



“Gheorghe Asachi” Technical University of Iasi, Romania



HOW DO COUNTRY RISK RATINGS AFFECT TOURISM ACTIVITY? AN INDIRECT MEASURE OF THE ENVIRONMENTAL AWARENESS OF COUNTRIES

Roberto Cervelló-Royo^{1*}, Angel Peiró-Signes², Marival Segarra-Oña³

*¹Universitat Politècnica de València, Economics and Social Sciences Department, 7J building,
Camino de Vera s/n 46022, Valencia, Spain*

²Universitat Politècnica de València, Management Department, 7D building, Camino de Vera s/n, 46022, Valencia, Spain

³Universitat Politècnica de València, Management Department, 7D building, Camino de Vera s/n, 46022, Valencia, Spain

Abstract

Since the link between tourism and economic growth is not automatic, a country must meet certain characteristics in order for this link to occur and make it sustainable through time. Among these characteristics, environmental and sustainable policies, the existence of hard and soft infrastructure, a regulated labour market and economic and financial indicators play a key role. Therefore, Country Risk Score (CRS) can represent a good indicator of the sustainability of countries. Using Country Risk Score data from 2012 relating to 186 countries and retrieving Tourist Arrivals data from 2012 for the same countries from the World Bank and UNWTO-World Tourism Organization databases, we apply regression analysis to study if there is any relationship between country risk and tourism activity. Results show that there is a strong relationship between the country risk, its indicators of sustainability and the tourism activity of each country clearly giving rise to policymaking implications.

Key words: country risk, environmental awareness, indicators, sustainability, tourism activity

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* Author to whom all correspondence should be addressed: e-mail: rocerro@esp.upv.es