kenya (GSK) 31/1/08 & 19/3/08 Risk form provided	Because we only started in June 2007, this question isn't really relevant, although you could look at the effects that the recent situation in Kenya has had on the economy and tourism, obviously this has affected our business hugely.	The FCO has been a huge influence In the problems that Kenya has faced in relation to the bans that have been in place restricting tourist travel. The issue is that whilst there is a risk for some areas, other areas, especially in our case, like the coastal parts were unaffected. but the cities like Mombasa were put on the ban list as a precaution. I think that the FCO are there to provide the public with the facts but how this. is put across should be carefully monitored as the impact of what they write can severely affect the flow of tourism to a country	I think in general government run orgs are the ones that are used for travel information as it is official, followed by the large well know orgs like Lonely Plant, Rough Guide etc.
16 GapSports 19/1/07 Risk form provided	9/11 <u>big hit</u> ; 7/7 not quite so much. <u>War on terrorism</u> continues to affect things, not least people's perceptions (sometimes naively on their safety. Worried parents... <u>Fuel prices</u> affecting long haul flights....No real impact of what I call "Green thinking" .in my experience, interest goes up with a tragedy because of the high media coverage."	"The FCO is of limited use, but is something that MUST be monitored" because of insurance implications...	Use credible in-country partners who are on the ground RED 24 and Control Risk Group who deal with detailed information on threat and security.
17. Global Vision International 12/1/07 & 16/6/07 Risk form provided.	No global events, but local events in <u>Nepal and Sri Lanka</u> have affected them until they are deemed safe. Note their new involvement with the BS risk assessment for adventure organise Leaders in sport travel all of the world, ranging from five to 12 weeks.	Follow advice as it will negate their company liability insurance, but won't negate insurance if political troubles start whilst people are there...Note it is politically biased and key benchmark	Flight provider Wexas Red 24 Campbell Irvine Insurers Independent Risk Assessment Company
18. Great Walks 18/3/05 No risk form available	Run 300 tours per year, with a client base of around 5,000. Specialist mountaineering company. Involved with a case of litigation. Comments how the political situation has affected once popular trekking areas, such as in Pakistan. <u>Maoist activity</u> in Nepal. Comments that travel warning are often vague and seem to be losing their impact (e.g comments that the one on Southern Russia and the Elba hasn't changed in years, yet his interpretation was that it was quite safe. In house, but in relation to operational assessments, group members participate	Noted how travel warnings were often vague and losing their impact (cry wolf)	None given.
19. Geurba 12/1/07 & 16/10/07 Risk form provided	9/11. <u>SARS</u> . <u>FCO warning against travelling to Kenya in 2003</u> ... "I have to say that personally I really do think a lot of this is simply stating the absolutely obvious, but I guess risk assessment forms are there to cover everyone's arse in case of legal problems. The risk assessment tends to crop up when we arrange special groups, such as charity or school trips. We don't seem to have them demanded for 'normal' individual bookings. When asked I do stress that, for example in the case of Kilimanjaro, that we have been operating these climbs for 26 years and although by no means everyone gets to the top we have not had any fatalities.	We do use it.	Australian travel advice.
20 Himalaya Kingdoms	Assassination of Monarchy/ <u>Maoist related strikes</u> ... <u>Invasion of Iraq</u> as rerouted flights to go direct to Delhi rather than via Doha on Qatar Airways. 9/11 "killed" the USA client base... Estimated that enquiries up by 14% since the political situation has improved.. Most clients seem well aware of Nepal, but some concern s over petty crime. ...interesting that despite the troubles people continue to send in bookings despite FCO advice...with Maoist agreement	We keep a regular eye on FCO updates, although advice tends to alarm clients.	In country agents

21/3/07 & 12/2/07 No risk form provided.	massive upsurge in interest		
21. Hinterland Travel 12/1/07 & 27/9/07 No risk form	My operations since 2000 have been effected by the <u>Second Gulf War</u> and the operations to counter insurgency and expelling the TALIBAN from Afghanistan. It has forced me to specialise and produce a product which appeals to my clients but unfortunately relying too much on my own expertise and experience. (Leads the tours personally in Afghanistan. Had to adjust tour in Afghanistan last year, avoiding Khandahar. They have been visiting Afghanistan for the last five years. Note how he challenges the FO advice and how he has to ignore the insurance).	Aware of it but can often ignore it, but this has insurance implications (ignores it) and has been running tours for five years (included Iraq). Frustrated by FCO advice. <u>It is just that "advice"</u> . Look at it and pick out what is useful.	Not really, but scans for news sites on difficult areas.
22. Icicle mountaineering 12/1/07 & 16/6/07 Risk form provided	9/11 people wary of travelling, UK foot and mouth as people couldn't train in UK national parks	Over cautious but necessary for insurance	Doctors, military, mountain rescues, local embassies and consulates
23. Imaginative traveller 12/1/07 & 26/6/07 Risk form provided	September 11th had a massive impact - we have a massive operation in the Middle East and saw a big decrease in bookings. The <u>break out of tension between India and Pakistan</u> had a significant affect on our India tours. Lastly, <u>bird flu</u> completely wiped out the 2003 China season.	Not at all useful in ascertaining the situation on the ground ...use it because it impacts on what we are legally allowed to sell.	Use own teams to check out operational risks Other government advice to allow clients to cancel tours.
24. KJT12 3/3/07 No risk form provided	Noted the difficulties in generating demand, having experienced many problems. Since 9/11 the demand as near evaporated, even though they argue it is very safe and distant from the troubles.	Not helpful.	None given.
25. Kumulka Travel 1/10/07 No risk form	September <u>the 11 2001 and SARS and Iraq war</u> has reduced demand for our services . FOC advice also has a very negative effect on business FOC advice on Kenya in 2003.	Generally useful and practical	Use own local people and experienced staff.
26. Oasis Overland 13/6/07 Risk form provided.	The war in Iraq and the <u>Israel/Lebanon conflict</u> had an adverse effect on our Egypt, Jordan, Syria and Turkey trip. The ongoing situation in this area continues to affect client numbers on this trip.	Follow FCO advice and alter trips accordingly	Use crisis management company Docleaf. Use local agents
27. Ontdek 18/3/07 No risk assessment	Customers changing and becoming more demanding and selfish (e.g. camping and the high expectations they have). Began in 1996. <u>September 11th</u> hit demand to a limited extent, but it was badly hit when British Airways (BA) said it was not safe to fly to Kenya one year later. At a stroke, it eroded their business.	Little used.	Have flying Dr cover
28. Outward Bound 23/3/07 Risk form provided	No events have had a real impact over the past few years.	Not used	None given.
29. Panoramic Journeys 5/3/07. No risk form provided	<u>11th September 2001 and SARS both had a negative impact</u> on tourism in Mongolia. The former for the obvious reasons regarding fears of flying, and the latter due to the fact that the outbreak/crisis was in Asia, of which Mongolia is a part (although in reality unaffected by SARS. Positive impact was last year's 800th anniversary of the foundation of the Mongolian State under Chinggis Khaan. Note comment of "Risk management consists of practical advice not complex forms." It's a pretty safe country, although it's a country of wild wilderness. People live as they have done for centuries. I don't think they have heard of the dreaded 3 words - 'health and safety' - and in my opinion the country is all the better for it! Our risk management consists of practical advice documents to our clients about the country and what to expect, plus recreational activities indemnity forms to cover ourselves in case of accident, and TOFC (Travel Organisers Failure Cover)	Don't need it or use it. Not on the radar for needing opinion and is a safe country.	Mongolian embassy & local Mongolian local organisations) Use more direct contacts with British and Mongolian embassy (friends)
30. Raleigh International 18/3/05 & 9/10/07 Risk form provided	Informed of the key use operations manager to conduct the assessments. Raleigh International is a charity committed to the personal growth and development of young people from all nationalities and backgrounds, including disadvantaged and "at risk". Founded in 1984 our overseas and UK programmes are designed to help young people develop skills and self-confidence in a fun and challenging environment beyond the classroom and workplace.		
31. Spirit of Adventure 5/3/05 & 23/3/07	9/11 <u>only short term affect</u> , but foot and mouth nearly wiped out their enterprise. Had to cancel tours to Nepal for the past 3 years (not a specialist operator their) Starting tours again this Nov (2007). Someone dieing on another event affected their perceptions about their activities. Regulations in the UK such as the "Working from Heights" legislation.	Consult FO regularly and find it useful	Say there is no substitute for talking to people in the actual country.
32. Travel Pak	Quite clearly the <u>9/11 tragedy</u> has impacted on the whole world. The ongoing <u>war on terror and Foreign Policy of the US and UK</u> has been very badly handled when considering the impact it would have Islamic countries and I believe it has directly contributed to the rise in Islamophobia. Misunderstandings	Don't find it useful at all but refer to it because less informed people will look at it and basing	On ground staff only Common misconceptions is that it resembles

12/1/07 & 5/3/07 Risk form sent.	and a lack of education about Islam together with a media projection that in doesn't go far from supporting the notion that Muslims on the whole support a terrorist ideology. We specialise in Pakistan which is an Islamic country but it always gets tagged onto any news item about the problems in Afghanistan. It hasn't helped that the London bombers had Pakistani connections. All if this stops people from being encouraged to explore and learn about countries that have so much to offered...The question I get asked more than any other is that of whether it is safe. That fear is due to the media portrayal (see q. 1)The other perception is that is a hot, dry, dusty, plain. And that it resembles Afghanistan. The concept of green valleys, the largest mountains in the world, glaciers just don't feature. Another is that of it's history, not so much of a perception but a lack of knowledge that it was part of India up until 60 years ago and so forgetting the historical and archaeological legacy that has been left behind. There are perceptions of the development too. I have been asked if people live in mud huts there. Whilst there are villages where that does happen, there are also mansions and wealth there that would be beyond some peoples imagination. Pakistan always being tagged on with the problems with Afghanistan and simplistic media coverage.	their decisions on it" It's scaremongering frankly" ...noted a possible problem that information and problems go up immediately on website as reported by the High Com, but it can take far longer to take down even if the problem has be resolved/gone.	Afghanistan....live in mud huts..
33 Travel & Trek 13/2/07 & 25/2/07 No risk assessment	We have run the trips throughout the troubles which are still not over and I wonder if they ever will be. It has been difficult more than anything because the news freaks people out so then they choose another place for their holidays. We have stuck to the Everest region mostly however where there hasn't been a problem. It also helps that we use only local guides and staff so they have been good about leaving us alone...., touch wood !Not easy making sense of this politics out Everest region has been less prone to trouble and strong draw there.		
34. Wilderness adventures 6/3/07 No risk form	Key market has been for Korea	Do not use it	TIES advice
35. Whale Watching Azores 11/2/07 & 26/2/07	Local regulations controlling whale watching, boat approach, number of boats etc. broadband internet access in UK and Azores allowing more direct bookings, more access to usThey think it will be dry and hot, in the South Atlantic, expect flight to be twice as long as it is, think they are Spanish, .	Not used	No as no one knows that much about the Azores
36. Whale and Dolphin Conservation Society 15 March 07	Use green issues for promoting activities	Periodic consultation.	Portman Travel newsletter
37. Wild Earth 12/3/07 Risk form provided.	We lost cruise ship work for a couple of years after 9/11. Potentially for NZ companies the carbon miles discussion could be negative for uk & European tourist visits, unstable rising fuel prices	Yes.	Local Tourism Dunedin office, Tourism NZ Govt website
38. Wild Rose Interviewed 18 March 05 No risk form provided	Biggest impact was foot and Mouth for UK operations. Noted that a big risk was using agents of which they had no control over. Very high return rate, therefore need to develop new tours. One of the rare few who took a much broader interpretation of risk, to include the financial and H & S. ...huge impact of foot and mouth and the many cancel elations. Comments that one of the biggest risks were using other services where there was a lack of control over the quality.	Occasionally consult FO for some tours, such as for Morocco, but find them quite alarmist and running against their own experiences and perceptions of travelling to a destination.	None
39. Wilderness Journeys 22/6/07 No risk forms	Instability in Himalayan regions led to significant growth ins South America as a destination and proliferation of cheap European flights opening up destinations.	In general terms very useful and constantly referred to it.	Local partners and agents who fill in the gaps of the FCO advice.
40. VSO 19/2/05. No risk form provided	Noted how after each disaster they get more enquiries. Note also how the average age is getting older.	Do need to use it	None given
41. XCL 16/6/07 Risk form provided	War breaking out between Ethiopia and Somalia; Kidnapping of tourists.	Useful	Conduct on site visits.

Appendix F - Content analysis of risk assessment forms

Name	Hazard	Who	Likelihood (L)/Probability (P)	Severity (S)	Risk	Control Measures	Scale used	Comment
Across the divide	Yes	Yes	Yes	Yes	Yes (risk level)	Yes	Likelihood descriptors: Unlikely 3; remote 6 ; possible 9 ; occasional 12; frequent 15) Severity description: Minor injury (2); serious injury (6); ?major injury (9); fatal injury such as death (15) The L x S is used with a five scale categorisation depending on the numeric value (very low risk 6-30; low risk 36-60; medium risk 72-90; high risk 120-150; very high risk 160-225).	Use the concept of risk relating to a variety of factors. A four point scale is used but based on a more unusual numeric system.
Africa Conservation	Yes	No	Y (Likelihood)	Yes	Yes (Combined L x S score)	Yes	The 'risk' is found by L x S. L = 1 (rare), 2 (occasional), 3 (frequent). S = 1 (minor), 2 (mod), 3 (serious). Risk Rating = L x S 1-2.9 (low), 3-5.9 (med) 6-9 (High)	They use the concept of hazard to refer to a wide range of factors which could cause harm, such as 'human violence'. Or fire risk' ore food poisoning. They use a 3point numeric scale for L & S which are multiplied Dated, located and named.
Adventure Races (Part of detailed events)	Yes	Yes	Yes Likely//Probability.	No but use "worse case"	Yes (Worse case x Likelihood)	Yes	Key for people at risk (e.g. competitors). "Worst outcome " – Life threatening (4), reportable (3), First aid (2), no injury (1) Likely – Likely/frequent (4), probable (3), possible (2), unlikely (1) 8 or more not acceptable risk; less than 8 risk is acceptable.	Hazard concept is used to refer to a broad range of factors which can cause harm, such as getting lost, or tripping. instead of using a severity outcome descriptor, they use the term "worst case" which essentially relates to the idea of outcome, as it focuses on four possible scales. Have a section where risk results are revised in view of control measures implemented. Then have a simple Y or N in an acceptable risk column.
Adventurous Experiences	Yes	Yes	Not stated on the form.	Not stated on the form	Risk is stated (L x S)	Yes	Likelihood 5 point scale is used (1 Highly unlikely; 2 could very rarely occur; 3 even chance; 4 could occur from time to time; 5 will occur often) Severity 5 point scale (1. slight inconvenience/minor injury; injury resulting in lost time/required first aid; 3 medical attention required; 4 major injury/long term hospitalisation; 5 fatality/permanent disability) Evaluation (risk score) is found by L x S with a scale of 1-10 low to reasonable risk; 12 – 16 medium risk to be reviewed and controlled; 20 + totally unacceptable risk.	Use the concept of hazard to refer to 'serious' harm. The first form used simply has a column focusing on whether the "risk adequately controlled". Although the other concepts of severity and outcome are not explicitly used, this does not mean that it is not clear. It provides a clear checklist of outcomes, with a subsequent column. The second form does have more detail, including the staff responsible for implementing the risk. Also have a "date for the next" assessment.
Crystal Active	Yes	Yes (includes what)	Yes (probability)	Yes	Risk is placed under the hazard category and not by a S x L.	Yes	For S and Probability, they use a simple three point scale, High (Very Likely/Serious injury), Medium (Possible or easily precipitated/ injury requiring withdrawal) and Low (Not very likely/minor injury) No risk value is produced.	Has a sharper distinction between the Hazard category, such as the environment, and the more specific risks, such as drowning, or poisoning. Can still be a little blurred (other hazards include time of day, or location). One of the few to include what is at risk. They use 'assessment' to include the probability and severity. Interestingly the risk is not reduced down to a single value. Include a review section/
Bush Masters	Yes	Not explicitly stated	Not explicitly stated	Not explicitly stated	Yes Risks are described and categorised around a hazard	Yes and include additional actions and reviews	A simple risk level is given in relation to High, Medium and Low.	Simply stated and use of a scale. Still produces a useful checklist, but how the risk level is arrived at is not clear.

					heading.			
Different Travel	Yes	Yes	No	No	No	Yes They have two control sections. One which includes existing controls and one in which additional actions are needed.	No scale used	Hazards use in relation to a "general hazard," such as getting lost, or food poisoning (note how some would state these as risks) and more specific hazards such as 'very steep climb on day 2'. Interesting no scales are used, but the actions are still easy and clear to follow.
I M Travel (Imaginative Traveller)	No	Not explicitly stated	No	No	Yes (list risks)	Use the term risk reduction strategies	No scale is used	This risk assessment works more like a checklist and the term 'in a crisis' Form needs to be dated and signed off. Interestingly they note any prior skills which are needed.
Global Vision	Yes	Not explicitly stated	Yes	Yes	Yes (risk evaluation score)	Yes	Use a three and a four point descriptor scale: Likelihood: (Possible, Probable, Unlikely) Severity: Mayor, Severe, Minor, Risk evaluation: Unacceptable, significant, moderate, minor	Use the descriptor of a hazard, such as theft, drug used, bacterial etc. Simply form, but not clear about the risk evaluation scales.
Oasis overland	Yes	Yes	Yes	No	No	unclear	1-3	Basic form
Gapsports	Yes	Yes	Yes	Yes (consequences)	Yes	Not separate concept or list	Unclear	Basic form, but does not produce a separate risk column
Outward Bound	Yes	Yes	No	No	No	Yes	No scale used	Relatively basic checklist type. The hazard is used to refer to a variety of more specific factors, such as blisters, heat stroke, rock fall etc.
Travel & Trek	Yes	No	No	No	Yes (use the term residual risk after control measure)	Yes (existing controls and additional controls)	No scale used	This uses the army form for risk assessment which contains a lot of technical information about the expedition group (timings etc.) In relation to the risk form, they identify the activities and the existing control measures to deal with them. They then consider the residual risk and what additional control measures are needed and if the residual risk is acceptable (Yes or no)
Travelpak	No	No	No	no	no	no	Yes (but not labelled as such)	This contains the contacts and develops some basic categories and some of the more specific risks factors and some of the control measures. Doesn't use a standard format, although the form is called a risk assessment form.
Wild Earth Adventures added 26/9.07	Yes	Yes	No	no	no	yes	No scale used	Use the concept of hazard in a causal sense, along with the notions of perils and dangers. These are organised according to the categories of people, equipment and the environment Risk is used to refer to the actual accident, injury and other forms of loss (very asymmetric definition)
World Expeditions	Yes	Not explicitly	No	no	no	yes	No scale uses.	Tend to use the hazards as much for a categorisation. They do use the standard definitions (Hazards such as environmental, health hazards, human and activity hazards, which is then followed by more specific risks). Tends to be more of the checklist format using just risks and control measures.
Walking and Climbing	Yes	no	no	no	yes	Use the term 'explanation' to refer to	Categorise the hazards as low, medium or high.	They tend to use the concept of hazard and risk the opposite way round to most other organisations.

						control measures		Presented in an excel spreadsheet.
Whale and Dolphin watch	Yes (significant hazard)	No	Yes (possible severity)	Yes (Likelihood)	Yes (risk rating)	Yes	Severity: 3 major; 2 minor; slight. Likelihood: 3 very unlikely; 2 likely; 1 likely. RR: 8-9 immediate remedial action; 4-7 remedial action required; 1-3 monitor at regular intervals.	The hazard is used in a more general way (e.g. travelling by air), with the risks referring to more specific actions (e.g. crash, hacking).
Wilderness Adventures	Yes	Yes	Yes (the term consequences are used).	Yes	Yes (C x L)	Yes And revised rating	Hazard consequences: 1 slight (minor injuries); 2 serious (more than 3 days of work); 3 major (death or serious injury) Likelihood: 1 low (unlikely); Medium (likely to occur occasionally); 3 High (likely to occur frequently) Risk Rating: 1 Trivial (no action); 2/3 Acceptable (no further preventative action); 4 Moderate (efforts should be made to reduce risk); 6 Substantial (work no to be undertaken until risk reduced)	Focus on the activity and the hazards associated with it. They use the format whereby the control measures are examined and how this changes the risk rating.
Wilderness Adventures	Yes	no	Yes	Yes	Yes (residual risk after control)	Yes	Probability: low, medium, high Seriousness: Minor, serious, fatal	Refer to people at risk in a very general way. They combine the probability and seriousness of injury. One of the forms where the risk is reviewed in view of the control measure.
XCL	Yes	Yes (includes what)	Yes	Yes	Yes	Yes	Use the H/M/L for both severity and probability but no overall risk score produced.	Review system put in place.

Appendix G –Prime and sub criteria used for country case study selection based on situational factors in 2004/5

Prime criteria	Sub-criteria for country selection	Country selected
Countries which have experienced profound political events such as having emerged from war, or experienced a significant regime change	Collapse of communism. Neighbouring Croatia conflict zones. Mintel (2004) fastest growing destination. Cluster analysis with Croatia.	Bulgaria,
	Emergence from years of war and genocide. Mintel (2004) fastest growing destination. Past incidents of attacks on travellers.	Cambodia
	Collapse of communism. Emergence from war. Neighbouring other conflict zones. Mintel (2004) fastest growing destination. Cluster analysis with Bulgaria.	Croatia,
	Collapse of communism. Mintel (2004) fastest growing destination. Cluster analysis with other Asian countries.	Mongolia
	Military coup and neighbouring conflict zones. Cluster analysis with India and Afghanistan. Past incidents of attacks on tourists.	Pakistan
	End of apartheid. Neighbouring conflict zone. Cluster analysis with Zimbabwe. Benchmark country for other African countries because it is viewed as the richest and perceived as the most stable.	South Africa
Countries which were currently in a process of political volatility such as an endemic insurgency problem	Years of conflict. In process of state rebuilding. History of tourism (Hippy trail). Cluster analysis with Pakistan. In the lowest band of the HDI index	Afghanistan
	Years of conflict. Bordering many conflict zones. In the lowest band of the HDI index. Ethnically complex. Uniqueness of tourism industry (significant aid industry).	Ethiopia
	Military regime. Unique in the scale of the campaign to boycott tourism. Neighbouring other conflict zones. Cluster analysis with India, Nepal and Thailand. Insurgency problems. In the lowest band of the HDI index	Burma
	Continuous changes in government. Continued tensions and conflicts. In the lower bands of the HDI index	Haiti
	Significant conflict zone when the research process began. Cluster analysis with Iran. In the process of state rebuilding. Past incidents of attacks on travellers.	Iraq
	Conflict zone. Has a well established tourism industry which goes through a number of peaks and troughs. Cluster analysis with India.	Sri Lanka
	Profound economic decline. Erosion of civil and human liberties. Had a vibrant tourism industry in the 1990s, which has been eroded because of the political and economic problems. Cluster analysis with South Africa. In the lowest band of the HDI index.	Zimbabwe
	Countries which are regarded as politically stable and of low risk, to act as a benchmark for other countries	Oldest democratic system in South America. Long history of political stability, in comparison with other South American countries. In the top band of the HDI index.
World's largest democracy. Significant economic growth. Have problems with terrorism. Neighbouring conflict zones. Cluster analysis with Burma, Pakistan, Sri Lanka.		India
Democratic system. In the top band of the HDI index. Established tourism industry.		New Zealand
Democratic system. In the top band of the HDI index. Established tourism industry.		Norway
Democratic system. In the top band of the HDI index. Established tourism industry. Terrorist problem and		Spain

	significant attacks. Past incidents of attacks on travellers.	
	Democratic system. Established tourism industry. Cluster analysis with Burma, Cambodia. History of military coups (yet can still appeared as low risk on some scales).	Thailand
	Democratic system. In the top band of the HDI index. Established tourism industry. Place of residence and high degree of familiarity to help put some of the indicators into perspective. Benchmarking.	UK
Uniqueness of political system	Communist political system. Growing tourism industry. Relationship to the USA. Appeal of Castro. Poor economic performance, but emergences strongly in many welfare related indicators. In the top end of the HDI index.	Cuba
	Political system that does not fit neatly it many political categorisations. Relationship to the USA and its improved standing in the world allowing tourism to grow.	Libya
	Theocracy. Cluster analysis with Iraq. Poor relationship with USA.	Iran
	Chavez moving politics to a more radical left wing, ideological position. Rich in oil and economic growth. Poor relationship with USA	Venezuela
Uniqueness of tourist resource, or significant attacks on tourists	Highest number of attacks on tourists over the years. Cluster analysis with other African/Middle East countries. Oldest tourism industry. Large scale tourism industry. Terrorist problems. Neighbouring conflict zones	Egypt
	Bali bombs and the highest death/injury rate. Cluster analysis with Cambodia and Thailand. History of terrorism. Significant political change, moving from an authoritarian to a democratic system.	Indonesia
	Democratic system. In the top band of the HDI. Long history of conflict. Well established tourism industry. Neighbouring conflict zones. Terrorist problems.	Israel
	Large, growing tourism industry. High number of terrorist attacks on tourists. Past experience of political turmoil.	Turkey

Appendix H - Sample turmoil ratings for PRS

Year	Cuba			Egypt			Iran			New Zealand			India			Thailand		
	5 yr regime	18mth Turmoil	5 yr Turmoil	5 yr Regime	18mth Turmoil	5 yr Turmoil	5 yr regime	18mth Turmoil	5 yr Turmoil	5 yr regime	18mth Turmoil	5 yr Turmoil	5 yr regime	18mth Turmoil	5 yr Turmoil	5 yr regime	18mth Turmoil	5 yr Turmoil
2006	Raul Castro 40% Reformist com 35%	Low with Castro; more with Raul, More with Hard Line	Mod Others scenarios slightly more	Mubarak 45% Mil-Civ 40%	High	Moderate	Conservative 60% Divided Govt 30%	High	High	Labour minority 45%	Low	Low	UPA-led coalition 45%	High	High	coalition 55% Military civilian 35% 10% military	Mod	Mod
2005	N/A	N/A	N/A	Mubarak 45%	High	Moderate	Conservative 60%	High	High	Labour minority 45%	Low	Low	UPA-led coalition 45%	High	High	TRT 55%	Mod	Low
2004	N/A	N/A	N/A	Mubarak 55%	High	Moderate	Conservative 45%	High	High	Labour minority 45%	Low	Low	UPA-led coalition 45%	High	High	TRT 55%	Mod	Low
2003	Fidel 40%	N/A	N/A	Mubarak 55%	High	Moderate	Conservative 45%	High	High	Labour minority 45%	Low	Low	BJP 60%	High	High	TRT 75%	low	Low
2002	Fidel 60%	Low	Low	High	Moderate		Reformist	High	High	Labour minority 45%	Low	Low	BJP 50%	High	High	TRT 65%	low	Low

Source: PRS (2007)

Appendix I - Sample classifications of political systems or government

Writer/Source	Categories
Aristotle (cited in Hague and Harrop 2001, p.13)	One person – Tyranny (Perverted), monarch/kingship (Genuine); The few – Oligarchy (Perverted), aristocracy (Genuine); The many- Democracy(Perverted), polity (Genuine).
3 world typology	Capitalist first world; Communist second world; Developing third world.
Heywood (2002, Chapter 2)	Western Polyarchies; New Democracies; -East Asian regimes; Islamic regimes; Military regimes.
Monti-Belkaoui <i>et al</i> (1998, p.13) ideological base	Liberalism; Communism; Totalitarianism; Fundamentalism; Capitalism; Socialism.
Hague <i>et al</i> (2001, p.14)	Established consolidated democracy (e.g. UK, Spain, New Zealand, Norway). New Democracy (e.g. Bulgaria, Mongolia, Venezuela); Semi democracy (e.g. Russia). Authoritarian rule (e.g. Saudi Arabia). Totalitarian (e.g. Iran has exhibited totalitarian characteristics).
Newton and Deth (2005, p. 244) 6 democratic ideologies	Conservatism; Liberalism; Christian democracy; Socialism; Nationalism; Green political though.
Sources of authority classifications (Morrison 2006, p.247):	Traditional Monarchy; Constitutional Monarchy; Theocracy; Constitutional Republic; Communist States.
ICRG types of governance (Howell, 2001, p.23)	Accountable (alternating) Democracy; Dominated Democracy; De facto One-Party State; De jure One-Party State; Autarchy
CIA World Fact Book (2007) Government type descriptors used	Absolute; Anarchy; Authoritarian; Commonwealth; Communist; Confederacy (Confederation); Constitutional; Constitutional democracy; Constitutional monarchy; Democracy; Democratic republic; Dictatorship; Ecclesiastical Emirate; Federal (Federation); Federal republic; Islamic republic; Marxism; Marxism-Leninism; Monarchy; Oligarchy; Parliamentary democracy; Parliamentary government (Cabinet-Parliamentary government; Parliamentary monarchy; Presidential; Republic Socialism; Sultanate; Theocracy; Totalitarian

Appendix J – Case study political system classification using government databases

Country	Government classification descriptor (June 2007)	State type (Canada only)	Other classifications and date last updated.
Afghanistan	Islamic Republic of Afghanistan (UKFCO); Islamic Republic (USA), Republic (Canada)	Not named	Islamic regime (Heywood 2002); Transitional (Goldstone <i>et al</i> , 2005); Not Free Status (FH 2006 & 2005); Polity IV score - 66 (2005) 102.3 FP 2007 score (Alert)
Bulgaria	Parliamentary Republic (UK) Parliamentary democracy (USA); Parliamentary democracy (Canada)	Republic	New democracy (Heywood 2002); Partial democracy (Goldstone); Free Status (FH 2006); Polity IV score 9 (2005) 60.3 FP 2007 score (Warning)
Cambodia	Constitutional Monarchy (UK); Multiparty democracy under a constitutional monarchy (USA); Upper chamber: Senate Lower chamber: (Canada)	Constitutional Monarchy	New democracy (Heywood 2002) Partial Autocracy (Goldstone <i>et al</i> 2005) Not Free Status (FH 2006) Polity IV score 2 (2005) 85.7 FP 2007 score (Warning)
Costa Rica	PLN party (UK);Democratic Republic (USA) No details provided by Canada	No details provided by Canada	Western polyarchies (Heywood 2002); Full democracy (Goldstone <i>et al</i> 2005); Free Status (FH 2006); Polity IV score 10 (2005) 50.5 FP 2007 score (Monitoring)
Croatia	Parliamentary Democracy (UK): Parliamentary democracy (USA);Parliamentary democracy (Canada)	Republic	New democracy (Heywood 2002); Partial democracy (Goldstone <i>et al</i> 2005); Free Status (FH 2006); Polity IV score 9 (2005) 60.5 FP 2007 score (Warning)
Cuba	One party system/Communist government (UK); Totalitarian Communist state (USA); current government assumed power by force; Republic (Canada)	Communist state	No suitable classification using (Heywood, 2002); Full autocracy (Goldstone <i>et al</i> 2005) Not Free Status (FH 2006); Polity IV score - 7 (2005); 78.6 FP 2007 score (Warning)
Egypt	Republic (UK);Republic (USA); Cabinet is appointed by the President/bicameral legislature (Canada)	Presidential / Parliamentary system	Islamic regime ? (Heywood 2002) Partial autocracy (Goldstone <i>et al</i> 2005) Not Free Status (FH 2006) Polity IV score - 3 (2005); 89.2 FP 2007 score (Warning)
Ethiopia	No classification provided (UK);Federal Republic (USA);Bicameral Parliament (Canada)	No details provided by Canada	No suitable category (Heywood 2002) Partial democracy (Goldstone <i>et al</i> 2005) Partly Free Status (FH 2006); Polity IV score 1 (2005); 95.5 FP 2007 score (Alert)
Haiti	No classification provided (UK);Republic (USA); Presidential republic (Canada)	Republic	No suitable category (Heywood 2002); Transitional (Goldstone <i>et al</i> 2005); Not Free Status (FH 2006); Polity IV score - 88 (2005); 100.9 FP 2007 score (Alert)
India	United Progressive Alliance led 20-party coalition (UK); Federal republic (USA);Bicameral parliament (Canada)	Federal Republic	Asian regime (Heywood 2002); Partial democracy (Goldstone <i>et al</i> 2005); Free Status (FH 2006); Polity IV score 9 (2005); 70.8 FP 2007 score (Warning)
Indonesia	Republic (UK); Independent republic (USA); Republic (Canada)	No details provided by Canada	Asian regime (Heywood 2002); Partial democracy (Goldstone <i>et al</i> 2005); Free Status (FH 2006);

			Polity IV score 8 (2005); 84.4 FP 2007 score (Warning)
Iran	Islamic Republic (UK); Islamic republic (USA); Islamic Consultative Assembly ("Majles-e-Shura-ye-Eslami")(Canada)	Islamic Republic	Islamic regime (Heywood 2002); Full autocracy (Goldstone <i>et al</i> 2005); Not Free Status (FH 2006); Polity IV score - 6 (2005); 82.4 FP 2007 score (Warning)
Iraq	Government of Iraq (UK); Parliamentary democracy (USA); Parliamentary Democracy (Canada)	Republic	Islamic regime (Heywood 2002); Transitional (Goldstone <i>et al</i> 2005); Not Free Status (FH 2006); Polity IV score - 66 (2005); 111.4 FP 2007 score (Alert)
Israel	Coalition led by Kadima (UK) Parliamentary democracy (USA) Unicameral Knesset or Parliament (Canada)	Parliamentary Democracy	Western polyarchies (Heywood 2002) Full democracy (Goldstone <i>et al</i> 2005); Free Status (FH 2006); Polity IV score - 10 (2005); 79.4 FP 2007 score (Warning)
Lebanon	Republic (UK) ;Republic (USA) Unicameral National (Canada)	Republic	New democracy? (Heywood 2002) Partial democracy (Goldstone <i>et al</i> 2005) Partly Free Status (FH 2006); Polity IV score - 66 (2005); 92.4 FP 2007 score (Alert)
Libya	Jamahirriya (UK) Great Socialist People's Libyan Arab Jamahirriya (USA) 'state of the masses' Republic. General People's Congress, General People's Committee (Canada)	No details provided by Canada	Islamic regime ? (Heywood 2002) Full autocracy (Goldstone <i>et al</i> 2005); Not Free Status (FH 2006); Polity IV score - 7 (2005); 69.3 FP 2007 score (Warning)
Myanmar (Burma)	Military junta - State Peace and Development Council (SPDC) (UK); Military junta (USA); Military Regime, State Peace and Development Council (SPDC) (Canada)	No details provided by Canada	Asian regime (Heywood 2002); Full Autocracy (Goldstone <i>et al</i> 2005); Not Free Status (FH 2006); Polity IV score - 8 (2005); 97 FP 2007 score (Alert)
Mongolia	76-member Ikh Hural/Parliament (UK), Multiparty parliamentary form of government (USA); Republic (Canada)	No details provided by Canada	New democracy (Heywood 2002) Full democracy (Goldstone <i>et al</i> 2005); Free Status (FH 2006) ; Polity IV score 10 (2005); 58.4 FP 2007 score (Warning)
Nepal	Constitutionally, parliamentary democracy /interim govt(UK); interim parliament (USA);Parliamentary Democracy with Constitutional Monarchy (Canada)	Parliamentary Democracy	Asian regime (Heywood 2002); Partial democracy (Goldstone <i>et al</i> 2005); Not Free Status (FH 2006); Polity IV score - 6 (2005); 93.6 FP 2007 score (Alert)
New Zealand	Unicameral House of Representatives (UK); Parliamentary style (USA) ; Parliamentary Democracy (Canada)	No details provided by Canada	Western polyarchy (Heywood 2002); Full democracy (Goldstone <i>et al</i> 2005); Free Status (FH 2006); Polity IV score 10 (2005) 20.5 FP 2007 score (Sustainable)
Norway	Centre-left "red-green" majority coalition (UK); Hereditary constitutional monarchy (USA) ;Parliamentary democracy (Canada)	Constitutional Monarchy	Western polyarchy (Heywood 2002); Full democracy (Goldstone <i>et al</i> 2005); Free Status (FH 2006); Polity IV score 10 (2005) 17.1FP 2007 score (Sustainable)
Pakistan	Classification not given (UK); Parliamentary democracy (USA) Federal Republic (Canada)	No details provided by Canada	Asian system (Heywood 2002) Full autocracy (Goldstone <i>et al</i> 2005); Not Free Status (FH 2006); Polity IV score - 5 (2005); 100.1 FP 2007 score (Alert)

South Africa	Alliance - ANC/SACP/ COSATU (UK); Parliamentary democracy (USA); Bicameral Parliament (Canada)	Constitutional democracy	Grey area, possibly a New democracy (Heywood 2002); Partial democracy (Goldstone <i>et al</i> 2005); Free Status (FH 2006); Polity IV score 9 (2005); 57.4 FP 2007 score (Monitoring)
Spain	Monarchy, democracy and parliament (UK); Constitutional monarchy (USA); Parliamentary democracy/Bicameral National Assembly (Canada)	Constitutional Monarchy	Western polyarchy (Heywood 2002) Full democracy (Goldstone <i>et al</i> 2005); Free Status (FH 2006); Polity IV score 10 (2005) 39.2 FP 2007 score (Monitoring)
Sri Lanka	Unicameral Parliament with Executive Presidency (UK); Republic (USA); No details provided by Canada	No details provided by Canada	Asian system (Heywood 2002); Partial autocracy (Goldstone <i>et al</i> 2005); Partly Free Status (FH 2006); Polity IV score 5 (2005); 93.1 FP 2007 score (Alert)
Turkey	Parliamentary republic (UK) Republic (USA); Parliamentary democracy (Canada)	Republic	Grey area. Islamic regime? New democracy? (Heywood 2002); Partial democracy ((Goldstone <i>et al</i> 2005) ; Partly Free Status (FH 2006); Polity IV score 7 (2005); 76 FP 2007 score (Warning)
Thailand	Constitutional Monarchy (UK); Constitutional monarchy with interim constitution (USA); Constitutional monarchy (Canada)	No details provided by Canada	Asian system (Heywood 2002); Partial democracy (Goldstone <i>et al</i> 2005); Polity IV score 9 (2005); 76 FP 2007 score (Warning)
UK	Constitutional monarchy (USA) Parliamentary democracy (Canada)	Constitutional monarchy	Western Polyarchy (Heywood 2002) Full democracy (Goldstone <i>et al</i> 2005); Free Status (FH 2006); Polity IV score 10 (2005) 34.2 FP 2007 score (Monitoring)
Venezuela	Federal Republic (UK); Federal Republic; Unicameral assembly (Canada)	Federal republic	No suitable classification (Heywood 2002); Partial democracy (Goldstone <i>et al</i> 2005); Partly Free Status (FH 2006); Polity IV score 6 (2005) 79.8 FP 2007 score (Warning)
Zimbabwe	No classification, only Mugabe named (UK) Parliamentary Constitution (USA); Bicameral Parliament (Canada)	Parliamentary Democracy	No suitable classification (Heywood 2002); Partial democracy (Goldstone <i>et al</i> 2005) Not Free Status (FH 2006); Polity IV score - 4 (2005) 110.1 FP 2007 score (Alert)

Appendix K - Divisions in society

Country	Ethnic and Religious Groups (CIA World Fact book, 2007)	MAR Hot Spots and High Risk	Terrorism Since 1997	War (internal) Since 1997
Afghanistan :	Ethnic groups : Pashtun 42% (R), Tajik 27%, Hazara 9%, (R), Uzbek 9%, Aimak 4%, Turkmen 3%, Baloch 2%, other 4% . Religious : Sunni Muslim 80%, Shi'a Muslim 19%, other 1% Languages : Afghan Persian or Dari (official) 50%, Pashto (official) 35%, Turkic languages (primarily Uzbek and Turkmen) 11%, 30 minor languages (primarily Balochi and Pashai) 4%, much bilingualism	At risk groups: Hazaras; Pashtuns, Tajiks, Uzbeks (all communal contenders). Pashtuns High Risk of Rebellion Protests will continue at a Moderate level Tajiks : Unlikely to Rebel. Continued inter-communal warfare. Engaged with Moderate levels of protests. Hazara : Unlikely to rebel in near future because of inclusion in govt. Higher risk of inter-communal clashes .Moderate likelihood of protest. Uzbeks : Unlikely to Rebel as long as representation maintained. Continue with inter-communal warfare, primarily with Pashtuns. Low likelihood of protests.	Yes	Yes
Bulgaria	Ethnic groups : Bulgarian 83.9%, Turk 9.4%, Roma 4.7%, other 2% (including Macedonian, Armenian, Tatar, Circassian) (2001 census) Religious : Bulgarian Orthodox 82.6%, Muslim 12.2%, other Christian 1.2%, other 4% . Languages : Bulgarian 84.5%, Turkish 9.6%, Roma 4.1%, other and unspecified 1.8% .	Bulgaria no groups cited.	No	No
Cambodia	Ethnic groups : Khmer 90%, Vietnamese 5% (P), Chinese 1%, other 4%. Religious : Theravada Buddhist 95%, other 5% Languages : Khmer (official) 95%, French, English	At risk groups: Vietnamese - increase likelihood of future protests: Unlikely to engage in rebellion	No	No
Costa Rica –	Ethnic groups : white (including mestizo) 94%, black 3%, Amerindian 1%, Chinese 1%, other 1%. Religions : Roman Catholic 76.3%, Evangelical 13.7%, Jehovah's Witnesses 1.3%, other Protestant 0.7%, other 4.8%, none 3.2% Languages : Spanish (official), English	At risk groups: Antillean Blacks ; Low risk of rebellion, some risk of protests and strikes. (class based)	No	No
Croatia	Ethnic groups : Croat 89.6%, Serb 4.5%, other 5.9% (including Bosnian, Hungarian, Slovene, Czech, and Roma (P) (2001 census). Religions : Roman Catholic 87.8%, Orthodox 4.4%, other Christian 0.4%, Muslim 1.3%, other and unspecified 0.9%, none 5.2% (2001 census). Languages : Croatian 96.1%, Serbian 1%, other and undesignated 2.9% (including Italian, Hungarian, Czech, Slovak, and German) (2001 census)	At risk groups: Roma : Low risk of rebellion. Serbs: Protests likely. Militant activity unlikely.	No	No
Cuba	Ethnic groups : mulatto 51%, white 37%, black 11%, Chinese 1%. Religions : nominally 85% Roman Catholic prior to CASTRO assuming power; Protestants, Jehovah's Witnesses, Jews, and Santeria are also represented. Languages : Spanish	Nothing cited.	No	No
Egypt	Ethnic groups : Egyptian 98%, Berber, Nubian, Bedouin, and Beja 1%, Greek, Armenian, other European (primarily Italian and French) 1% Religious : Muslim (mostly Sunni) 90%, Coptic 9%, other Christian 1% Languages : Arabic (official), English and French widely understood by educated classes	At risk groups: Copts (religious minorities): Low risk factors for rebellion. Protest will probably remain at low levels. Inter-communal violence possible.	Yes	No
Ethiopia	Ethnic groups : Oromo 32.1%, Amara 30.1%, Tigraway 6.2%, Somalie 5.9%, Guragie 4.3%, Sidama 3.5%, Welaita 2.4%, other 15.4% (1994 census). Religions : Christian 60.8% (Orthodox 50.6%, Protestant 10.2%), Muslim 32.8%, traditional 4.6%, other 1.8% (1994 census). Languages : Amarigna 32.7%, Oromigna 31.6%, Tigrigna 6.1%, Somaligna 6%, Guaragigna 3.5%, Sidamigna 3.5%, Hadiyigna 1.7%, other 14.8%, English (major foreign language taught in schools)	At risk groups: Afars : Future rebellion and protests possible; Somalis : minority at risk. Amhara : militant action possible; Amhara rebellion unlikely. Tigreans : possess special status not formally a minority at risk per se, several factors are causes for concern. Oromo militant action possible	Yes	Yes

Haiti	Ethnic groups: black 95%, mulatto and white 5%. Religions: Roman Catholic 80%, Protestant 16% (Baptist 10%, Pentecostal 4%, Adventist 1%, other 1%), none 1%, other 3% <i>note:</i> roughly half of the population practices voodoo. Languages: French (official), Creole (official).	Nothing cited.	No	No
India	Ethnic group : Indo-Aryan 72%, Dravidian 25%, Mongoloid and other 3% (2000) (Kashmiris R; Assamese R, M, RE Bodos R, Scheduled tribes. Religions: Hindu 80.5%, Muslim 13.4%, Christian 2.3%, Sikh 1.9%, other 1.8%, unspecified 0.1% (2001 census). Languages: English enjoys associate status but is the most important language for national, political, and commercial communication; Hindi is the national language and primary tongue of 30% of the people; there are 14 other official languages: Bengali, Telugu, Marathi, Tamil, Urdu, Gujarati, Malayalam, Kannada, Oriya, Punjabi, Assamese, Kashmiri, Sindhi, and Sanskrit; Hindustani is a popular variant of Hindi/Urdu spoken widely throughout northern India but is not an official language.	At risk groups: Assamese: 4 of the 6 factors that increase likelihood of rebellion: Kashmiris: 4 of the 6 factors that increase likelihood of continued rebellion: note also factors inhibiting rebellion. Bodos: Moderate risk for rebellion. Protests will likely to continue at low to moderate level in the near future. Most at risk of inter-communal conflict. Mizos: The Mizos in India have three of the factors that increase the chances of future rebellion: Muslims: The Muslims in India have two of the factors that increase the likelihood of rebellion in the future: Nagos (indigenous): The Nagas in India have four of the factors that increase the likelihood of continuing rebellion: Scheduled tribes (indigenous): There are three factors that promote the continuation of future rebellion by the Scheduled Tribes: Sikhs The Sikhs have two of the factors that increase the likelihood of rebellion in the future: Tripura: The Tripuras have four of the factors that increase the likelihood of continuing rebellion:	Yes	Yes
Indonesia	Ethnic groups: Javanese 40.6%, Sundanese 15%, Madurese 3.3%, Minangkabau 2.7%, Betawi 2.4%, Bugis 2.4%, Banten 2%, Banjar 1.7%, other or unspecified 29.9% (2000 census) (Acehnese (R) and Chinese P, Papuans (P) M). Religions: Muslim 86.1%, Protestant 5.7%, Roman Catholic 3%, Hindu 1.8%, other or unspecified 3.4% (2000 census). Languages: Bahasa Indonesia (official, modified form of Malay), English, Dutch, local dialects (the most widely spoken of which is Javanese), Low risk of rebellions, some risks of protests.	At risk groups : Achinese: unclear; Chinese: low risk of rebellion; violence against Chinese possible Papuans: There have been massive protests and sporadic rebellions among Several factors suggest the likelihood of the continuation of future rebellion Aceh, Irian Jay (Papua) have all flared up. Note the dangers of factionalism here. Conflicts between Christians and Muslims opportunist political leaders.	Yes	Yes
Iran	Ethnic groups:: Persian 51%, Azeri 24%, Gilaki and Mazandarani 8%, Kurd 7%, (P) Arab 3%, Lur 2%, Baloch 2% (P), Turkmen 2%, other 1%. Religious: Muslim 98% (Shi'a 89%, Sunni 9%), other (includes Zoroastrian, Jewish, Christian, and Baha'i) 2%. Languages: Persian and Persian dialects 58%, Turkic and Turkic dialects 26%, Kurdish 9%, Luri 2%, Balochi 1%, Arabic 1%, Turkish 1%, other 2%.	At risk groups: Kurds: Precarious situation/militant action possible. Turkman: relative stable. Christians: Conditions remained unchanged, although levels of discrimination against evangelical Christians has increased, groups will remain at risk. Baluchis: of sporadic violence is possible./protest or rebellion seems low Baha'i: outlook not good. . Most persecuted group in Iran. Bakhtiari,: low risk. Azerbaijanis, not at risk of explicit political, cultural, or economic discrimination. Arabs: no immediate risk to Iran's Arabs.	Yes	No
Iraq	Ethnic groups: Arab 75%-80%, Kurdish 15%-20% (R), RE) Turkoman, Assyrian, or other 5%. Religions: Muslim 97% (Shi'a 60%-65% (R), Sunni 32%-37% (R),(RE) Christian or other 3%. Languages: Arabic, Kurdish (official in Kurdish regions), Assyrian, Armenia.	At risk groups: Kurds From 2001 future of Iraq is extremely hard to predict right now. Security concerns are real for much of the population, Sunni and Shiite alike – indeed, perhaps the Kurds are safest in their Shias: since 1992: they were severely discriminated against culturally apolitically, and government repression came in many forms. High risk of inter-communal violence. Sunnis: From 2001 until the first few months of 2003, the situation of the Sunni in Iraq remained basically unchanged. High risk of inter-communal violence	Yes	Yes
Israel	Ethnic groups: Jewish 76.4% (of which Israel-born 67.1%, Europe/America-born 22.6%, Africa-born 5.9%, Asia-born 4.2%), non-Jewish 23.6% (mostly Arab) (2004). Religions: Jewish 76.4%, Muslim 16% Arab Christians 1.7%, other Christian 0.4%, Druze 1.6%, unspecified 3.9% (2004). Languages: Hebrew (official), Arabic used officially for Arab minority, English most commonly used foreign language.Unclear the level of risk.	At risk groups: Palestinians Bleak forecast. High risk of rebellion/uprising (intifada). Both violent and peaceful demonstrations (High risk) continue. Many sources of grievances remain unresolved, ranging from state violence (e.g. assassinations), economic inequalities, building the security wall. Arabs: Perhaps the greatest risk to Israeli Arabs	Yes	No
Lebanon	Ethnic groups: Arab 95%, Armenian 4%, other 1% (P) <i>note:</i> many Christian Lebanese do not identify themselves as Arab but rather as descendents of the	At risk groups: Palestinians: Difficult to be optimistic. Druze: Like most other Lebanese ethnopolitical groups, the future condition of	Yes	Yes

	<p>ancient Canaanites and prefer to be called Phoenicians. Religions: Muslim 59.7% (Shi'a, Sunni, Druze, Isma'ilite, Alawite or Nusayri), Christian 39% (Maronite Catholic, Greek Orthodox, Melkite Catholic, Armenian Orthodox, Syrian Catholic, Armenian Catholic, Syrian Orthodox, Roman Catholic, Chaldean, Assyrian, Copt, Protestant), other 1.3% <i>note:</i> 17 religious sects recognized. Languages: Arabic (official), French, English, Armenian.</p>	<p>Druze is equally influenced by domestic factors and continued external manipulation . Maronite Christians churches have been subject to random bombings by Sunni extremists, been scattered instances of conflict between Maronites, Druze, and Sunni Muslims. Maronite Christians face an uncertain future discrimination is a possibility given that there were instances of more discrimination against Shi'is: violence between Hizbollah and Amal is indicative of a wider dilemma for the Lebanese Shi'a community. Although they do not face overt economic discrimination, the economic conditions in the South and in the Bekka remain quite poor. Suni'is: As with other Lebanese ethnopolitical groups, the future of Sunnis depends on a variety of factors.</p>		
Libya	<p>Ethnic groups :Berber and Arab 97%, other 3% (includes Greeks, Maltese, Italians, Egyptians, Pakistanis, Turks, Indians, and Tunisians). Religions: Sunni Muslim 97%, other 3%. Languages: Arabic, Italian, English, all are widely understood in the major cities.</p>	.Nothing cited.	No	No
Mongolia	<p>Ethnic groups: Mongol (mostly Khalkha) 94.9%, Turkic (mostly Kazakh) 5%, other (including Chinese and Russian) 0.1% (2000)Religions: Buddhist Lamaist 50%, Shamanist and Christian 6%, Muslim 4%, none 40% (2004)Languages: Khalkha Mongol 90%, Turkic, Russian (1999)</p>	Nothing cited.	No	No
Myanmar	<p>Ethnic groups : Burman 68%, Shan 9%(P, R) Karen 7% (P, R) Rakhine 4%, Chinese 3%, Indian 2%, Mon 2%, other 5% . Religions: Buddhist 89%, Christian 4% (Baptist 3%, Roman Catholic 1%), Muslim 4%, animist 1%, other 2% (Chins P)(R). Languages: Burmese, minority ethnic groups have their own languages.</p>	<p>At risk groups: Rohingyas – 3 of the 6 factors increase chances of future rebellion: Shans: 5 of the 6 factors that increase chances of future rebellion; Also instances of past inter-communal violence with other ethnic groups. Zomis (Chins): four of the six factors which increase the chances of future rebellion. Low level resistance likely to continue in the future despite ceasefire agreements. Discrimination and many demographic and welfare pressures. Karens: 4 of 6 factors that increase chance of future rebellion: Likely to be reduced to a moderate-level rebellion. Represented through military organisations. Mons: Mon have three of the six factors that increase the chances of future rebellion:: Protest is unlikely to go above verbal opposition, given the repressive nature of the regime and the weakness of Mon political organization.</p>	Yes	Yes
Norway	<p>Ethnic groups Norwegian, Sami 20,000. Religions: Church of Norway 85.7%, Pentecostal 1%, Roman Catholic 1%, other Christian 2.4%, Muslim 1.8%, other 8.1% (2004). Languages: Bokmal Norwegian (official), Nynorsk Norwegian (official), small Sami- and Finnish-speaking minorities; note - Sami is official in six municipalities.</p>	Nothing cited.	No	No
New Zealand	<p>Ethnic groups: European 69.8%, Maori 7.9%, Asian 5.7%, Pacific islander 4.4%, other 0.5%, mixed 7.8%, unspecified 3.8% (2001 census). Religions: Anglican 14.9%, Roman Catholic 12.4%, Presbyterian 10.9%, Methodist 2.9%, Pentecostal 1.7%, Baptist 1.3%, other Christian 9.4%, other 3.3%, unspecified 17.2%, none 26% (2001 census). Languages: English (official), Maori (official), Sign Language (official).</p>	Unlikely that the Maori will begin or sustain a campaign of militant activity.	No	No
Nepal	<p>Ethnic groups: Chhettri 15.5%, Brahman-Hill 12.5%, Magar 7%, Tharu 6.6%, Tamang 5.5%, Newar 5.4%, Muslim 4.2%, Kami 3.9%, Yadav 3.9%, other 32.7%, unspecified 2.8% (2001 census)Religions: Hindu 80.6%, Buddhist 10.7%, Muslim 4.2%, Kirant 3.6%, other 0.9% (2001 census) <i>note:</i> only official Hindu state in the world. Languages Nepali 47.8%, Maithali 12.1%, Bhojpuri 7.4%, Tharu (Dagaura/Rana) 5.8%, Tamang 5.1%, Newar 3.6%, Magar 3.3%, Awadhi 2.4%, other 10%, unspecified 2.5% (2001 census) <i>note:</i> many in government and business also speak English (2001 est.).</p>	Nothing cited.	Yes	Yes
Pakistan	<p>Ethnic groups: Punjabi, Sindhi, Pashtun (Pathan), Baloch, Muhajir (immigrants from India at the</p>	At risk groups : Ahmadis: Not currently in open rebellion, chances of rebellion	Yes	Yes

	<p>time of partition and their descendants).</p> <p>Religions: Muslim 97% (Sunni 77%, Shi'a 20%), other (includes Christian and Hindu) 3%</p> <p>Languages: Punjabi 48%, Sindhi 12%, Siraiki (a Punjabi variant) 10%, Pashtu 8%, Urdu (official) 8%, Balochi 3%, Hindko 2%, Brahui 1%, English (official; lingua franca of Pakistani elite and most government ministries), Burushaski and other 8%.</p>	<p>are near zero. Their position remains precarious.</p> <p>Hindus: Weak political organisation mean it is unlikely that they will opt for open rebellion Plagued by sectarian violence since its inception. Rise of religious extremism. Ethno-regional divisions has also threatened to tear the country apart, along with increasing levels of sectarian violence. Baluchus: Few factors indicate that Baluch movements will choose rebellion also suggests that Baluch rebellion is unlikely in the near future ; Mohajirs: Mohajirs are likely to continue their non-violent protest strategies for the foreseeable future.</p> <p>Pashtuns: The Pashtun exhibit several of the risk factors for rebellion.. Sindhis are unlikely to take their political opposition to the level of rebellion.</p>		
Spain	<p>Ethnic: composite of Mediterranean and Nordic types.</p> <p>Religions: Roman Catholic 94%, other 6%.</p> <p>Languages: Castilian Spanish (official) 74%, Catalan 17%, Galician 7%, Basque 2%(M), are official regionally.</p>	<p>At risk groups: Basques: There is no reason to think that the militant activity of the ETA will cease anytime in the near future. Catalans: There is no evidence to suggest that Catalans are likely to use militant Roma: Roma in Spain are not likely to engage in violence against the state in the foreseeable future.</p>	Yes	No
South Africa	<p>Ethnic: black African 79%, white 9.6%, colored 8.9%, Indian/Asian 2.5% (2001 census).</p> <p>Religions: Zion Christian 11.1%, Pentecostal/Charismatic 8.2%, Catholic 7.1%, Methodist 6.8%, Dutch Reformed 6.7%, Anglican 3.8%, Muslim 1.5%, other Christian 36%, other 2.3%, unspecified 1.4%, none 15.1% (2001 census).</p> <p>Languages: IsiZulu 23.8%, IsiXhosa 17.6%, Afrikaans 13.3%, Sepedi 9.4%, English 8.2%, Setswana 8.2%, Sesotho 7.9%, Xitsonga 4.4%, other 7.2% (2001 census).</p>	<p>At risk groups :Asians in South Africa face a low risk of rebellion and protest. Coloreds: face a low risk of rebellion and protest. There is no repression against the group. Europeans in South Africa face a low risk of rebellion and protest. Xhosa :The Xhosa seem unlikely to rebel or even protest. Zulus face only a very limited risk of future rebellion. The group has a history of protest to seek greater autonomy. South Africa's stable and democratic regime has, however, taken steps to reduce repression against the Zulus and to accommodate the concerns.</p>	Yes	No
Sri Lanka	<p>Ethnic: Sinhalese 73.8%, Sri Lankan Moors 7.2%, Indian/Tamil 4.6%, Sri Lankan Tamil 3.9%, other 0.5%, unspecified 10% (2001 census provisional data).</p> <p>Religions: Buddhist 69.1%, Muslim 7.6%, Hindu 7.1%, Christian 6.2%, unspecified 10% (2001 census provisional data).</p> <p>Languages: Sinhala (official and national language) 74%, Tamil (national language) 18%, other 8%</p> <p><i>note:</i> English is commonly used in government and is spoken competently by about 10% of the population.</p>	<p>At risk groups: Sri Lankan Tamils: 3 factors that increase likelihood of rebellion in future; protracted nature of insurgency, groups territorial concentration, history of lost autonomy. Indian Tamils have only one of the factors that increases the likelihood of persistent future protest.</p>	Yes	Yes
Thailand	<p>Ethnic: Thai 75%, Chinese 14%, other 11% (Chinese, M).</p> <p>Religions: Buddhist 94.6%, Muslim 4.6% (R).</p> <p>Language: ethnic and regional dialects</p>	<p>At risk groups: Chinese in Thailand have none of the factors that increase the likelihood of future protest. The Muslims in Thailand have four of the factors that increase the likelihood of continued rebellion: The Northern Hill Tribes have two of the factors that increase the likelihood of future rebellion.</p>	Yes	no
Turkey	<p>Ethnic: Turkish 80%, Kurdish 20% (estimated) (P)</p> <p>Religious: Muslim 99.8% (mostly Sunni), other 0.2% (mostly Christians and Jews)</p> <p>Languages: Turkish (official), Kurdish, Dimli (or Zaza), Azeri, Kabardian</p> <p><i>note:</i> there is also a substantial Gagauz population in the European part of Turkey</p>	<p>Kurds: Slightly improved situation, although many obstacles. Serious discrimination. Reduced military skirmishes.</p>	Yes	No
UK	<p>Ethnic: white (of which English 83.6%, Scottish 8.6%, Welsh 4.9%, Northern Irish 2.9%) 92.1%, black 2%, Indian 1.8%, Pakistani 1.3%, mixed 1.2%, other 1.6% (2001 census).</p> <p>Religions: Christian (Anglican, Roman Catholic, Presbyterian, Methodist) 71.6%, Muslim 2.7%, Hindu 1%, other 1.6%, unspecified or none 23.1% (2001 census).</p> <p>Languages: English, Welsh (about 26% of the population of Wales), Scottish form of Gaelic (about 60,000 in Scotland).</p>	<p>At risk groups: Afro-Caribbean's have not used violence for political purposes in the past nor are they likely to in the future. The likelihood of continued protest, conversely, is higher, and race riots also are likely to recur. There is also the possibility that tensions between Afro-Caribbean's and Asians will lead to violent inter-communal conflict.</p> <p>The risk of rebellion by Asians in the United Kingdom is low, although not nonexistent. However, violence that does erupt is more likely in reaction to the central government's foreign policies. Although violence may recur in Northern Ireland, several recent events are hopeful. The Catholics have several of the risk factors that sustain rebellion including high levels of group concentration and organization, experience of repression, and a long and active heritage of violent</p>	Yes	No

		opposition to Protestant domination and British rule. However, the Good Friday Accords, There is virtually no risk of Scottish militancy in the near future. Protest is not likely to rise beyond verbal opposition, although larger scale protest is possible.		
Venezuela	Ethnic: Spanish, Italian, Portuguese, Arab, German, African, indigenous people (M) Religions: nominally Roman Catholic 96%, Protestant 2%, other 2%. Languages: Spanish (official), numerous indigenous dialects.	At risk groups: Blacks in Venezuela. Discrimination is of a distinctly social nature; there appears to be no policy of discrimination; he indigenous of Venezuela have few of the risk factors for rebellion.	Yes	no
Zimbabwe	Ethnic: African 98% (Shona 82%, Ndebele 14%, other 2%), mixed and Asian 1%, white less than 1% (P). Religions: syncretic (part Christian, part indigenous beliefs) 50%, Christian 25%, indigenous beliefs 24%, Muslim and other 1%. Languages: English (official), Shona, Sindebele (the language of the Ndebele, sometimes called Ndebele), numerous but minor tribal dialects.	At risk groups: Europeans: Based on factors known to encourage rebellion. Increased its anti-European policies in recent years. Ndebele Several factors known to increase the likelihood of rebellion are present in the Ndebele case.	Yes	no

Source: CIA World Fact Book (2007), Minorities at Risk Project (2007).

Appendix L - Key actor indicators

Country	Number of political parties 2007 & year of constitution	CIA World Fact book Political pressure groups and leaders	CIA World Fact Book Key Export Partners	CIA World Fact Book Key Import Partners	% of GDP on Military
Afghanistan	79 2004 (C)	N/A	India 22%, Pakistan 21%, US 14.6%, UK 6.3%, Denmark 5.5%, Finland 4.3% (2006)	Pakistan 37.5%, US 11.9%, Germany 7.1%, India 5.1% (2006)	1.9% (2006)
Bulgaria	12 1991 (C)	Confederation of Independent Trade Unions of Bulgaria or CITUB; Podkrepa Labor Confederation; numerous regional, ethnic, and national interest groups with various agendas	Turkey 12%, Italy 10.4%, Germany 10%, Greece 8.2%, Belgium 6.8%, France 4.3% (2006)	Germany 15%, Italy 10.6%, Turkey 7.2%, Greece 6.3%, China 5%, France 4.9%, Romania 4.5% (2006)	2.6 % (2005)
Cambodia –	4 1993 (C)	N/A	US 53.3%, Hong Kong 15.2%, Germany 6.6%, UK 4.3% (2006)	Hong Kong 18.1%, China 17.5%, Thailand 13.9%, Taiwan 12.7%, Vietnam 9%, Singapore 5.3%, South Korea 4.9%, Japan 4.3% (2006)	3% (2005)
Costa Rica –	17 1949 (C)	Authentic Confederation of Democratic Workers or CATD (Communist Party affiliate); Chamber of Coffee Growers; Confederated Union of Workers or CUT (Communist Party affiliate); Costa Rican Confederation of Democratic Workers or CCTD (Liberation Party affiliate); Costa Rican Exporter's Chamber or CADEXCO; Costa Rican Solidarity Movement; Costa Rican Union of Private Sector Enterprises or UCCAEP [Federation of Public Service Workers or FTSP; National Association for Economic Development or ANFE;.	US 27.4%, Netherlands 12.2%, China 11.7%, UK 6.2%, Mexico 5.8% (2006)	US 41.2%, Venezuela 5.4%, Mexico 5.2%, Ireland 5%, Japan 4.9%, Brazil 4.3%, China 4.1% (2006)	0.4% (2006)
Croatia	11 1991 (C)	N/A	Italy 23.1%, Bosnia and Herzegovina 12.7%, Germany 10.4%, Slovenia 8.3%, Austria 6.1% (2006)	Italy 16.7%, Germany 14.5%, Russia 9.7%, Slovenia 6.8%, Austria 5.4%, China 5.3% (2006)	2.39% (2005)
Cuba	1 1959 (C)	N/A	Netherlands 21.8%, Canada 21.6%, China 18.7%, Spain 5.9% (2006)	Venezuela 26.6%, China 15.6%, Spain 9.6%, Germany 6.4%, Canada 5.6%, Italy 4.4%, US 4.3%, Brazil 4.2% (2006)	3.8% (2006)
Egypt	3 1971 (C)	Despite a constitutional ban against religious-based parties, the technically illegal Muslim Brotherhood constitutes Hosni MUBARAK's potentially most significant political opposition; MUBARAK tolerated limited political activity by the Brotherhood for his first two terms, but moved more aggressively since then to block its influence; civic society groups are sanctioned, but constrained in practical terms; trade unions and professional associations are officially sanctioned	Italy 12.1%, US 11.3%, Spain 8.5%, UK 5.5%, France 5.4%, Syria 5.2%, Saudi Arabia 4.3%, Germany 4.2% (2006)	US 11.4%, China 8.3%, Germany 6.4%, Italy 5.4%, Saudi Arabia 5%, France 4.6% (2006)	3.4% (2005)
Ethiopia	8 1994 (C)	Ethiopian People's Patriotic Front or EPPF; Ogaden National Liberation Front or ONLF; Oromo Liberation Front or OLF [DAOUD Ibsa]	China 11%, Germany 9.1%, Japan 7.8%, US 7.1%, Saudi Arabia 6.1%, Djibouti 6%, Italy 5.2% (2006)	Saudi Arabia 18.1%, China 11.4%, India 8.1%, Italy 5.1% (2006)	3% (2006)

Haiti	24 1987 (C)	Autonomous Organizations of Haitian Workers or CATH [Fignole ST-CYR]; Confederation of Haitian Workers or CTH; Federation of Workers Trade Unions or FOS; General Organization of Independent Haitian Workers [Patrick NUMAS]; Grand-Anse Resistance Committee, or KOREGA; National Popular Assembly or APN; Papaye Peasants Movement or MPP [Chavannes JEAN-BAPTISTE]; Popular Organizations Gathering Power or PROP; Roman Catholic Church; Protestant Federation of Haiti	US 80%, Dominican Republic 7.6%, Canada 3% (2006)	US 46.5%, Netherlands Antilles 11.9%, Brazil 3.8% (2006)	0.4% (2006)
India	17 1950 (C)	Numerous religious or militant/chauvinistic organizations, including Vishwa Hindu Parishad, Bajrang Dal, and Rashtriya Swayamsevak Sangh; various separatist groups seeking greater communal and/or regional autonomy, including the All Parties Hurriyat Conference in the Kashmir Valley and the National Socialist Council of Nagaland in the Northeast	US 17%, UAE 8.3%, China 7.8%, UK 4.3% (2006)	China 8.7%, US 6%, Germany 4.6%, Singapore 4.6%, Australia 4% (2006)	2.5% (2006)
Indonesia	7 1945 (C)	N/A	Japan 19.4%, Singapore 11.8%, US 11.5%, China 7.7%, South Korea 6.4%, Taiwan 4.2% (2006)	Singapore 29.6%, China 11.2%, Japan 8.8%, South Korea 5.3%, Malaysia 4.8% (2006)	3^ (2005)
Iran	8 1979 (revised 89)	The Islamic Revolutionary Party (IRP) was Iran's sole political party until its dissolution in 1987; Iran now has a variety of groups engaged in political activity; some are oriented along political lines or based on an identity group; others are more akin to professional political parties seeking members and recommending candidates for office; some are active participants in the Revolution's political life while others reject the state; political pressure groups conduct most of Iran's political activities; groups that generally support the Islamic Republic include Ansar-e Hezbollah, Muslim Students Following the Line of the Imam, Tehran Militant Clergy Association (Ruhaniyat), Islamic Coalition Party (Motalefeh), and Islamic Engineers Society; active pro-reform student groups include the Office of Strengthening Unity (OSU); opposition groups include Freedom Movement of Iran, the National Front, Marz-e Por Gohar, and various ethnic and Monarchist organizations; armed political groups that have been repressed by the government include Mujahidin-e Khalq Organization (MEK or MKO), People's Fedayeen, Democratic Party of Iranian Kurdistan (KDPI), and Komala	Japan 14%, China 12.8%, Turkey 7.2%, Italy 6.3%, South Korea 6%, Netherlands 4.6% (2006)	Germany 12%, China 10.5%, UAE 9.4%, France 5.6%, Italy 5.4%, South Korea 5.4%, Russia 4.5% (2006)	2.5% (2005)
Iran	19 2005 (C)	Coalition and end US influence in Iraq; a number of predominantly Shia militias, some associated with political parties, challenge governmental authority in Baghdad and southern Iraq	US 46.8%, Italy 10.7%, Canada 6.2%, Spain 6.1% (2006)	Syria 26.5%, Turkey 20.5%, US 11.8%, Jordan 7.2% (2006)	8.65 (2006)
Israel	13 1948 (C)	Israeli nationalists advocating Jewish settlement on the West Bank and Gaza Strip; Peace Now [Yariv OPPENHEIMER, Secretary General] supports territorial concessions in the West Bank and Gaza Strip; Yesha Council of Settlements [Bentzi LIEBERMAN, Chairman] promotes settler interests and opposes territorial compromise; B'Tselem monitors human rights abuses	US 38.4%, Belgium 6.5%, Hong Kong 5.9% (2006)	US 12.4%, Belgium 8.2%, Germany 6.7%, Switzerland 5.9%, UK 5.1%, China 5.1% (2006)	7.3% (2006)
Lebanon	17 1926 (C)	N/A	Syria 26.8%, UAE 12%, Switzerland 6%, Saudi Arabia 5.7%, Turkey 4.5% (2006)	Syria 11.6%, Italy 9.8%, US 9.3%, France 7.7%, Germany 6%, China 5%, Saudi Arabia 4.7% (2006)	3.1% (2005)
Libya	None 1969 (revolution)	Various Arab nationalist movements with almost negligible memberships may be functioning clandestinely, as well as some Islamic elements; an anti-QADHAFI Libyan exile movement exists, primarily based in London, but has little influence	Italy 37.1%, Germany 14.6%, Spain 7.7%, US 6.1%, France 5.6%, Turkey 5.4% (2006)	Italy 18.9%, Germany 7.8%, China 7.6%, Tunisia 6.3%, France 5.8%, Turkey 5.3%, US 4.7%, South Korea 4.3%, UK 4% (2006)	3.9% (2005)
Mongolia	6 1990 (C)	N/A	China 71.8%, Canada 11.7%, US 7.3% (2006)	Russia 29.8%, China 29.5%, Japan 11.9% (2006)	1.4% (2006)
Myanmar	3 1974 (suspended)	Ethnic Nationalities Council or ENC (based in Thailand); Federation of Trade Unions-Burma or FTUB (exile trade union and labour advocates); National Coalition Government of the Union of Burma or NCGUB	Thailand 48.8%, India 12.7%, China 5.2%, Japan 5.2% (2006)	China 35.1%, Thailand 22.1%, Singapore 16.4%,	2.1% (2005)

	in 88)	(self-proclaimed government in exile) ["Prime Minister" Dr. SEIN WIN] consists of individuals, some legitimately elected to the People's Assembly in 1990 (the group fled to a border area and joined insurgents in December 1990 to form parallel government in exile); Kachin Independence Organization or KIO; Karen National Union or KNU; Karenni National People's Party or KNPP; National Council-Union of Burma or NCUB (exile coalition of opposition groups); several Shan factions; United Wa State Army or UWSA; Union Solidarity and Development Association or USDA (pro-regime, a social and political mass-member organization) 88 Generation Students (pro-democracy movement)		Malaysia 4.8% (2006)	
Nepal	12 No date	Maoist guerrilla-based insurgency [Pushpa Kamal DAHAL, also known as PRACHANDA, chairman; Dr. Baburam BHATTARAI]; numerous small, left-leaning student groups in the capital; several small, radical Nepalese antimonarchist groups	India 67.9%, US 11.7%, Germany 4.7% (2006)	India 61.8%, China 3.8%, Indonesia 3.3% (2006)	1.6% (2006)
New Zealand	8 None written	N/A	Australia 20.5%, US 13.1%, Japan 10.3%, China 5.4%, UK 4.9% (2006)	Australia 20.5%, China 12.3%, US 11.8%, Japan 9.2%, Germany 4.4%, Singapore 4.4% (2006)	1% (2005)
Norway	9 1814 (C)	N/A	UK 26.8%, Germany 12.3%, Netherlands 10.3%, France 8.2%, Sweden 6.4%, US 5.7% (2006)	Sweden 15%, Germany 13.5%, Denmark 6.9%, UK 6.4%, China 5.7%, US 5.3%, Netherlands 4.1% (2006)	1.9% (2005)
Pakistan	20 No date given	Military remains most important political force; ulema (clergy), landowners, industrialists, and small merchants also influential	US 21%, UAE 9%, Afghanistan 7.7%, China 5.3%, UK 5.1% (2006)	China 13.8%, Saudi Arabia 10.5%, UAE 9.7%, US 6.5%, Japan 5.7%, Kuwait 4.7%, Germany 4.1% (2006)	3.2 % (2006)
Spain	14 1978 (C)	Business and landowning interests; Catholic Church; free labor unions (authorized in April 1977); Socialist General Union of Workers or UGT and the smaller independent Workers Syndical Union or USO; university students; Trade Union Confederation of Workers' Commissions or CC.OO.	France 18.9%, Germany 11%, Portugal 8.9%, Italy 8.6%, UK 7.8%, US 4.5% (2006)	Germany 14.7%, France 13.2%, Italy 8.1%, UK 5%, Netherlands 4.8%, China 4.8% (2006)	1.2% (2005)
South Africa	7 1997 (C)	Congress of South African Trade Unions or COSATU [Zwelinzima VAVI, general secretary]; South African Communist Party or SACP [Blade NZIMANDE, general secretary]; South African National Civics Organization or SANCO [Mlungisi HLONGWANE, national president]; note - COSATU and SACP are in a formal alliance with the ANC	Japan 12.1%, US 11.8%, UK 9%, Germany 7.6%, Netherlands 5.3%, China 4% (2006)	Germany 12.6%, China 10%, US 7.6%, Japan 6.6%, Saudi Arabia 5.3%, UK 5% (2006)	1.7% (2006)
Sri Lanka	20 1978 (C)	Buddhist clergy; labor unions; Liberation Tigers of Tamil Eelam or LTTE insurgent group fighting for a separate state); radical chauvinist Sinhalese groups such as the National Movement Against Terrorism; Sinhalese Buddhist lay groups; Tamil Eela Makkal Viduthalai Pulikal, TMVP or "Karuna group" [Vinayagamurthi MURALITHARAN] (paramilitary breakaway from LTTE and fighting against LTTE)	US 27.6%, UK 11.3%, India 9.3%, Belgium 4.7% (2006)	India 19.6%, China 10.5%, Singapore 8.7%, Iran 5.7%, Malaysia 5.1%, Hong Kong 4.2%, Japan 4.1% (2006)	2.6% (2006)
Thailand	5 No date given	N/A	US 15%, Japan 12.7%, China 9%, Singapore 6.4%, Hong Kong 5.5%, Malaysia 5.1% (2006)	Japan 20.1%, China 10.6%, US 6.7%, Malaysia 6.6%, UAE 5.6%, Singapore 4.5% (2006)	1.8% (2005)
Turkey	12 1982 (C)	Confederation of Public Sector Unions or KESK [Ismail Hakki TOMBUL]; Confederation of Revolutionary Workers Unions or DISK [Suleyman CELEBI]; Independent Industrialists' and Businessmen's Association or MUSIAD [Omer BOLAT]; Moral Rights Workers Union or Hak-Is [Salim USLU]; Turkish Confederation of Employers' Unions or TISK [Tugurl KUDATGOBILIK].	Germany 11.3%, UK 8%, Italy 7.9%, US 6%, France 5.4%, Spain 4.4% (2006)	Russia 12.8%, Germany 10.6%, China 6.9%, Italy 6.2%, France 5.2%, US 4.5%, Iran 4% (2006)	5.3 (2005)
UK	8	Campaign for Nuclear Disarmament; Confederation of British Industry; National Farmers' Union; Trades	US 13.9%, Germany 10.9%,	Germany 12.8%, US	2.4%

	Unwritten constitution	Union Congress	France 10.4%, Ireland 7.1%, Netherlands 6.3%, Belgium 5.2%, Spain 4.5% (2006)	8.9%, France 6.9%, Netherlands 6.6%, China 5.3%, Norway 4.9%, Belgium 4.5% (2006)	(2005)
Venezuela	9 1999 (C)	FEDECAMARAS, a conservative business group; VECINOS groups; Venezuelan Confederation of Workers or CTV (labor organization dominated by the Democratic Action)	US 46.3%, Netherlands Antilles 13.5%, China 3.2% (2006)	US 30.6%, Colombia 10.2%, Brazil 10.1%, Mexico 5.9%, China 4.9%, Panama 4.8% (2006)	1.2% (2005)
Zimbabwe	8 1979 (C)	Crisis in Zimbabwe Coalition [Arnold TSUNGA]; National Constitutional Assembly or NCA [Lovemore MADHUKU]; Zimbabwe Congress of Trade Unions or ZCTU [Wellington CHIBEBE]	Sudan 24.9%, Republic of the Congo 17.7%, Burkina Faso 15.8%, US 10.5% (2006)	South Africa 40.8%, Zambia 29.6%, US 4.9% (2006)	3.8% (2006)

Source: CIA (2007)

Appendix M - Sample operational (short to medium term) political risk assessment for Ethiopia (August 2007 + 5 years)

Possible hazardous events/outcomes identified	Likelihood (and location if appropriate) (R)	Possible risk impacts and severity rating (S)	Control based on risk	Qualitative comment and analysis
1. Changes in government				
Changes in government leadership/Meles loses power	1/ Very Low (3 after five years)	1 Changes in policy towards tourism, Change leads to violence/demonstrations and travel disruptions 2/4 if cancel/curtail trip. (Op) Improved image and destination attractiveness leading to an increase in enquiries.	Track elections dates/actions of government	Changes in leadership or government are more likely to lead to other hazardous events. Likelihood will increase with time, particularly with the fractional basis of the political and the ethnic divisions. The very low likelihood of government change in the short term is based on the dominance by Meles who has been in power since 1991, winning the three elections and maintaining a tight control of power, operating within system classified by Freedom House as Partially Free. One of the warning indicators to consider is the factor raised by the PITF and how the likelihood of change and instability increasing after leaders have been in power for more than eight years, hence the adjusted score after five years. The longer Meles tries to hold onto power, the more he may have to use a greater mix of force rather than consent, which will undermine his legitimacy and can generate more conflict.
Military coup	2/Low	4/5 if cancel trip because of FO travel warning 2/4 if expedition/tour is already in Ethiopia it can depend on the repercussions, ranging from a 2, where the destination image is affected, going up to a 4 if evacuation is needed.	Ensure details of consulate are held and how regular communication with Satellite phone have to be up dated by UK base.	Although military coups having taken place in the past there are few indicators in the short to medium term this is likely to occur again. Issues of ethics and reputation may need to be considered. The coup in Thailand in 2006 illustrates an instance where it had remarkably little effect on tourists. The key impacts can relate to demonstrations, riots and impositions of curfews. The military coup has a low likelihood because of the dominance of Meles. It remains however a possible hazard as coups have occurred in the past and the relatively strength of the military, as revealed by other indicators, such as the size of military spend.
2. Structural workings of government				
Continued policy to move rural population, primarily from the highlands to deal with agriculture. No clear direct policies discerned which can make tourism more or less attractive at the moment	4 rural policies which impact on the environment. 2 positive policies that enhance tourism.	Policies reduce risk of famines occurring (Op risk as it improves perception/increases interest/perception of safety). 3 Policy has serious negative environmental affects. 1/Changes in policy towards tourism.	Consider type of tourism or expedition project work, such as dealing with any negative effects/research.	The rural relocation policy affects tourism by its indirect effects, such as the impact on the environment and the attempt to reduce the risk of famine. Whilst on the one hand they have been designed to deal with the constant risk of famine, the have been controversial with concerns over the number of negative environmental impacts. The result is that a number of physical and ethical risks may be generated which the tourism organisation would need to manage. Little evidence of any significant policy developments towards tourism, such as taxation changes.
Bribery and corruptions. Obtaining passes	3 dealing with government/officials.	2 Failure to pay may prevent travel, result in intimidation resulting in fear and expedition experience affected 4 If it is to secure a project/contract	-Avoid key border areas where 'fees' may be 'requested'. -Avoid paying bribes to	Here it can be difficult to build up a frequency profile, hence the use of indirect indicators produced by TI corruption scores, the World Banks Enterprise Survey results and the World Banks Development Indicators. These indicators reveal a country that is deemed at very corrupt, but relatively unfettered by other aspects of business regulation in comparison with other

		and it is exposed in relation to reputation/regulation	secure projects. -Prepare group members that bribes may be asked for by government officials/police when travelling.	countries. Using the World Bank Development Indicators Report (2007), Ethiopia for the indicators of time spent dealing with regulations equated to 2.05%, which in comparison with the region (7.96) and globally (7.27) is relatively low (no data was available from the potential useful Enterprise Survey bureaucracy measures, such as consistency of regulations by officials). Using the Bradt Ethiopia Travel Guides gives a different slant, with Briggs, the author, saying it was not a problem (Bragg 2005, p.110). The risks for more significant capital based projects, such as a hotel development are much higher. If it is part of an expedition, then risks are lower, but possible.
3. Conflicts				
War/border incursions & conflict Refugees. Government mobilises troops to deal with incursions/terrorist s/invasion.	4 border areas with Eritrea (Tigray and Afar regions highly militarised). 2 Djibouti border 3 border areas with Sudan. 3 border areas with Sudan. 3 border areas with Somalia. All these conflicts seem set to continue over the next five years, with few positive signals emerging that things will get better.	3 Travel disruptions, 2 to 4 travel restrictions, 4 cancellations, 4 Ethical risks if travelling to areas with refugee populations. 4/5 victim of violence (injury and death). 3/5 on reputation, depending on FCO advice.	Track news, contact addresses of key clients to send updates/deal with enquiries. Avoid border areas. Insurance cover Subscribe to bulletin services by key government advice sites for Ethiopia and its neighbours.	The border areas remain highly sensitive, particularly as conflicts can overspill, such as with Somalia and Sudan. One of the results of conflicts are refugees, whereby this can raise serious ethical questions of travelling to areas. If the work has an aid element to it this can change the risks. In relation to the various war indicators, the UCDP, CSP, CIA and UN data in relation to peace operations, all indicate that conflict seems to be a constant factor in Ethiopia (the key areas, such as Gambella area, and the border areas with Eritrea). Based on past frequency, could conclude that it has a medium/high likelihood of flaring up, but this does not mean no travel can take place, because of its geographic concentration.
Peace initiatives initiated or break down	2 (short term) Peace initiatives in Eritrea. 3 Peace developments in Somalia.	These events have the impact of enhancing the attractiveness not only of the country, but also particular destinations which are rich in tourism resources.		Few indicators seem to suggest a solving of some of the problems, only a lessening of the tensions in the short term, where it seems to be in a pattern of going hot and cold, as the countries react to events.
Landmines	3 all Border areas with Eritrea and Somalia.	4/5 Severe injury/death. 4/5 Reputation, particularly if ignored government advice.	Avoid travelling to these areas. If do find these problems, then avoid going off road.	The full extent of the risk is difficult to gauge, but here it is far better to err on the side of caution
Military operations/ movements	3 Military operations in Badme. 3 Military operations in South of Jijjia/Ogaden region and Ararge area/ Somalia border area	2/4 Travel restrictions 4 visitors arrests in military sensitive areas.	Keep track of events before travel use bulletin services. Up dates by satellite phone from UK base.	See peace initiatives analysis.
Terrorism				

Terrorism: Bombings/ shootings	3 Addis. 3 Jijigi/Ogaden region.	4/5 Group members injured/ killed FO Issues Travel Warning. 3 Group making detours. 3 Communication disruptions.	-Adhere to FCO advice to protect reputation. '- Validate insurance, adhere to regulation -Avoid the open, public spaces where foreign nationals congregate.	Acts of terrorism, although relatively infrequent have been marked by high severity rating in terms of the number killed. The key acts recorded relate to primarily bombings, particularly by hand grenades thrown into crowded areas, kidnapping and shootings. Note that UK FCO class it as a 'High Threat'. When looking at the various government travel advice one can gain the impression that terrorism should perhaps be categorised as high risk. They all record a high threat from terrorism in Ethiopia. There is a risk recorded of British nationals and other foreigners becoming indiscriminately caught up in attacks. Yet, when looking at the actual events in more detail, whilst the severity certainly would be placed in the high-risk category, in terms of likelihood, this would perhaps come a little lower, with this likelihood varying considerably according to different regions. Details of all the incidents that have taken place appear in Appendix M and N , with a more intimate analysis appearing in Box 7.2 . Although attacks on tourists have been rare, * the fact that hotels and cafes have been targeted in the past gives an important warning signal of a potential threat.
Terrorism/kidnapping	3 Danakil desert, marked by Dessie-Adigrat.	4/5 Emotional or physical harm 4/5 Reputation if ignored advice.	Crisis plan which outlines response actions. Insurance cover. Avoid Danakil area to adhere to government guidelines and all border areas.	Although the risk of such an occurrence in such a huge area can perhaps be lower than government advice would suggest, the severity of impacts in terms of reputation, even if everyone is released safely, could be very severe, because of the advice and previous incidents.
Train derailment/ sabotage	3 for the Ethiopia/Djibouti route.	2 Travel disruptions, 4/5 Injury/death from crash. 4/5 Reputation if ignored advice.	Avoid train travel as should not be needed as part of the expedition.	Although the US and Canada say train travel should be avoided, the frequency and travel blogs can give a different perspective.
Petty crime, car jacking, violent crime	3.(Addis -Piazza area) petty crime 2 violent crime in cities 3/4 car jacking at night in remote outskirts of towns 2 car jacking/robbed none border remote areas excluding border areas. 4 car jacking/robbed Border areas (loosely defined as 50 Km).	2 Lost or stolen documents/equipment, 2 Delays, experience tainted 2/4 emotional trauma, which could range from anger and frustration, to fear/anxiety if violence involved. 4/5 if incident occurs in border areas (Op) Examples of honest encountered which strengthen the quality of the experience.	Copies of passports kept separately and additional copies in UK. Travel in small groups in busy areas. Avoid travel at night. Avoid border areas.	UK FCO report increasing petty crime incidents in key public places. The fact that it is petty means the severity rating is reduced. Relatively however, Ethiopia does not compare badly in terms of crime with many other African nations. The World Bank's Development Indicators, include some crime related indicators, such as the Crime Investment Constraint indicator, which is cited by a modest 9.2% as a major issue (World Bank Development Indicators 2007). Using the World Bank Enterprise Surveys, it can be observed that in 2002 the <i>Security</i> costs (% of sales) was 0.75, which was below the global average for security costs (1.66 %) and the regional average of 1.69%; for the Losses due to theft, robbery and arson (% of sales) measure, Ethiopia was given 0.39, which is again below the average for the world (0.99) and the region (2.06). Perhaps of more concern is that the CIA database highlights that Ethiopia acts as a distribution hub for a variety of drugs, which could drive a variety of risks, particularly if clients of a tour group are tempted to consume illegal drugs. The MIPT country profile databases have the number of homicides per 1000 people, but no data was available for Ethiopia.
Riots, demonstrations ethnic unrest				
Government arrests oppositions groups, arbitrary	3.Key towns in Ogeden, (rising to 4 at next election).	4 Ethical risks in relation to human rights abuses. 3 travel restrictions.	Consider ethical position and articulate policy of how one can deal with this	Increased risk in certain areas and time. The increasing authoritarian aspect to the regime is also born out by the instances of government repression over the years that have increased in frequency. This is further validated by Amnesty International (Amnesty International 2007)

* The 2002 bombing of a hotel in Addis Ababa, when 38 people were injured and 1 fatality caused, has been one of the most serious, along with the bomb attacks on the Market places in 2006.

arrests, summary executions Amnesty/Freedom House publicise abuses Government repression in Gambella,	3 Gambella (ethnic unrest). 3 Northern Afar. 3/4 foreign government condemnation of human rights abuses.	3 Reputation . 2/4 Travel disruptions.	issue. This clarifies the significance or impact value. Inform group and what can be done to help (at home not in country, such as supporting Amnesty International campaigns).	claiming that after the 2005 demonstrations, 10,000 were arrested and many were killed and injured and Freedom House Reports, with areas in the Gambella area highlighted in particular as an area which has experienced many human right abuses, such as extra-judicial executions, rape and mass arrests, raising an important number of ethical risks. This is challenging, as this must be considered in relation to the organisations ethical stance.
Strikes and opposition demonstration protests	3 Addis Ababa (rising to 5 at 2010 elections). 4 National Days. 4/5 2005 election in Addis and other key regional cities.	3 Travel restrictions short term travel adjustments. ¾ if government changes advice in response to incidents and if the group about to leave or already at the destinations. 3/4 Image destination affected in a negative way.	Take into account the election times and when tours are likely to take place. Mark out key urban populations and times when group will be there. Fewer problems are likely to occur in remote rural areas.	Looking at the political system and past trends, where it has moved towards authoritarianism, there is every likelihood that there could be demonstrations, which can be met by government repression and violence. The lack of effective avenues for oppositions groups, grievance expression, means that these expressions are likely to simmer than appear on the scene in a more explosive manner. The events after the 2005 elections are illustrative of how demonstrations can spiral into violence and government repression, particularly in <u>Addis Ababa</u> and the western lowland area of <u>Gambella</u> , where ethnic tensions and border incursions from the Sudanese People's Liberation Army (SPLA), have helped fuel a number of violent demonstrations, riots spiralling into violence.
Refugees	4 Border areas & conflict. 4/if ongoing drought conditions operate.	4 Serious considerations must be given to travelling to refugee locations because of the profound ethical implications.	Review locations of conflicts and environmental conditions.	This emerged as a key hazard to consider as a mixture of conflict, environmental disaster and governmental policy is driving it. It is intimately entwined with the other areas, but is worthwhile assessing in its own right.
4. International				
International aid/Investment by big hotel operators	4 aid. 3 Investment (Addis and key tourist locations).	2 Access grants/funds (Op) Profit from investments	Examine possible sources of funds/aid projects in areas.	Such was the impact of the 1980s famine, that it helped establish a discrete tourism sector in Ethiopia. Also worth noting that some big hotel operators run very profitable enterprises there because of the scale of the aid industry. All of Ethiopia's neighbours have been vulnerable to conflict, with the problem of overspill manifesting itself in the way of refugees, terrorism, crime and international sanctions.* It is also important to monitor the tourism generator government's responses to various incidents, particularly statements of condemnation over human rights abuses (as the UK has done), which can alter the level of risk exposure of the clients, as the expulsion of Norwegian Diplomats in 2007 illustrate, after the criticised the Government's poor human rights record.
These are intimately linked to conflicts.	4 Diplomatic incidents with Eritrea, Somalia 3 Kenya/Sudan 2 Djibouti Other 4 (other as election nears).	2/4 Physical safety depending on the actions of own national government if groups targeted. 3 Travel restrictions applied/expulsions.	Track situations/neighbouring country bulletin services.	Here it is vital to appreciate the links elsewhere, such as conflicts and how events may interact. The actions of ones own governments can also affect the degree of risk exposure. The complex relationship here of American citizens and USA government support of the Ethiopia War against terrorism, particularly in the Somalia area is of particular concern.
5 Natural				

* Sadly, looking at the data for that period, Kenya seemed to have some of the most positive prospects in terms of notions of stability and economic growth; the elections in January 2008 and the contested electoral result, with an unleashing of violence and ethnic killings, soon revealed the vulnerability of this country as well

Flooding & droughts	4 Flooding in June – September 4 Drought	2 Travel disruptions 5 Drowning 3/4 loss or damage to equipment	Track areas and highlight vulnerable areas	Government response to aid. It is clear that Ethiopia can be particularly prone to environmental problems, which run from periods of drought affecting agricultural production in some parts, whilst for other parts of the country the problems relate to flooding destroying crops. The results of these hazards, can impact on the economy, create refugees and also drive conflict as competition for scarce resources are generated. Key areas of environmental problems driving resource conflict are highlighted with the Afar minority group bordering Eritrea has been particularly prone to resource pressures and displacement. The past patterns indicate a high probability of such problems occurring again in the future
Disease				This is a difficult one to rate here. There are many diseases, particularly waterborne diseases, which would need consideration in a wider operational risk assessment, but this is not done here in this work.

Appendix N - The key risks identified by expedition members

Fear most	Most likely to occur ...	Most severe
<p>- Security (personal): Losing passport, Crime/Mugging (x2), Banditry (x1), violent crime, thefts, robbery.</p> <p>-Security (external): Kidnapping: (x4), Political unrest (x4), war (x2)</p> <p>-Illness & Disease (internal): Health problems, Sickness/illness (x 6), Bites related, water related, digestive related, hygiene related, Diarrhoea (x3), Infection (x 2),infected health care, RTA, health issues, Lack of water:, Dehydration</p> <p>Illness & Disease (external): Family illness at home (x2)</p> <p>Accidents: (general) accidents (x 6), personal injury (x 3), driving accident (x3), Plane crash:</p> <p>Personal failure/group dynamics: (personal) illness affecting team enjoyment/performance affected by 1 personal performance failure, Personal fitness/coping</p> <p>Transport: Transport failures/breakdowns (x2)</p> <p>Equipment Failure: Loss of radio/phone contact</p> <p>Weather: Severe flooding: 1 (fear of drowning), unexpected weather,</p> <p>Misc: Fear misnomer to use, Snakes, spiders, Toilets</p>	<p>Security (personal): Mugging/theft (x2), crime (x3)</p> <p>Security (external) Kidnapping/abduction (x3), political unrest</p> <p>Illness & Disease (internal): Sickness/illness: 1 (altitude), 1 (stomach), water related illness (x3), (complications from) delays in treatment, infection, Infection: Diarrhoea, health issues, personal injury, RTA, long term disease affects</p> <p>Illness & Disease (external): Accidents:: Driving/accident (x2), Plane crash:, (general) accident</p> <p>Personal failure/group: personal illness affecting team, group dynamic problems, failing group.</p> <p>Dynamics:</p> <p>Transport: Transport failures (x3),</p> <p>Equipment Failure: Loss of radio/phone</p> <p>Weather: Severe flooding, heat</p> <p>Misc: e.g. lack of water</p>	<p>Security (personal): Losing documentation, Crime/security (x3), equipment stolen (x2)</p> <p>Security (external) Kidnapping (x2), Political unrest/security (x2), (Unable to depart or return (x2)</p> <p>Illness & Disease (internal): Personal injury (x2)</p> <p>Sickness/Illness (x6), altitude, dehydration (x1)</p> <p>blood borne disease (x1), cuts and abrasions (x1), Health issues/Casevac issues</p> <p>Illness & Disease (external): Family illness</p> <p>Accidents: slips and trips, Driving/accident: (x 2) , limited hospitals, Plane crash (x3)</p> <p>Personal failure/group dynamics</p> <p>Equipment failure</p> <p>Transport: transport failures/delays (x3)</p> <p>Weather; weather</p> <p>Misc.</p>

Appendix O - Summary of government advice and identification of the hazards for Ethiopia

UK FCO	USA SD	Australia	Canada	NZ
<p>Key Advice: Advises against <u>all travel</u> to parts of the country (principal roads/towns 50KM with border areas with Eritrea; Gambella region; all roads 50km of border areas with Sudan and Kenya; Dhanakil desert area bounded by Dessie-Adigrat road, Advise against crossing Somalia border by road.</p> <p>Additional advice: You are advised to remain prudent and keep a low profile, avoid public demonstrations and large crowds and remain vigilant in public places throughout the country, avoid travelling after dark, book flights and accommodation in advance, dress in a conservative manor</p> <p>UK Listed risks: landmines, kidnapping, terrorism (high threat) , replacing lost passports, passports or dealing with victims of crime, politically motivated violence, ongoing violence in Somalia, sporadic violence in Gambella, explosions, sabotage and train derailment between Ethiopia and Djibouti is possible., serious disturbances in Adsis, poor human rights record, Tigray, Afar and remain predominantly a military zone, Homosexuality is illegal, and five years imprisonment, drug offences serious. Visa needed, Yellows fever, departure tax, malaria prevalent, water borne diseases, HIV, Petty theft and mugging in the Piazza are increasing</p>	<p>Key Advice: The overall countrywide situation as of June 2006 is stable. Exercise caution in Eritrea border areas; Discourages travel to Ethiopia's Somali region and travel warning issued for Somali; travel to Afar discouraged; travel to Gambella region discouraged.</p> <p>Additional advice: Visa requires, declare electronic goods and foreign currency Discourage rail travel</p> <p>Regularly monitor internet site. Maintain security awareness and avoid large crowds. Exercise caution in Mercato area. Caution at all times when travelling by roads and in daylight. Remain extremely vigilant (USA). Exercise caution in remote areas (USA)</p> <p>Overall situation is stable; Disturbances/civil unrest in Addis and other Cities; opposition leaders arrested.; Bomb explosions in Addis and Jijjiga</p> <p>Peace deal signed in 2002 with Eritrea; Abductions and banditry in</p> <p>Sporadic ethnic clashes in Gambella (presently calm but unpredictable).Kenyan border area incidents of ethnic conflict and banditry; Pick pockets and snatch and run are common is Addis ; Highway robberies, carjacking outside urban areas; Limited emergency medical facilities; Malaria is prevalent outside of highland areas; High prevalence of HIV/AIDS. Possible outbreaks of typhoid,; Unpredictable driving and poorly maintained roads</p>	<p>Key Advice: Strongly <u>advised not to travel</u> To (border areas with Kenya, Somalia (particularly Ogaden) and Sudan border areas, including Gambella area; border area with Eritrea, described as extremely dangerous). Reconsider the need to travel to Ethiopia because of high threat of terrorism against western interests.</p> <p>Additional advice: Particularly vigilant in lead up to national days of significance as militants may use this time for attacks; consider places known for terrorist attacks, such as public places or those frequented by foreigners. Make two copies of valuable documents</p> <p>Don't carry too much cash; Lock luggage. Keep passport safe; Concerns over airline safety search Civil Aviation authority. Ensure comprehensive insurance is had.</p> <p>Listed risks: Upsurge in violence in Harer and Gode; explosions, protestors killed, no consulate services (use Canadian), Kidnapping, Conflict in neighbouring countries could spill over, attacks against symbols and buildings of the government, terrorism, civil unrest, border tensions with Eritrea, landmines, High prevalence of HIV, pickpockets, bag and jewellery snatching is common.. flooding in June –September, death penalty for serious crimes, Homosexuality illegal, photography around military bases, Malaria prevalent, water borne diseases, altitude sickness, cases of bird flue,</p>	<p>Key Advice: (Official Warning) <u>Avoid all travel</u> to: border areas with Eritrea and Dhanakil Desert, bounded by the Dessie-Adigrat road; Dijouti roat and Ethio- Eritrean border; east and south of Jijjiga in Ogaden and Ararge areas towards toward Somali border areas. Countries or parts of countries we advise caution to Addis Abada. Exercise high degree of caution (to all country or region</p> <p>Additional advice: Avoid Public areas demonstrations/large crowds (UK) / Avoid large gatherings (Australia) Monitor local developments, avoid large crowds and demonstrations (Canada). Carry photo ID and cooperate with law enforcement officials (Canada). Remain in contact with embassy. Ensure personal belongings secure: Canada. Visa necessary /proof of yellow fever vaccination/declare large electrical goods, avoid photographs of military, avoid night overland travel. Not recommended to travel by train. Stay informed of local weather conditions. Avoid swimming in lakes because of parasites. Permits required for animal/antique products. Avoid speaking in public areas about politics (Canada)</p> <p>Low level unrest and sporadic clashes between students and security forces in rural areas (especially Oromiya and Amhara regions); Armed clashes with Ethiopia and Kenya/refugees (Canada);Cross border banditry in Ethiopia (Canada); Bombings, general strikes and security force deployment in Addis. Can reoccur with out warning, despite relative peace since 2005 ; Ethnic unrests, violent demonstrations and military operations in Gambella region. Banditry common (Canada); Military operations/landmines east and south of Jijjiga in Ogaden and Ararge areas towards toward Somali border areas (Canada); Several armed groups hostile to govt operate in Kenya border areas (Canada); Risk of terrorist attack remains high in Addis and other Cities (Hotels targeted). Canada; Petty theft and violent crime increased in Addis. Pickpocket and thieves active, particularly in Piazza, Merkato and other areas where foreigners congregate. Strict punishments for overstaying visa (Canada)</p> <p>Evidence of yellow fever vaccination (Canada); Homosexuality is illegal; Permits required for animal skins and antique religious artefacts. Must declare computers, video equipment; Photography prohibited near military installations; Roads poorly paved and lit. Highway robberies increasing. Train derailments/bombings frequent.; Active seismic area</p> <p>June – September subject to flooding. ATMs limited/ensure adequate supplies of hard cash</p>	<p>Advise against border crossings with Eritrea. Advise against non-essential travel east of Hara to gode line</p> <p>Advise against travel to Gambella region</p> <p>Travel in convoy to Kenya border</p> <p>Check political situation before setting out to Djibouty by road or rail.</p> <p>Security conscious</p> <p>Hazards: tense political situation in Gambella; situation volatile in Addis; demonstrations and bombings have occurred.</p>

Source: UK FCO (2007), USA SD (2007), ADFA (2007), CFAIT (2007) and NZMFA (2007)

Appendix P - Table highlighting the key security and instability events

	Uppsala Data Base	CSP DATA	War Neighbours	Terrorist Attacks and kidnapping	Government Change	Ethnic Tensions	Strikes Riots, Demonstrations	Other key events (e.g environmental disasters)
2007	<p>5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M);</p> <p>March/April Ethiopian army used heavy artillery indiscriminately in Mogadishu, Somalia, displacing 40 to 50,000 people.</p>	<p>Conflict 1 Ethiopia (EW, M1, C 500, L, NA);</p>	<p>UCDP – Sudan/other groups – W</p>	<p>5 Aug (1F, 12 injured); 28 May (5 F, 52 I); 24 April (1 F, some kidnapped); 1 March 13 (Kidnapped); 24 Aug (74 F);</p>				<p>Government committed serious human rights abuses, including rape, torture and village burning during campaign against Ethiopian rebels in Somali region, most notably Oromi state. Mass arrests and extra-judicial killings, economic sanctions</p> <p>In Addis govt pardoned many opposition leaders and journalists detained since 2005</p> <p>Mass arrests in Mogadishu</p> <p>2/3 of Norwegian diplomats expelled for criticising governments human rights record</p>
2006	<p>1000 of soldiers deployed in Mogadishu in late 2006 as part of the campaign to rid the government.</p>		<p>UCDP – Sudan/other groups – W Sudan Conflict 1 – W intensity; Somalia Conflict M intensity 16 Oct reports of troop/tank movement by UN mission. No fly zone declared</p>	<p>3 Sept (1 F, 7 injured.); 27 May bomb (?); 11 June (number of F); 12 May explosions (4 F, 43 I). More explosions on 7 and 27 March (1 F, 17 I); 20 Sept 2 aid workers kidnapped near.</p>				<p>Troops go into Somalia; Rising tensions with Eritrea</p> <p>More arrests by govt on opposition. Journalists jailed</p> <p>Orama Liberation Front continued armed campaign against the government</p> <p>Threats of drought</p> <p>Islamic groups in South have increased with more sophisticated weapons..</p>
2005	<p>5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M);</p>		<p>UCDP – Sudan/other groups- MinorUCDP – Eritrea/ELJM)- Minor Sudan Conflict 1 – M intensity</p>		<p>May Elections- EPRDF remain in power</p>	<p>Sept – Oct clashes between Christian and Muslims in Jimma Zone, Agaro town.</p>	<p>June –Nov Protests and riots/Serious disturbances after elections</p> <p>42 Killed initial protests of elections result and 60 wounded. 4,000 arrested.</p>	<p>Drought continues .1.75 million in need of humanitarian aid in South. Prospect of border violence reported</p> <p>Leading NGO in Oromia state was closed by government.</p> <p>Ban on demonstrations placed</p> <p>Mengista convicted in Absetia.</p>
2004	<p>5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M);</p>		<p>UCDP – Sudan/SPLM/A – W Sudan Conflict 1 – W intensity</p>				<p>Rally demanding fair vote</p> <p>Jam 330-340 Addis university students demonstrating against arrests, were themselves arrested.</p>	<p>Ambitious relocation programme hoping to move people from over-used highland area (controversial), from BBC Time line</p>
2003	<p>5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M);</p>		<p>UCDP – Sudan/SPLM/A – W Sudan Conflict 1 – W intensity</p>			<p>US SD note episodes of train derailment in Feb 2003/</p>		
2002	<p>5. Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M);</p> <p>July 150 Oromo rebel; and 340 captured in 2 battles with national army near Gambela.</p>		<p>UCDP – Sudan/SPLM/A – W Sudan Conflict 1 – W intensity; Somalia Conflict M intensity</p>			<p>In Tepi, 2 ethnic groups the Shekio and the Majenger clashed in March with local officials and police over human rights. At least 18 died. Subsequently more were killed and villages raised, leaving some 5,800 people homeless</p> <p>Over 1,000 arrested.</p>	<p>Early 2002, 5 students killed as protests violently dispersed in Oromiya state</p> <p>More unrest in July and more violence in region</p> <p>May soldiers fired upon 3,000 demonstrators in Awasa (South of Capital)</p> <p>Police violence in Tepi and Awassa in South resulted in hundreds dead and mass arrests. In</p> <p>In city of Awassa on 24 May police used machine guns on armoured cars to shoot into a crowd of protesting farmers. At least 17 died.</p> <p>March/April in Oromiya police shot into student demonstrations, 700 or more arrested</p>	<p>Boundary Commission set up in 2000 April EEBC announce decision on border</p> <p>Admitted to the IMF Heavily Indebted Poor Countries (HIPC) and so gets debt relief</p> <p>Violent crackdown on students in Oromiya regional state.</p>

2001	5. Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 2. Turkey (T, Intra, M)		UCDP – Sudan/SPLM/A – W Sudan Conflict 1 – W intensity			November riots with many arrests and injuries	April students went on strike in Addis to protest against governments repressive policies.. Repressed by government resulting in 40 deaths, 200 injuries, hundreds arrested	2 leading human rights activities arrestee on grounds of incitement.. August 2001 respected Women's Lawyers groups suspended. 100 members of Ethiopian Democratic Party and 30 members of the AAPO were arrested. Opposition parties boycott zonal elections in December 2001
2000	5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 6. Ethiopia (T, Inter, W, Terminated);	2.Ethiopia/Oromo(EW, M1, F, C 2000, TG) 3. Ethiopia/Eritrea (IW, M5, C100,000, F, TG)	UCDP – Sudan/SPLM/A – W Sudan Conflict 1 – W intensity ;Somalia Conflict M intensity	Dece 2003 UN personnel ambushed and killed in Gambella region	May elections- EPRDF remain in power. Meles 2 nd victory			Accusations of electoral rigging and irregularities
1999	5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 6 Ethiopia (T, Intra, M);;	2.Ethiopia (EW, M1, A, TG) G)	UCDP – Sudan/SPLM/A – W UCDP –Djibouti i/FRUD Minor Sudan Conflict 1 – W intensity					
19988	5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 6. Ethiopia (T, Inter, W);		UCDP – Sudan/SPLM/A – W UCDP –Eritrea/ELJM)- Minor Sudan Conflict 1 – W intensity					
1997	5 Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 6 Ethiopia (T, Intra, M);		UCDP – Sudan/SPLM/A – W UCDP –Eritrea/ELJM)- Minor Sudan Conflict 1 – W intensity					
1996	3 Ethiopia (G, Intra, M), 5. Ethiopia (G, Intra, M); 2 Ethiopia (T, Intra, M); 6 Ethiopia (T, Intra, M);		Sudan Conflict 1 – W intensity; Somalia Conflict M intensity UCDP – Sudan/SPLM/A – W UCDP –Djibouti i/FRUD Minor					
1995	2 Ethiopia (T, Intra, M); 1.		UCDP – Sudan/SPLM/A – W		May 1 st elections EPRDF Landslide victory			New constitution in theory and extreme progressive document
1994	2 Ethiopia (G, Intra, M);		UCDP – Sudan/SPLM/A – W					

Source of data: UCDB (2007), CSP (2007), UKFCO (2007), Polity IV (2007), FH (2007) and Human Rights Watch (2007).

UCDB Key: Type of incompatibility: G= Government; T = Territory; Dimension: Intra = Intrastate; Inter = Interstate); Conflict Intensity: W = War; M = Minor

Key (EV = Ethnic Violence; EW = Ethnic War; IV = Interstate Violence; CV = Civil Violence; IW = Interstate War; EV = Ethnic Violence; CW – Civil War). M = magnitude and scale; C = number of casualties, which is only recorded in the last date of conflict as it is a summative value); **HR = means high risk of conflict returning; A = means the conflict is still live or active; D = means the conflict has diminished in intensity;**

CSP Key: Key –Episode type is listed according to two character codes. The first character denotes either a Civil-intrastate involving rival political groups; (**E**)thnic-intrastate involving the state agent and a distinct ethnic group; or (**I**)international event-interstate, usually two or more states, but may denote a distinct polity resisting foreign domination (colonialism). The second character connotes either an episode of (**V**)violence- the use of instrumental violence without necessarily exclusive goals; (**W**)ar-violence between distinct, exclusive groups with the intent to impose a unilateral result to the contention; or i(**N**)dependence-an attempt to forcibly remove an existing foreign domination. **Red = Polity IV source; Blue = Fund for Peace; Green = Freedom House commentary; Purple UCDP; Yellow = Advice sites**

Pink = Freedom House; Turquoise – Human Rights Watch.

Appendix Q - Recording the number of terrorist incidents for Ethiopia

Year	Month	Type of incident	Injuries	Fatalities	Location	Target	Group	Source	Comment
2007	6 Aug	bomb	8	1	City of Jijiga Eastern Ogaden (Somali region)	Religion Christians	Mujahideen Youth Movement	MIPT ADFA UKFCO	Church and market bomb Note: A DFA locates this attack in the area east of Harer & Gode on 5 th August..UK FCO also date it on the 5 th August, but cite 1 killed and dozen injured.
2007	Sept	bomb	7	1	Jijiga	Business	Unknown	MIPT	Grenade thrown into a bar
2007	28 May				Jijiga Stadium	Civilians	Not cited	ADFA UKFCO	ADFA cite that one of the attacks was in the stadium which killed 5 and injured 50. UK FCO cite it as at least 5 killed and 52 injured.
2007	24 April	Firearms And kidnapping	unclear	74	Obele, Ogaden region	Business	OLF	ADFA UKFCO US SD	Cite 74 people killed working for an oil company, including 9 Chinese nationals in Ogaden area. .A number of foreigners was also kidnapped but later released.UK locates it more specifically in Obele region.
2007	1 March	Kidnapping	0	0	Danakil desert area/Afar region	Tourists		ADFA UK FCO	Western nationals kidnapped including embassy staff. No reports of final results reported by ADFA) UKFCO report 14 kidnapped and later released unharmed on the 13 March and locate it more specifically near lake Asele
2006	20 Sept	kidnapping	0	0	Gode	NGOs	Unclear	UKFCO	Note report by ICRC that two aid workers were kidnapped but later released.
2006	11 June	Bomb	Unclear	Unclear	Gambella	Transport	Not specified	UKFCO	Stated that a number of deaths occurred on a bus travelling from Addis to Gambella region.
2006	3 Sept	bomb	1	7	Jijiga	Civilians	Not specified	UKCO	UKFCO note that a recreation centre was attacked with grenades
2006	27May	bomb	42	0	Jijiga	Business	Unknown	MIPT UKFCO	3 bombs one in a café UK FCO note the same number of injuries.
2006	27May	bomb	Unknown	Unknown	Jijiga	Business	Unknown	MIPT	One of the 3 bombs
2006	27May	bomb	Unknown	Unknown	Jijiga	Business	Unknown	MIPT	One of the 3 bombs
2006	12 May	Bomb	43	4	Addis Ababa	Civilians	Not specified	UKFCO	Explosion sin Addis in Plaza and Mercato
2006	April	bomb	37	3	Gedo city, 250 km west of Addis	Civilians	Unknown	MIPT	Possible connections to protests over 2005 elections.
2006	7 March	bomb	4	0	Addis Ababa	Business	Unknown	MIPT UKFCP	3 bombs, with 3 rd outside a hotel (hints of Eritrean involvement) UKFCO also cite an attack on the 27 th March and state that one person killed and 17 injured, but it is unclear if this relates to the 7 th march or the 27 th g.
2006	7 March	bomb	4	0	Addis Ababa	Business	Unknown	MIPT	3 bombs, with 3 rd outside a market(hints of Eritrean involvement)
2006	7 March	bomb	4	0	Addis Ababa	Business	Unknown	MIPT	3 bombs, with 3 rd outside a restaurant(hints of Eritrean involvement)
2006	Jan	bomb	0	0	Ambo City in West	Education	Unknown	MIPT	School targeted, locals blame ERDF (ruling party) to legitimise school crackdown
2004	May	bomb	0	0	Gedeo zone	Educational	OLF	MIPT	Grenade attack on a teacher college
2004	May	bomb	3	1	Bishoftu	Business	OLF	MIPT	Grenade attack
2004	Jan	bomb	0	0	Addis Ababa	Transport	Unknown	MIPT	Oil tanker sabotaged
2003	Dec	Firearms	Not specified	Not specified	Gambella region	NGOs	Not specified	UKFCO	UKFCO note that a number of UN workers ambushed and killed.
2003	Sept	Armed attack	Unknown	1	Figa, South Eastern	NGO	Unknown	MIPT	Staff from a UK NGO ambushed (Near Somali). Rebels attacked a land cruiser, from Save the Children
2003	May	Bomb	2	9	Adiquala	Transport	Unknown	MIPT	Attack on a train travelling from Dire Dawa to Djibouti. Detonated outside the train. OLF blamed but denied responsibility.
2003	May	Bomb	12	0	Moyale, near Kenya	Business	Unknown	MIPT	12 people in a hotel wounded. Area of unrest.
2003	Feb	Sabotage	Not specified	Not specified		Transport	Not specified	US SD	Just comment that trains sabotaged in 2003.
2003	Jan	Bomb	1	0	Agrodad city	unknown	unknown	MIPT	Mortar explosion near livestock
2002	Sept	Bomb	38	1	Addis Ababa	Tourists	Unknown	MIPT	Hotel destroyed OLF blamed
2002	July	bomb	Unknown	Unknown	Dire Dawa	Citizens	OLF	MIPT	Bomb set in a parked fuel tanker.
2002	June	Bomb	Unknown	Unknown	Dire Dawa	Government	OLF	MIPT	Bomb attack of railway headquarters
2000	Aug	Assassination Rocket attack	0	6	Liben, Eastern Ethiopia	Govt	Unknown	MIPT	6 election monitors killed in run up to election
2000	March	Bomb/landmine	1	14	Moyale	Citizens	OLF	MIPT	14 Kenyans killed when truck went over a landmine
1999	Nov	Bomb	1	2	Melka Jeldu	Transport	Unknown	MIPT	Train attack on a Addis Ababa train travelling from Dire Dawa OLF claimed
1999	April	Kidnapping	0	0	Not specified	NGO	OLF	MIPT	French aid workers kidnapped
1997	March	Kidnapping	0	1	Delo Menna	NGO	Unknown	MIPT	Danish nurse kidnapped and killed and another passenger
1997	Feb	Bomb	7	2	Harer	Business	Unknown	MIPT	Grenades thrown into Belaneh hotel. British, German and Dutch citizens injured.
1996	Nov	Hijacking	48	127	Addis Ababa	Airline	Unknown	MIPT	Ethiopian airline plane crashed into ocean after running out of fuel. 125 killed out of 175.
1996	Aug	bomb	17	1	Addis Ababa	Business	Unknown	MIPT	Hotel bomb, including a Belgian citizen killed.
1996	Jan	bomb	20	4	Addis Ababa	Business	Al-ittihaad al-Islami (AIAI)	MIPT	Bomb in a hotel with many foreigners amongst the injured.
1995	Sept	Firearms	0	2	Not specified	NGO	Unknown	MIPT	2 Sudanese killed
1995	June	Firearms/ Assassination	0	4	Addis Ababa	Govt	Hezbollah Al-Gama'a al-Islamiyya	MIPT	Attempt to assassinate Mubarek of Egypt
1995	Mar	Bomb	0	0	Addis Ababa	Govt	Unknown	MIPT	2 grenades thrown in USAID offices
1994	Jan	firearm	0	0	Addis Ababa	Diplomatic	Unknown	MIPT	US diplomat fired at.

Source of Data: MIPT (2007)

Appendix R- Identification of key hazardous events in terms of geographic locations

<p>External Conflicts: Ethiopia-Eritrea (1964 – 1991 then 1998-2000); Ethiopian invasion of Southern Somalia (January 2007). Somalia town of Guriet on place of conflict in December 2006. Note border towns of Bula Hawo, near Kenyan border, and occupied Somalia towns of Luk, Baidoa (BBC News, July 2006) Ethiopia – Somalia (1996-1999); Border/diplomatic issues: Djibouti and border areas with Somaliland; disputes over Ethiopia and Eritrea, primarily based around town of Badme which still hasn't been resolved; disputes over areas between Kenya and Ethiopian borders; Somalia claims part of Ogaden territory, and the war with Somalia in 1977 still lingers in the memory (legacy of vengeance). UN Peace keeping operations: UNMEE Ethiopia/Eritrea (2000 to 2007) – the Temporary Security Zone (TSZ) which is mostly in Eritrea border areas. Landmines – Eritrea, Sudan and Somalia border areas</p>	<p>Internal Conflicts: Ethiopian govt – Afar region (1975 -1996); Ethiopian government – Ogaden region (1996 – ongoing); Ethiopian government – Oromiya (Combined opposition groups, OLF & ONLF) (1974 – ongoing); The conflict between the Ethiopian government – Opposition groups is not highlighted as it was geographically dispersed, occurring between 1977 -1991) . Armed rebel groups/military activity: Somali, Oromiya and Afar regions.</p>	<p>Terrorism Incidents: T 1 .Addis Ababa (11incident) ; T2 City of Jijigi (7 incident); T3 Obele (Ogaden region) (1 incident) ; T4 Danakil desert (afar region) (1 incident); T5 Gode (1 incident); T 6 Gambella (2 incidents); T7 Gedo City (West of Addis) (1 Incident) ; T 7 Ambo City (West)(1 incident); T 8 Gedee zone (2004 bomb); T 9 Figa town (SE near Somali)(1 incident); T10 Adiquala / (2003 train attack from Dire Dawa to Djibouti); T 10 Moyale (near Kenya,) (2 attacks also risks of banditry/kidnapping highlighted by UK FCO) ; T 11 Agrodatt city (1 incident); T12 Dire Dawa (2 incidents);T 13 Liben (east) (1 incident); T 14 Mela Jeldu (1 incident); Dela Menna (1 incident); T 15 Harer (1 bomb incident)</p>
<p>Refugees: (Country of origin): 93,032 (Sudan) 23,578 (Somalia) IDPs: 132,000 (border war with Eritrea from 1998-2000 and ethnic clashes in Gambella; most IDPs are in Tigray and Gambella Provinces) (2004)</p>		<p>Key attractions and Ethnic Groups:- A1. Askum (UN Listed) (former site of great civilisation); A2 Lalibela (rock hewn churches, compared with Petra.); A3 Gondor 17th Century castles, Fasil Ghebbi UN Listed; A4 Harar Jugol fortified town, in Eastern part (UN Listed); A5 Lower valley of Awash, paleontological remains (UN Listed); A6 Tiya (UN Listed); A7 Qohaio – ancient monastery ruins clinging to a rock face (p353 of Lonely Planet); A8 Tigray (LP,p147)</p>
<p>Riots: General: Addis Ababa – large scale riots reported in 2005 and 2001, which spiralled into violence, hundreds of deaths and thousands arrested Ethnic: Gambella region (Western lowlands of Addis) – violent clashes between Anuak and Nuer (Sudanese heritage) (Lonely Planet 2007, p248); In 2002 violent riots and killings recorded in towns of Itang and Gambella; 2003 more reports of attacks in areas, but specific locations not specified. Annuaks killed and homes burnt in 2003. More reports continue into 2004. Tepi (In Southern Lowlands) – two ethnic groups the Shekio and the Majenger clash in March 2002, Many die and thousands made homeless. Jimma Zone & town of Agaro – violent clashes between Christians and Muslims</p>		<p>Key Ethnic Groups E1 Oromo 32.1% ; E2 Amara 30.1% E 3 Tigraway 6.2%; E4 Somalie 5.9%; E5 Guragie 4.3%; E6 Sidama 3.5%; E 7 Welaita 2.4%</p>
<p>Other (e.g. crime, accidents etc.) Travel Risks Travel border restrictions with Eritrea Train derailment/sabotage: Between Ethiopia and Djibouti UKFCO: Essential travel only (principal roads/towns within 50 kilometres of the border areas with Eritrea; Danakil desert area bounded by the Dessie-Adigrat road, the Dessie-Djibouti road and the Ethiopian/Eritrean border; 50 kilometres of the borders with Sudan and Kenya; travel within 20 kms of the Eritrean border in the Tigray and Afar regions; Gambella region</p>		<p>Natural Hazards N1 – Flooding; N2 Droughts ; N3 Locusts Government repression Orami state (Somali region) – village burning, mass arrests and other human rights abuses.</p>

Source of map: Planning expedition map from XCL expedition, drawn during a training weekend.

Appendix S - Explaining the polity IV scores for Ethiopia

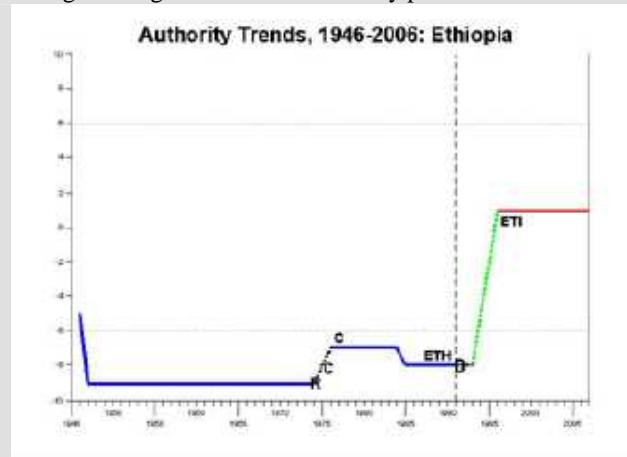
1. Introduction: They use *Webster's New World College Dictionary* definition of polity as "a political or governmental organization: a society or institution with an organized government: state: body politic"

2. Explaining the Graph

Looking at the graph a number things can be observed:

The graph examines the Polity Score (see below) over time. The graph illustrates how it has made some progression from being strongly autocratic, when it was below 0, to slightly less so. The score of 1 in the 1990s is one skewed towards autocracy, which can be verified by other data (e.g. FH data).

- The **blue line** and marker denotes a revolutionary war.
- The **green line** marks denotes a transitional period, which is reflected in the EPRDF seized power from Menigisu Marxist dictatorship, with a new interim government set up, led by Meles Zenawi.
- The **red line** marks the new polity scores (most will be in red), the beginning of a new regime established by the elections in 1995.
- The C refers to military coup, which occurred in 1974, deposing Haile Salassie, followed by another in 1977.
- The ETH .
- The vertical dotted line is a marker point for the collapse of the communist regimes.



Score:	2004	2005	Change
Polity:	1	1	0
Democ:	3	3	0
Autoc:	2	2	0
Durable:		13	
Tentative:		Yes	

The **Polity** scores is computed by subtracting the Autoc with the Democ score, with + 10 being strongly democratic and -10 being strongly autocratic. In the instance of Ethiopia it is much more strongly skewed towards the autocratic scale. The low score reflects the fact that despite having the process of elections, these are weak in terms of competitiveness and quality.

The **Durable** Score relates to the number of years the regime has been in power, which for Ethiopia has

3. Explaining the Codes

The **Democ** codes the degree of institutional democracy, and is based on assessing the degree of democracy which is conceived as three independent elements: presence of institutions and procedures through which citizens can express interests in the political process; presence of institutions which constrain the executive; the guarantee of civil liberties. The **Democ** indicator is an additive eleven point scale (0-10) is based on these concepts, and is made up by cumulatively adding the following weighted factors: **XRCOMP; XROPEN; XCONST & PARCOMP** (See below).

The **Autoc** codes the degree of institutional autocracy (interestingly they use it in a more neutral way, rather than a pejorative term), which essentially focuses on examining the degree the process of the selection of elites is regularised; the repression of political competition and the ability of the executive to operate with few constraints, along with the degree of regulation of economic and social life. The same 11 point additive scale is used, derived from certain the weighted coding or elements of the: **XCOMP; XROPEN;**

been 13 years, which reflects when in 1995 there was a semblance of return to democracy, but it was dominated by the EPRDF and marred by violence (part of the reason for the low Polity score).

XCONST; PARREG; PARCOMP.

In the instance of Ethiopia then, it failed to score high in any of the selected sub categories of the XCOMP; XROPEN; XCONST; PARREG; PARCOMP.

4. Explaining the composition of the scores

The reason why the Democ and Autoc scores do not reflect the cumulative values from the categories in the below table, is because each of these are elements constructed by a number of sub-categories, but the Democ, or Autoc code only use some of these. For example, the XCOMP uses **three weighted measured** categories: **Selection**, **Transitional** (+1) and **Election** (+2) and selection (+2). For the Democ it uses the Election and Transitional, whilst the Autoc score uses only the Selection score. There are a number of codes which indicate foreign interruption (-66), cases of “interregnum” or anarchy (-77) or cases of transition government (-88), which can actual exist for a number of years./

SCODE	ETI	CCODE	529	Date of Report	1 October 2007
Polity IV Component Variables					
XRREG	XRCOMP	XROPEN	XCONST	PARREG	PARCOMP
2	2	4	3	3	3
Date of Most Recent Polity Transition (3 or more point change)					
End Date			Begin Date		
			24 May 1993 (New)		

5. Explaining the Codes

The **CCDE** refers to the country number code relevant when looking up the values in the Excel spreadsheet.

- The **XXREG** refers to the regulation of the executive, with three categories coded to differential the extent of institutionalization (1. **Unregulated**; 2 **Designation/Transitional** ; 3 **Regulated**). For Ethiopia, the score of 2 reflects the Designation/Transitional category, which reflects the process of the chief executives selected without formal competition (e.g. one-party systems or rigged elections).
- The **XRCOMP** refers to the competitiveness of the executive recruitment with three sub categories used (1. **Selection**; 2 **Dual/Transitional**; 3. **Election**.) The code of 2 for Ethiopia reflects the transitional and restricted nature of the elections.
- The **XROPEN** refers to the openness of executive recruitment and is based on 4 sub categories (1. **Closed**; 2 **Dual Executive Designation**; 3. **Dual Executive**-; 4 **Open**). For Ethiopia the code of reflects the fact that the chief executives are selected by transitional arrangement, which in practice are closed.
- The **XCONST** refers to the constraints on the executive and has 7 sub category codes (1. **Unlimited Authority**; 2 intermediate category; 3 Slight to moderate control; 4 intermediate category; 5 Substantial limitations on Executive; 6. Intermediate category; 7 Executive parity). The score of 3 for Ethiopia reflects the slight to moderate constraints code, with the legislature still very weak.
- The **PARREG** relates to the regulation of participation and how preferences are expressed, such as through the channelling of expression through single or multi party systems. There are 5 sub-category codes (1. **Unregulated**; 2. **Multiple identify**; 3 **Sectarian**; 4. **Restricted**; 5. **Regulated**). The code of 3 for Ethiopia reflects the sectarian/ethnic nature of the politics which can be marked by incompatibility of interests, intransigence and posturing by multi-identity groups. Also restrictions on groups.
- The **PARCOM** refers to the degree of competitiveness of political participation. It has 6 sub categories (0 not applicable; 1. **Repressed**; 2 **Suppressed**; 3. **Factional**; 4. **Transitional**; 5. **Competitive**). The score of 3 reflection the factional and restricted competition of Ethiopian politics, which has been dominated by the EPRDF party, which in turn is dominated by the Tigrayan elites.

Very importantly it should be noted that one of the concept variables ARE NOT presented in the data summary above, which is the Executive Recruitment variable (EXREC), yet this is one of the key variables which Goldstone *et al* (2005) use in their classification. To find this value, one needs to scrutinizes the qualitative analysis which follows the summary scores and look at the numbered figure in brackets next to the Executive Recruitment categorisations

Source: Polity IV (2007)

Appendix T – Analysis of key input indicators

Factor	Analysis
Economic indicators (Growth related)	In relation to the key economic measures the picture is not necessarily optimistic, as Table 7.7 reveals. Ethiopia emerges as one of the poorest countries in the world, with its GDP per capita for 2005 being only \$1,000, which when considered in relation to the percentage below the poverty line of 38 %, reveals that what wealth there is, is unevenly distributed. In terms of the patterns of growth, it is still relatively modest, punctuated by some periods of decline, which reflects the fragility of its economic base, being agrarian based, operating in some very hazards environmental conditions. These factors can make it particularly prone to the development of frustration gaps.
Economic indicators (Stability)	In terms of inflation, the rate of 13.5% is quite high, but when looked at over time, one can see a wide degree of fluctuation in terms of inflation and deflation. This can be used as another indirect indicator for frustrations.
Economic indicators (debt)	The high amounts of internal and external debt, low exports and a balance of trade deficit, together with the composition of the economy being heavily dependent on agriculture, vulnerable to natural hazards, or global price fluctuations, such as its dependency on coffee as a key export, all point to further signals that can give cause for concern and show a vulnerable economic system.
Social welfare indicators	One of the most alarming figures is the very high infant mortality rates, which for 2005 is 91.92 per 1,000. This rate places Ethiopia in the 75 th plus score, which the PITF observed can indicate a country far more vulnerable to conflict. The relatively low life expectancy (49.23 years), high incidence of aids and very low HDI scores also act as additional warning signals of some inherent social problems which need to be dealt with and could act as a potential source of tension and frustration. Although there are improvements in these scores, they are still very modest.
Social Divisions	The social division indicators point more towards a country vulnerable to conflict and instability, rather than stability. Here the data from the CIA database does not do justice to the full range of diversity for the country, as they only highlight eight key ethnic groups, in addition to the various religious and language differences, compounded by poor welfare standards and high degrees of poverty. The nature of the political system can mean it can serve to reinforce ethnic divisions, whilst the autocratic nature of the government can mean group frustrations may be denied legitimate means of expression, and so grievances can grow, even fester. As it stands, calls for change are likely to take a more dramatic, explosive form, such as riots and demonstrations, unless avenues of political expression are opened up.
Social Divisions	The MAR data is particularly useful in assessing the different key groups and the potential for conflict (Afars; Somalis; Amhara, Tigreans, Oromo are the key groups highlighted), with the Oromo being the most active and involved in a variety of terrorist attacks over recent years
Social Divisions	Group tensions are compounded by the high numbers of refugees which seem to occur annually, some through conflict, but many through food scarcity as a result of the natural environment; a scarcity, which can be intensified by the population growth and the youth bulge.
Natural indicators (climate and geography)	The climate and geography make up means that it is particularly vulnerable to natural disasters. In its favour, however, the relative lack of resources (a key driver of conflict in other parts of Africa) is reduced. Many restrictions by opposition group (indicated by the PARCOM code), the modest controls on the executive (indicated by XCONST code) and Perhaps most worryingly from the Polity score is the high fractional/ethnic nature of politics and political divisions (indicated by the PARREG code).
Natural indicators (Disease)	The high incident rate of Aids is a cause for concern and places more stresses on an already poor welfare structure.
Key Actors	In terms of the military, the GDP % expenditure has been reduced, which could be

	<p>interpreted as a reduction in the possible influence of the military, but the conflict nature of the region, means one should interpret this with caution. The other key indicator to consider relates to the high number of political parties which tend to fragment on ethnic lines, which can be a source of tension and possible conflict.</p>
<p>International interaction events</p>	<p>Ethiopia has been a strong supporter of America's War on Terrorism and has as a result benefited from aid. This policy, however, can act to heighten tensions with the significant Muslim population, particularly in the Somalia border areas, where more radical groups operate. As highlighted earlier, when one extends the analysis to Ethiopia's neighbors are economically weak and riven by internal violent conflicts, which have a tendency to overspill in both physical terms and travelers' perception. Finally, there is the difficulty that as the Government has clamped down on opposition, it has received more condemnation by many Western governments, criticizing its human rights record, which can pose a number of ethical risks for tourism organizations.</p>

Source; Author