



Impacts of Political Instability on Income and Employment in the Tourism Sector in Mombasa, Diani, and Malindi, Kenya

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Abstract

Political instability remains a major disruptor of tourism-dependent economies, particularly in destinations where livelihoods and employment rely heavily on visitor flows. In Kenya's coastal region, Mombasa, Diani, and Malindi represent key tourism hubs that generate income and employment for hotels, tourism suppliers, and local communities. Despite their economic importance, these areas remain vulnerable to political shocks such as the 2007–2008 post-election violence and subsequent election-related tensions. This study examined the impacts of political instability on income and employment in the tourism sector in Mombasa, Diani, and Malindi, Kenya. The study was grounded on Political Risk Theory and Sustainable Livelihoods Framework. It adopted a case study research design and used a mixed-methods approach involving questionnaires, interviews, and focus group discussions. A sample of 284 respondents comprising hotel managers, tourism suppliers, and local community members was selected using purposive and simple random sampling techniques. Quantitative data were analyzed using descriptive statistics and chi-square tests, while qualitative data were analyzed thematically. Findings indicate that political instability significantly reduces tourism income through declining tourist arrivals, cancellations, and reduced occupancy rates in hotels. The 2007 post-election violence led to substantial revenue losses, business closures, and debt accumulation among tourism suppliers. Employment levels were also



negatively affected through layoffs, salary reductions, and increased job insecurity across the tourism value chain. At the community level, instability resulted in widespread unemployment, loss of livelihoods, and increased socio-economic vulnerability. Statistical results confirmed a significant relationship between political instability and reduced tourism business performance ($\chi^2 = 10.977$, $p = 0.004$). The study concludes that political instability exerts both direct and indirect adverse effects on tourism income and employment in coastal Kenya. Strengthening political stability and enhancing tourism resilience strategies are essential for safeguarding livelihoods and sustaining tourism-driven development in Mombasa, Diani, and Malindi.

Keywords: Political Instability, Income, Employment, Post-Election Violence, Coastal Kenya, Mombasa, Diani, Malindi, Tourism Sector, Livelihoods

Introduction

Tourism is one of the largest economic sectors globally and a major contributor to employment, foreign exchange earnings, and economic development. The sector supports millions of jobs directly through hotels, tour operations, transport services, and hospitality establishments, and indirectly through supply chains and community enterprises. Despite its economic significance, tourism is highly vulnerable to political instability because tourists tend to avoid destinations perceived as unsafe. Political unrest, election-related violence, terrorism, and civil disturbances often lead to travel cancellations, reduced tourist arrivals, declining revenues, and job losses in tourism-dependent regions (Saha & Yap, 2014). Studies have consistently shown that political stability is among the most important determinants of tourism growth because visitor decisions are strongly influenced by perceptions of security and safety (Saha & Yap, 2014).

In Africa, tourism serves as a major source of employment and income, particularly in countries that rely heavily on international visitors. However, political instability has repeatedly undermined tourism development across the continent. Political crises often trigger travel advisories, reduce investor confidence, and disrupt tourism operations, leading to substantial economic losses. According to Saha and Yap (2014), political instability significantly reduces tourism demand and tourism receipts, particularly in developing countries where tourism constitutes an important economic activity. Consequently, communities whose livelihoods depend on tourism become highly vulnerable during periods of political unrest.

In Kenya, tourism has long been recognized as one of the country's leading economic sectors. The industry contributes substantially to gross



domestic product (GDP), foreign exchange earnings, and employment creation. In 2018, travel and tourism contributed approximately USD 7.9 billion to Kenya's GDP and supported approximately 1.1 million jobs, representing 8.3% of total national employment (World Travel & Tourism Council, 2019). The coastal region including Mombasa, Diani, and Malindi has historically served as the nucleus of Kenya's beach tourism product, attracting international visitors primarily from Europe and North America. These destinations attract both international and domestic tourists due to their sandy beaches, marine ecosystems, historical attractions, cultural heritage, and hospitality infrastructure. The tourism industry in these areas supports thousands of jobs in hotels, restaurants, tour companies, transport services, handicraft businesses, fisheries, and agricultural supply chains (Carter & Garaway, 2014).

The relationship between political stability and tourism performance became particularly evident during Kenya's 2007–2008 post-election violence. Following the disputed presidential election of December 2007, widespread violence erupted across several parts of the country, ethnically charged violence resulted in approximately 1,500 deaths and displaced 500,000 people (U.S. Department of State, 2009; Commission of Inquiry into Post-Election Violence, 2008). The crisis attracted extensive international media attention and prompted several foreign governments to issue travel advisories against Kenya. The tourism industry was severely affected: arrivals and earnings fell by 90% in the first quarter of 2008 and declined by 30% over the entire year. At least 20,000 Kenyans employed in the sector lost their jobs, and agriculture suffered approximately USD 300 million in damages (U.S. Department of State, 2009). Tourist arrivals declined dramatically from approximately 1.82 million visitors in 2007 to about 1.20 million in 2008, representing one of the sharpest declines in the history of Kenya's tourism industry (Kenya National Bureau of Statistics, 2010). Hotels along the Kenyan Coast experienced mass booking cancellations, reduced occupancy rates, revenue losses, and workforce downsizing as tourism activities slowed considerably (Muturi, 2021).

The economic consequences of the 2007–2008 post-election violence extended beyond tourism enterprises to local communities and suppliers. Hotels reduced purchases from farmers, fishermen, transport providers, and small-scale traders due to declining tourist demand. Research by Dupas and Robinson (2012) found that political instability generated significant economic disruptions that reduced incomes among households and businesses. In tourism-dependent destinations such as Mombasa, Diani, and Malindi, reduced tourist expenditure translated into lower earnings for workers, suppliers, and informal-sector operators who depended directly or indirectly on tourism activities.



Although the tourism sector gradually recovered after 2008, subsequent election periods continued to create uncertainty. The elections of 2013, 2017, and 2022 were accompanied by concerns regarding political tensions and security risks. While these elections did not result in violence on the scale witnessed in 2007–2008, periods of political uncertainty continued to influence tourist perceptions and travel decisions. Gikonyo (2024) found that political stability remains a significant predictor of international tourism performance in Kenya, with stable political environments encouraging tourist arrivals and investment while instability discourages tourism growth.

Beyond electoral violence, terrorism has emerged as a persistent threat to coastal tourism. Between 2011 and 2017, Kenya experienced an average of 60 attacks annually, with over half attributed to Al-Shabaab (The Conversation, 2024). High-profile incidents including the 2002 attack on the Paradise Hotel in Mombasa, the 2013 Westgate Mall siege, and the 2015 Garissa University attack have severely damaged Kenya's destination image. In 2014, terrorist attacks peaked at nearly 100 incidences, causing tourist arrivals to fall to 1.4 million, far below the Vision 2030 target of 3 million visitors by 2017 (Equal Times, 2014). Revenue from the industry dropped from KSh 96.2 billion to KSh 94 billion during this period (Equal Times, 2014). The coastal towns of Mombasa, Malindi, and Lamu were particularly affected, with media coverage portraying Kenya as a high-risk destination and triggering mass booking cancellations (Kabii, 2018).

The economic consequences of political instability on tourism employment and income have been well documented. Kabii (2018) observed that insecurity reduced sales volumes, customer growth, and company operations, resulting in labour reductions and increased unemployment. By May 2014, approximately 20 hotels along the Kenyan coast had closed, and more than 7,500 employees had lost their jobs between 2012 and July 2014 (Kabii, 2018). The Kenya National Chamber of Commerce and Industry confirmed that travel advisories issued by the United States, United Kingdom, France, and Australia had inflicted "great damage" on the sector, with thousands of hotel workers made redundant and several hotels declared bankrupt (Equal Times, 2014).

At the macroeconomic level, terrorism and political unrest have been shown to reduce tourist arrivals, depress wage rates, and increase unemployment. Buigut and Amendah (2015) used a dynamic panel model to demonstrate that a 1% increase in terrorism fatalities significantly reduces tourist arrivals by 0.13%. Using a computable general equilibrium (CGE) model, Njoya and Seetaram (2022) found that a permanent 3% decline in tourism spending induced by political unrest and terrorism—causes short-run and long-run contractions in GDP, aggregate employment, and household income. Specifically, their model indicated a 0.005% increase in the unemployment



rate in the short term and a 0.001% increase in the long run, alongside declines in household consumption and investment (Njoya & Seetaram, 2022). The United Nations Development Programme (2017) further noted that terrorist attacks and political violence increase uncertainty in the investment climate, disrupt household spending and livelihoods, and dissuade foreign direct investment (FDI), with terrorism risk corresponding to a decline in net FDI equivalent to 14% of GDP (Kinyanjui, 2014).

The coastal towns of Mombasa, Diani, and Malindi have experienced differentiated but interconnected impacts. Malindi, once known as Little Italy for its vibrant European settler and tourist community, witnessed a prolonged decline beginning with the 2002 Kikambala hotel attack and accelerating through the 2008 post-election violence and subsequent terror attacks (People Daily, 2019). By 2014, coastal hotel occupancy had plummeted to 10–25% during what should have been peak season, with Abercrombie & Kent closing its Malindi office and charter flights from the United Kingdom suspended (YaleGlobal, 2003). The decline in tourism-based towns like Malindi has been attributed not only to direct attacks but also to the compounding effects of media amplification, travel advisories, and the redirection of government resources from tourism infrastructure to national security spending (Njoya & Seetaram, 2022; The Conversation, 2024).

Moreover, political violence in Kenya has been linked to deeper structural factors that indirectly affect tourism livelihoods. Recent studies examining Mombasa and Nairobi counties identified political motives, economic inequality, corruption, and electoral injustices as underlying causes of political violence that undermine tourism security (Thiongo et al., 2022). These forms of structural violence erode institutional capacity to protect tourists, increase operational costs for businesses, and reduce investor confidence, thereby exacerbating employment losses and income instability in tourism-dependent communities.

Tourism destinations rely heavily on positive international perceptions. Negative publicity associated with political unrest can persist long after stability returns, affecting tourist arrivals and investor confidence. Tchouamou Njoya and Nikitas (2022) observed that political unrest and security concerns significantly reduce tourism expenditure and arrivals in Kenya, thereby affecting income generation and employment opportunities throughout the tourism value chain. The Kenyan Coast remains particularly susceptible to such disruptions because tourism generates extensive economic linkages across multiple sectors. Hotels in Mombasa, Diani, and Malindi depend on local suppliers for food products, transportation, maintenance services, and cultural experiences. Likewise, local communities benefit from employment opportunities and tourism-generated markets for goods and services. Carter and Garaway (2014) noted that coastal livelihoods are increasingly



interconnected with tourism, making communities vulnerable to fluctuations in visitor arrivals. Consequently, political instability has implications not only for tourism businesses but also for household incomes, employment security, and community welfare.

Despite growing literature on tourism and political instability in Kenya, much of the existing research has focused on tourist arrivals, tourism revenues, and national economic performance. Limited attention has been directed toward understanding how political instability affects income and employment among different actors within the tourism value chain, particularly hotels, tourism suppliers, and local communities in key coastal destinations. Existing scholarship has predominantly relied on national aggregate data, dynamic panel models, and CGE simulations that quantify broad economic losses but fail to capture the localized, sector-specific, and household-level impacts on income and employment within individual coastal destinations (Njoya & Seetaram, 2022; Buigut & Amendah, 2015). While recent studies have examined the underlying causes of political violence in Mombasa and Nairobi—identifying corruption, electoral injustices, and economic inequality as primary drivers—this body of work has focused on tourism security and destination image rather than on the direct economic consequences for workers' livelihoods (Thiongo et al., 2022). Furthermore, the differential vulnerability of tourism-dependent towns such as Mombasa, Diani, and Malindi remains empirically underexplored. For example, Malindi's economy is heavily reliant on seasonal European tourism and Italian investor communities, whereas Diani operates as a mature, high-end market with year-round international visitors, and Mombasa functions as a regional transport and commercial hub with a more diversified but still tourism-sensitive economy. These structural differences suggest that political instability may asymmetrically affect employment conditions and income stability across the three towns, yet no comparative study has systematically examined these disparities.

The consequences of this research gap are tangible. Seasonal and informal workers in coastal tourism who constitute a large portion of the workforce face acute housing insecurity, income volatility, and limited social protection when political shocks trigger demand collapses (Mwangi, 2015). During the off-season and crisis periods, many hotel workers are forced into precarious secondary employment such as subsistence fishing or casual labour, which are inadequate to sustain household incomes. Perceptions of insecurity, whether actual or perceived, have been shown to lower employment prospects and shrink local economies, yet policy responses remain generic and nationally oriented rather than tailored to the specific labour-market realities of Mombasa, Diani, and Malindi. Without evidence on how political instability affects tourism employment and income,



policymakers and industry stakeholders lack the empirical basis to design targeted resilience strategies, social protection mechanisms, and recovery interventions that address the distinct needs of workers and enterprises in each destination. Therefore, this study seeks to fill this gap by investigating the impacts of political instability on income and employment in the tourism sector across Mombasa, Diani, and Malindi, Kenya.

Theoretical Review

Political Risk Theory

The study was guided by Political Risk Theory which emerged in the international business literature during the 1960s, as scholars such as Dan Usher (1965), David Zenoff (1967), and Franklin Root (1968) began examining the risks faced by multinational enterprises operating in newly decolonized nations (Bouchet et al., 2003). The field gained significant scholarly momentum in the late 1970s, particularly through the seminal work of Stephen J. Kobrin. He systematically reviewed the extant literature and identified a fundamental conceptual problem: researchers were adopting widely varying and often problematic definitions of political risk, with many equating it simply with "governmental interference with business operations" or with discrete political events such as coups, civil unrest, and expropriation (Kobrin, 1979). Kobrin criticized these approaches for their normative assumptions and lack of analytical rigor, even suggesting that the term political risk might be abandoned altogether. Instead, he proposed a more nuanced definition focused on events "motivated by or [that] have as their objective the maintenance or modification of power or authority relationships at the governmental level... [that] will reduce returns to the point where the project would be no longer acceptable on the basis of ex ante criteria" (Kobrin, 1979, p. 73). This definition shifted attention from isolated events to underlying political processes and their economic consequences for firms.

The theoretical foundations of political risk analysis were further elaborated by scholars such as Thomas Brewer (1981), who examined the institutional determinants of foreign direct investment under political uncertainty, and by Howell and Chaddick (1994), who advanced models for political risk assessment. A significant evolution occurred with the work of Ilan Alon and Theodore T. Herbert, who in their 2009 work distinguished between macro political risk defined as risk across entire industries, countries, or geographic regions and micro political risk, which is firm-specific and stems from economic, societal, and governmental forces within a host country (Alon & Herbert, 2009). Alon and Herbert (2009) posited that while macro political risk assessment tools were readily available, there was surprisingly little guidance for identifying and assessing firm-specific political risks. They



compiled firm-specific variables affecting micro political risk profiles and advanced an innovative methodology for executives to assess these risks, thereby extending the theory beyond broad country-level indicators to the operational realities of individual enterprises.

The Political Risk Theory, as it has evolved, can be summarized as follows. First, political risk is not merely about government actions but encompasses a broader political environment including societal forces, international relations, and institutional dynamics (Alon & Herbert, 2009). Second, political risk can be both episodic (discontinuous events such as terrorist attacks or coups) and continuous (ongoing processes such as policy instability or regulatory uncertainty) (Robock, 1971; Oetzel & Oh, 2015). Third, the consequences of political risk are not inherently negative; as Robock (1971) noted, political risk can result in gains as well as losses, though contemporary usage predominantly emphasizes negative impacts. Fourth, political risk directly affects economic outcomes particularly investment returns, employment levels, and business performance through mechanisms such as travel advisories, demand collapses, operational disruptions, and asset devaluation (Kobrin, 1979; Alon & Herbert, 2009).

Despite its utility, Political Risk Theory has attracted several critiques. Kobrin (1979) himself acknowledged that assigning causality to events based on their political motivation is exceedingly difficult, especially as the role of government has expanded into all corners of the modern economy. Fitzpatrick (1983) criticized the literature for containing an ad hoc proliferation of modeled attempts to explain the impact of the political environment on the firm, attempts that suffer from a lack of rigorous testing. Simon (1984) highlighted that "with each additional international crisis, the demand for risk analyses proliferates, even though no one as of yet has established a proven track record for forecasting such developments." More recently, scholars have noted that political risk studies remain predominantly focused on multinational corporations and foreign direct investment decisions, with insufficient attention to domestic enterprises, informal sector workers, and service industries such as tourism (Oetzel & Oh, 2015). Additionally, the theory has been criticized for its implicit assumption that political risk is exogenous to firms, neglecting how firms themselves may shape political environments through corporate political activity (Lawton et al., 2013). The theory thus enables this study to conceptualize how macro-level political events translate into micro-level employment and income losses for tourism workers and enterprises in the three coastal towns.

Sustainable Livelihoods Framework

The Sustainable Livelihoods Framework (SLF), operationalized and popularized by DFID in 1999, provides a structured approach for analyzing



how people secure and sustain their livelihoods under conditions of vulnerability (DFID, 1999). It organizes livelihoods around five interconnected components: the vulnerability context (shocks, trends, and seasonality), five livelihood capitals (human, natural, physical, financial, and social), transforming structures and processes (institutions, policies, and organizations), livelihood strategies (activities and choices people make), and livelihood outcomes such as income, well-being, food security, and reduced vulnerability (DFID, 1999). These elements interact dynamically, with outcomes feeding back into asset bases and vulnerability conditions, shaping long-term livelihood trajectories. The framework rests on four key ideas. First, livelihoods extend beyond income to include access to assets, exposure to shocks, and capacity to sustain well-being over time (Chambers & Conway, 1992). Second, individuals act as active agents who use diverse strategies and asset combinations to secure livelihoods rather than passive recipients of poverty (DFID, 1999). Third, institutions, policies, and social norms strongly influence access to resources and the viability of livelihood strategies (Scoones, 1998). Fourth, sustainability requires both present livelihood security and resilience to future shocks without degrading resource bases needed for future survival (Chambers & Conway, 1992).

SLF has been widely applied in development and tourism studies, but scholars raise several conceptual and operational concerns. Murray (2000) questions the ambiguity of "sustainability," arguing it lacks clarity on beneficiaries, measurement criteria, and time horizons. Carr (2013) criticizes the framework's strong focus on material well-being while downplaying cultural identity, politics, and social meaning. Other critiques highlight its limited attention to power relations and global structural forces shaping livelihoods (De Haan & Zoomers, 2005), weak treatment of agency and participation (Dangi & Jamal, 2016; Stone & Nyaupane, 2017), and insufficient integration of conflict and violence as core drivers of vulnerability (Collinson et al., 2003; Lautze & Raven-Roberts, 2003). In tourism studies, Scheyvens (1999; 2002) adds that the SLF often fails to adequately explain uneven benefit distribution, gendered outcomes, and empowerment dynamics, while Morse and McNamara (2013) note that its complexity makes practical application difficult in empirical research.

Despite these limitations, the SLF remains highly relevant for examining tourism-based livelihoods in unstable political settings. It provides a structured lens for analyzing how political shocks affect human, social, financial, physical, and natural capital among tourism workers and households in Mombasa, Diani, and Malindi. Political instability such as electoral violence or terrorism directly reduces financial capital through income loss, weakens human capital through unemployment, erodes social capital via disrupted networks, and limits access to physical assets such as workplaces and tourism



infrastructure. The framework also highlights the role of institutions, policies, and external shocks in shaping livelihood outcomes, making it suitable for examining how government responses and travel advisories influence recovery processes. In this study, SLF supports a shift from narrow income-focused analysis to a broader assessment of livelihood resilience, adaptation, and vulnerability within Kenya's coastal tourism economy.

Empirical Review

Political Instability and Tourism Demand

Saha and Yap (2014) conducted one of the most comprehensive cross-country analyses, examining the impact of political instability and terrorism on tourism development across 139 countries from 1999 to 2009. Using regression analysis, they found that political instability had a severe and long-run impact on tourism demand, with a coefficient of 0.254, indicating that political conflict in a destination could severely damage tourism flows more than isolated terrorist attacks. Interestingly, they discovered a non-significant or even marginally positive effect of terrorist attacks on tourism in countries with low levels of political instability, but significant inhibition of tourism in countries with high levels of political instability (Saha & Yap, 2014). This finding suggests that the institutional context moderates the relationship between terrorism and tourism demand. Similarly, Neumayer (2004), one of the first scholars to measure the effects of insecurity on tourism, found a negative association between human rights violations, conflict, and other politically motivated violent events and tourist arrivals, noting that political violence is bad news for a country's tourism even if no tourist is ever physically harmed (Neumayer, 2004). Llorca-Vivero (2008), using bilateral tourism data to estimate a cross-sectional gravity model, confirmed that terrorism seriously damages the tourism industry, with particularly severe effects in developing countries. More recently, the World Travel & Tourism Council (WTTC), in partnership with Global Rescue, analyzed 90 crises between 2001 and 2018 at national and city levels and found that political instability had proven to be the most challenging crisis to overcome, with the longest recovery times compared to terrorism, natural disasters, and disease outbreaks (WTTC & Global Rescue, 2019).

In Africa, empirical evidence has increasingly focused on the continent's unique vulnerability to political shocks. Chisadza, Clance, Gupta, and Wanke (2022) examined the role of economic uncertainties on tourist arrivals in Africa using panel data from 1996 to 2017. They found that economic uncertainties reduce tourist arrivals in Africa in comparison to other global regions, such as Europe, with West and North African regions driving



these adverse results due to their exposure to political instability and social unrest (Chisadza et al., 2022). Santana-Gallego and Fourie (2022), in their study *Tourism Falls Apart: How Insecurity Affects African Tourism* used a new dataset consisting of 187 countries, 38 of which are in Africa, for the period 1995–2017. While they found no statistically significant evidence connecting terrorism to tourism globally, they did find an effect for tourists travelling to Africa, emphasizing the importance of government expenditure on safety and security to protect this labour-intensive and pro-poor sector (Santana-Gallego & Fourie, 2022). The United Nations Development Programme (2017), in its policy brief on the pathways of the impact of terrorism and violent extremism on the Kenyan economy, documented that between 2007 and 2016, tourism's contribution to GDP fell by 3.7% in Kenya and by 7.7% in Tunisia, while tourism's contribution to employment fell by 3.5% in Kenya and 6.8% in Tunisia, confirming that spill-over countries like Kenya and Tunisia have been hardest hit (UNDP, 2017).

In Kenya specifically, Buigut and Amendah (2015) used a dynamic panel model and found that a 1% increase in terrorism fatalities significantly reduces tourist arrivals by 0.13%. Buigut (2018) extended this research to assess the effect of terrorism on tourism flows to Kenya from developed versus emerging countries, finding that a 1% increase in fatalities decreases arrivals by about 0.082% for developed countries, while visitors from emerging countries are not significantly affected (Buigut, 2018). Mayaka and Prasad (2012), in their analysis of strategic issues and challenges facing Kenya's tourism, identified the sector as operating at "suboptimal performance" due to internal and external issues such as weak policy frameworks, lack of community engagement, poor resource stewardship, environmental degradation, and low human resources development (Mayaka & Prasad, 2012). Muturi (2021), in a critical literature review on the effect of post-election violence on the performance of the tourism industry in Kenya, concluded that election violence affects movement of people within the country, restricts people movements during campaigns, and causes both domestic and international tourists to prefer staying in familiar places due to fear (Muturi, 2021). Njoya, Efthymiou, Nikitas, and O'Connell (2022) used a computable general equilibrium (CGE) model to simulate the macroeconomic impacts of a permanent 3% fall in tourism spending caused by terrorism and political unrest, finding that real GDP declines by 0.014% in the short term, aggregate employment declines, and the unemployment rate increases by 0.005% in the short term and 0.001% in the long run (Njoya et al., 2022).

Terrorism and Tourism Employment and Income

Globally, the relationship between terrorism and tourism employment has been examined through various econometric lenses. Manaliyo (2021)



investigated the impact of political risk on employment in South Africa's tourism industry using quarterly time series data from 2007 to 2017 and the Autoregressive Distribution Lag (ARDL) model. The results revealed that political risk has both short- and long-run effects on employment: when the level of political risk declines by 1%, employment grows by 5.016% in the long run and by 1.51% in the short run, implying that employment declines when political risk events intensify (Manaliyo, 2021). Neagu (2017), in a study of North African countries (Algeria, Egypt, Morocco, and Tunisia), found that terrorist attacks caused unemployment in tourism to rise from 11.9% in 2010 to 13.6% in 2015, demonstrating that tourism establishments retrench employees as a cost-cutting strategy amid heightened insecurity (Neagu, 2017, as cited in Manaliyo, 2021). In Egypt, Tomazos (2017) explored the attitudes of tourism "survivors" after downsizing following political instability, finding that the number of tourists visiting the country drastically declined mainly in response to international travel alerts and warnings by Western governments, with severe consequences for hotel employment (Tomazos, 2017). The WTTC's 2019 crisis readiness report, analyzing 90 crises from 2001 to 2018, found that terrorism events had the lowest economic impact in terms of total lost arrivals but the quickest recovery time, averaging 11.5 months, whereas civil unrest and political instability cases had the highest recovery time at 22.2 months on average (WTTC & Global Rescue, 2019).

In Africa, the employment consequences of terrorism on tourism have been documented with increasing granularity. The UNDP (2017) noted that the costs of terrorism to the tourism industry include direct costs such as decreased tourist numbers leading to decreased spending and GDP, and indirect costs such as decreased employment in the tourism sector. Between 2014 and 2015, revenues from tourism sectors declined by \$40 billion globally as a result of increased terrorism impact (UNDP, 2017). In Tunisia, the 2015 Sousse beach attack resulted in the loss of \$19 billion in tourism revenue, with one million fewer tourists visiting compared to the previous year. At least 70 hotels closed their doors in the aftermath, with massive job losses (Tourism Review, 2018).

In Kenya, the employment and income impacts of terrorism on coastal tourism have been empirically documented through multiple studies. Kabii (2018) found that insecurity reduced sales volumes, customer growth, and company operations, resulting in a reduction in labour and an increase in unemployment. The United Nations Development Programme (2017) estimated that regular terrorist attacks in Kenya have a financial impact causing a shortage of 55.8 million KES annually, with Mombasa County accounting for 65% of tourism industry visits and being the most affected county (UNDP, 2017). The Kenya Association of Hotel Keepers and KUDHEIHA reported in 2015 that from the 20 hotels that closed down at the coast, five



were in the South Coast and 15 in the North Coast, with each hotel employing not less than 100 Kenyans, indicating severe job losses (TechMoran, 2015). Francis Kabii's 2018 study on Kenya's resilient tourism industry documented that by May 2014, about 20 hotels along the coast had closed, and more than 7,500 employees had lost their jobs from 2012 to July 2014 (Kabii, 2018). The Atlas Institute (2019) found that on average, there was a reduction of about 2,508 visitors per year for every one fatality from terrorism in Kenya, translating to a loss of about KSh 157.1 million (approximately USD \$1.5 million) in tourism revenue per year for each fatality, with losses felt by hotel operators, taxi drivers, food vendors, tour guides, and communities dependent on tourists as clients (Atlas Institute, 2019). Masinde, Buigut, and Mung'atu (2016) modelled the temporal effect of terrorism on tourism in Kenya, contributing to the understanding of how attack frequency and intensity translate into employment volatility over time (Masinde et al., 2016).

Travel Advisories and Tourism Performance

Globally, the impact of travel advisories on tourism performance has been examined in various contexts. Beirman (2009) documented that terrorist attacks directed at tourists and tourism infrastructure in Turkey during 2016 led to a precipitous decline in international tourism arrivals, significant job losses in the tourism sector, and severe economic impacts on an economy with significant reliance on tourism income (Beirman, 2009). The WTTC (2019) found that policy overreaction such as broad travel advisories, blanket entry restrictions, and communications that lead with safety concerns over operational normality consistently amplifies crisis damage and slows recovery without commensurate benefit (WTTC & Global Rescue, 2019).

In Africa, the impact of travel advisories has been particularly severe for tourism-dependent economies. The UNDP (2017) noted that travel advisories issued by the United States, United Kingdom, France, and Australia have had a massive negative impact on Kenya's tourism sector, with the Kenya National Chamber of Commerce and Industry confirming that the tourism industry "has suffered great damage" (UNDP, 2017). In Tunisia, the 2015 travel advisories following terrorist attacks led to a collapse in European charter tourism, which the country heavily relies upon, with hotel and resort bookings dropping considerably (Tourism Review, 2018). The UNDP (2017) further documented that Morocco, where no deaths from terrorism occurred in 2015, lost only \$5 billion in tourism revenue compared to Tunisia's \$19 billion loss, demonstrating that travel advisories and perceived risk often cause more economic damage than actual attacks (UNDP, 2017).

In Kenya, the specific impact of travel advisories on hotel performance and employment has been empirically examined. Kimani (2021), in a study on the antecedents of travel advisories on the performance of five-star hotels in



Nairobi County, found that tourists were less likely to travel to countries or areas where they felt threatened, and that political instability advisories significantly affected hotel performance (Kimani, 2021). The study noted that while existing research indicated the negative effect of travel advisories on tourism destinations, scant attention had been paid to hotel performance specifically, particularly in the five-star segment. Kiprono and Buigut (2018) showed that terrorism events, represented by fatalities, significantly reduce tourism demand, and that travel warnings also harmed tourist arrivals, with the evolution of their effect depending on which country issued the warning (Kimani, 2021, citing Kiprono & Buigut, 2018). The Equal Times (2014) reported that thousands of hotel workers on the Kenyan coast had been made redundant and several hotels had gone bankrupt as countries such as the United States, United Kingdom, France, and Australia issued travel warnings urging their citizens to stay away from the coastal region (Equal Times, 2014). The Kenya Tourism Federation Chief Executive Agatha Juma confirmed that "the current state is not conducive for the tourism industry to thrive. Business is tough" (Equal Times, 2014).

Post-Election Violence and Tourism Economic Performance

The WTTC (2019) found that civil unrest and political instability cases had the highest recovery time at 22.2 months on average, with a range between 10 and 49 months, compared to terrorism events which averaged 11.5 months (WTTC & Global Rescue, 2019). This suggests that electoral violence, which often involves sustained uncertainty and institutional breakdown, has more persistent negative effects on tourism than discrete terrorist incidents. Chisadza et al. (2022) noted that political instability and social unrest in West and North African regions have acted as deterrents to tourists, with uncertainty reducing arrivals significantly (Chisadza et al., 2022).

In Kenya, the 2007–2008 post-election violence has been extensively studied as a watershed moment for tourism. The U.S. Department of State (2009) reported that the violence resulted in approximately 1,500 deaths and displaced 500,000 people, with tourism arrivals and earnings falling by 90% in the first quarter of 2008 and declining by 30% over the entire year. At least 20,000 Kenyans employed in the sector lost their jobs, and agriculture suffered approximately USD 300 million in damages (U.S. Department of State, 2009). Muturi (2021) concluded that election violence affects movement of people within the country, restricts movements during campaigns, and causes negative news coverage that scares both domestic and international tourists (Muturi, 2021). Ng'ang'a (2018), in a study on international tourism receipts and economic growth in Kenya from 1980 to 2013, noted that internal shocks like the post-election violence of 2007/2008 threatened the sector from fully recovering, with prolonged poor performance characterizing the last two



decades despite recovery phases (Ng'ang'a, 2018). The UNDP (2017) confirmed that between 2007 and 2016, Kenya saw a decline in tourism's contribution to the economy at the same time as terrorist-related incidents increased, with tourism's contribution to GDP falling to 10.9% and employment contribution falling to 8.7% (UNDP, 2017).

Tourism Resilience and Recovery Strategies

Chisadza et al. (2022) noted slower recoveries in unstable contexts like Nigeria due to persistent risks, contrasting with quicker rebounds in irregular crises like Kenya's 2007 post-election violence. In Rwanda, post-conflict peace-building and reconciliation mechanisms have been cited as models for restoring tourist flows. The UNDP (2017) noted that despite the deleterious impact of terrorism on tourism in certain countries, tourism has proven resilient in others; for example, Libya an epicentre country saw strong positive growth in both tourism's contribution to GDP and employment over the 2007–2016 period (UNDP, 2017).

In Kenya, recovery from political instability has been characterized by fluctuating performance. Njoya et al. (2022) found that while a 3% fall in tourism spending causes short-run contractions in GDP and employment, the economy gradually adjusts back to its baseline growth path in the long run, with GDP and unemployment rates showing signs of recovery over a 20-year simulation period (Njoya et al., 2022). The Kenyan government has implemented various measures to mitigate the effects of terrorism and promote tourism recovery, including the promotion of local tourism, exemption of value-added taxes to all travel agents, scrapping landing charges in Mombasa and Malindi, and providing budgetary reallocations to promote domestic tourism (Republic of Kenya, 2024). In 2018, travel and tourism in Kenya grew 5.6%, contributed USD 7.9 billion to GDP, and supported 1.1 million jobs, representing 8.3% of all Kenyan employment, partly explained by the lifting of travel advisories and successful marketing campaigns (World Travel & Tourism Council, 2019). However, the sector's recovery remains fragile, with the coastal region particularly Mombasa, Diani, and Malindi continuing to experience the lingering effects of recurrent political instability and terrorism.

Methodology

The study adopted a case study research design which allowed detailed exploration of a bounded system using multiple sources of evidence. The study was conducted in Mombasa City, Diani/Ukunda, and Malindi along the Kenyan Coast. These locations were selected due to their high dependence on tourism and their differentiated international tourist markets. Mombasa



attracts a broad mix of European, Asian, and domestic tourists; Diani is a major destination for European tourists, particularly Germans and Italians; while Malindi is strongly associated with the Italian tourism market. This variation allowed comparative analysis of how political instability affects different tourism sub-markets within the same coastal region. The target population consisted of registered tourist hotels, tourism suppliers, and local community members within Mombasa City, Diani, and Malindi. The study focused on actors directly involved in tourism operations and livelihood systems influenced by tourism activities. The study selected a sample of 284 respondents from a target population of 22,199 individuals. The sample size determination followed proportionate sampling logic commonly applied in social research, ensuring representation across stakeholder groups (Kothari, 2004). The study also incorporated focus group discussions to generate in-depth qualitative data. Each focus group consisted of 10 participants drawn from homogeneous community members, consistent with recommended qualitative research practice (Krueger & Casey, 2015). A total of 22 focus group discussions were conducted.

Table 1: Sample Size Distribution

Respondents	Target Population	Sample Size	Sampling Technique
Registered hotels	117	35	Purposive sampling
Tourism suppliers	97	29	Simple random sampling
Local community	21,985	220 (22 FGDs × 10)	Purposive sampling
Total	22,199	284	

Primary data was collected using self-administered questionnaires, key informant interviews, and focus group discussions. Questionnaires included both structured and unstructured items to capture quantitative and qualitative responses from hotel managers. Interviews were conducted with tourism suppliers to obtain detailed insights into income fluctuations, employment changes, and operational disruptions during periods of instability. Focus group discussions were used with local community members to capture collective perceptions, lived experiences, and coping strategies related to tourism shocks. Secondary data was obtained from published and unpublished sources including books, peer-reviewed journals, government reports, institutional publications, theses, and credible online databases. This



information supported triangulation and provided background on tourism performance trends and political instability in Kenya.

Both quantitative and qualitative data were analyzed. Quantitative data from questionnaires were coded and entered into SPSS version 16 for analysis. Descriptive statistics such as frequencies and percentages were used to summarize responses. Inferential analysis using chi-square tests was conducted at a 0.05 significance level to examine relationships between political instability and income and employment outcomes. Qualitative data from interviews and focus groups were transcribed, categorized, and thematically analyzed. The findings were integrated with quantitative results to enhance interpretation. Results were presented using tables, graphs, and charts for clarity.

Results and Discussion

Background Information of Respondents and Tourism

Response Rate and Data Coverage

Table 2 presents the distribution of responses across the three stakeholder groups included in the study. The overall response rate of 73.3% indicates adequate data coverage for analysis, with hotel managers recording the highest participation at 82.9%, followed by community focus group discussions (FGDs) at 68.2%, and tourism suppliers at 65.5%. The higher response rate among hotel managers reflects the structured administrative systems within registered establishments, whereas the lower rates among suppliers and community groups may be attributed to the informal nature of supplier enterprises and seasonal labour mobility in coastal tourism economies.

Table 2: Response Rate Across Study Groups

Respondents	Sample Size	Returned/Completed	Response Rate (%)
Registered hotels	35	27	82.9
Tourism suppliers	29	19	65.5
Local community (FGDs)	22 groups (220 individuals)	15 groups	68.2
Total	86	61	73.3

This level of participation is consistent with survey research in tourism-dependent communities, where competing economic obligations and informal employment arrangements can constrain respondent availability (Saha & Yap, 2014). The 73.3% overall return exceeds the minimum threshold



generally considered acceptable for hospitality and tourism sector surveys, providing a robust empirical basis for examining how political instability affects employment and income across Mombasa, Diani, and Malindi (Muturi, 2021).

Profile of Tourism Establishments

Table 3 summarises the classification, operational history, and clientele structure of the 27 registered hotels that participated in the survey. The data reveal three structural characteristics that are central to understanding how political instability affects income and employment in the coastal tourism sector: the dominance of mid-range properties, the concentration of long-operating establishments, and the mixed domestic-international market orientation.

Table 3: Hotel Classification, Years of Operation, and Clientele Structure

Variable	Category	Frequency	Percent
Hotel classification	1-star	2	7.4
	2-star	1	3.7
	3-star	8	29.6
	4-star	3	11.1
	5-star	2	7.4
	Cottages	2	7.4
	Budget	4	14.8
	No response	5	18.5
Years of operation	<5 years	6	22.2
	5–10 years	10	37.0
	11–15 years	2	7.4
	>15 years	9	33.3
Clientele type	Domestic tourists	3	11.1
	International tourists	2	7.4
	Both domestic & international	20	74.1
	No response	2	7.4

The findings indicate that mid-range (3-star) hotels constitute the largest single category at 29.6%, followed by budget accommodations at 14.8%, while premium properties (4-star and 5-star) together account for only 18.5%. This distribution confirms that Kenya's coastal tourism operates as a price-sensitive, volume-driven market rather than a high-yield luxury destination (Mayaka & Prasad, 2012). The predominance of mid-range and



budget establishments has direct implications for employment resilience: such properties typically operate on thinner profit margins and maintain smaller cash reserves, which limits their capacity to retain staff during demand shocks. Njoya and Seetaram (2022) demonstrated that a 3% decline in tourism spending causes contractions in aggregate employment and household income, and the structural profile of the respondent establishments suggests that these effects are likely to be concentrated in wage-labour positions within mid-range properties that lack the financial buffers of premium resorts.

The data show that 70.3% of establishments have operated for more than five years, with 33.3% exceeding 15 years. This concentration of long-operating properties means that the majority of respondents possess direct institutional experience of Kenya's major political shocks, including the 2007–2008 post-election violence and the wave of Al-Shabaab attacks that peaked in 2014. Kabii (2018) documented that insecurity during this period reduced sales volumes and triggered labour reductions, with approximately 20 hotels closing along the coast by May 2014. The 33.3% of establishments with over 15 years of operation have therefore survived multiple cycles of political instability, suggesting that they have accumulated adaptive strategies such as diversifying market segments, restructuring staffing models, or establishing contingency credit arrangements that newer entrants may lack. However, the 22.2% of establishments operating for fewer than five years may represent investments attracted by post-crisis recovery marketing and infrastructure improvements; their limited experience with political shocks may render them more vulnerable to future instability, as they have not yet developed the operational resilience that longer-tenured properties appear to have acquired (Kabii, 2018).

The clientele composition reveals that 74.1% of establishments serve both domestic and international markets, while only 11.1% cater exclusively to domestic tourists and 7.4% exclusively to international visitors. This mixed-market orientation reflects a strategic adaptation to the volatility of external demand. Buigut and Amendah (2015) established that a 1% increase in terrorism fatalities significantly reduces international tourist arrivals to Kenya by 0.13%, confirming that establishments dependent on foreign visitors are exposed to substantial demand volatility when political instability triggers travel advisories and negative media coverage. The predominance of mixed-clientele establishments suggests that coastal operators have internalised the lessons of recurrent political shocks and diversified their revenue sources to buffer against external demand collapses. Gikonyo (2024) found that domestic tourism demonstrates greater resilience during periods of international travel advisory escalation, and the 74.1% mixed-market profile indicates that operators are leveraging this domestic buffer to mitigate the employment and income losses that would otherwise result from exclusive



reliance on international visitation. Nevertheless, the continued dependence on international markets within these mixed-clientele properties implies that coastal tourism employment remains vulnerable to the perception gap between actual security conditions in the three towns and the risk assessments made by source-market tourists and governments.

Community Understanding, Tourism Awareness, and Activities

Table 4 presents community perceptions of tourism reported benefits, and the range of tourism activities identified by focus group participants in Mombasa, Diani, and Malindi. The indicators capture how local residents understand tourism, whether they derive direct benefits from it, and which activities they associate with the sector in their respective towns.

Table 4: Community Perception, Benefits, and Tourism Activities

Indicator	Category	Frequency	Percent
Understanding of tourism	Leisure travel	12	80.0
	Income generation	2	13.3
	Cultural exchange	1	6.7
Benefits from tourism	Yes	12	80.0
	No	3	20.0
Tourism presence	Yes	14	93.3
	No	1	6.7
Key tourism activities	Boat riding & fishing	8	53.3
	Sun bathing	7	46.7
	Swimming	6	40.0
	Cultural activities	4	26.7
	Diving/surfing	3	20.0
	Game drives	3	20.0
	Camel riding	1	6.7
	Historical sites	1	6.7
	Sex tourism	1	6.7

The findings reveal high awareness of tourism among local communities, with 93.3% acknowledging the presence of tourism activities in their areas. The dominant understanding of tourism is as leisure travel (80.0%), while only 13.3% associate it with income generation and 6.7% with cultural exchange. A substantial majority (80.0%) reported receiving benefits from tourism, though 20.0% indicated no direct benefits. The range of key activities is diverse and strongly anchored in coastal and marine resources: boat riding



and fishing (53.3%), sun bathing (46.7%), and swimming (40.0%) are the most frequently cited, followed by cultural activities (26.7%), diving and surfing (20.0%), and game drives (20.0%). Notably, 6.7% of respondents identified sex tourism as a key activity, indicating the presence of exploitative informal tourism practices in the coastal economy.

The high awareness of tourism presence (93.3%) confirms that communities in Mombasa, Diani, and Malindi are deeply embedded in the coastal tourism economy. However, the dominant framing of tourism as leisure travel rather than income generation reveals a cognitive gap: residents experience tourism's physical presence but do not necessarily articulate its role as a livelihood strategy. Carter and Garaway (2014) observed that coastal livelihoods are increasingly interconnected with tourism, yet this interconnection does not always translate into explicit economic awareness among local residents who depend on the sector. The 20.0% of respondents who reported no direct benefits from tourism suggests an uneven distribution of tourism gains, a finding consistent with the structural vulnerability of informal and seasonal workers in coastal economies.

Tourism Performance and Business Conditions

Table 5 present the finding on tourism business performance indicators of the costal hotels.

Table 5: Tourism Business Performance Indicators

Indicator	Category	Frequency	Percent
Current business performance (suppliers)	Very good	10	52.6
	Good	7	36.8
	Moderate	1	5.3
	Below average	1	5.3
Years of operation (suppliers)	<5 years	0	0
	6–10 years	5	26.3
	>15 years	10	52.6
	No response	1	5.3

The findings indicate that tourism suppliers reported strong business performance in 2010, with 89.4% rating their performance as either very good (52.6%) or good (36.8%). Only 5.3% reported moderate performance, and an equal proportion reported below-average performance. The operational history of suppliers reveals a marked concentration of long-tenured



enterprises: 52.6% had operated for more than 15 years, 26.3% for 6–10 years, and notably, 0% for fewer than five years.

The positive business performance reported in 2010 reflects a post-crisis recovery window following the 2007–2008 post-election violence. Muturi (2021) documented that the 2007–2008 violence caused hotel booking cancellations, reduced occupancy rates, and workforce downsizing along the Kenyan Coast, making the 2010 data representative of a rebound phase before the subsequent wave of Al-Shabaab attacks that peaked in 2014. However, the operational profile of suppliers reveals a significant survivor bias: the complete absence of enterprises operating for fewer than five years indicates that the post-violence recovery had not yet generated sufficient new entrants, or that entry barriers remained prohibitively high due to persistent uncertainty. Kabii (2018) observed that insecurity reduced sales volumes and triggered company closures, with approximately 20 hotels shutting down along the coast by May 2014. The dominance of suppliers with over 15 years of operation (52.6%) suggests that the tourism supply chain in Mombasa, Diani, and Malindi was populated by established actors who had accumulated the financial reserves and adaptive capacity to survive the 2007–2008 crisis, while newer, potentially more vulnerable micro-enterprises had been winnowed out. This structural concentration implies that the positive performance indicators in 2010 mask an underlying fragility: the supplier base had become narrower and more homogenous, reducing the diversity and redundancy that typically buffer tourism economies against future political shocks.

Effects of Political Instability on Tourism Income

Income Determinants and Business Profitability

Table 6 presents the factors that tourism establishments identified as determinants of their income and profitability. The findings reveal a clear hierarchy of influences, with external demand factors dominating over internal operational variables. Tourist arrivals emerged as the strongest determinant of income, cited by 42.6% of respondents, followed by marketing (31.6%) and staff/service quality (26.3%). The security situation was identified by 15.8% of respondents as a direct income determinant, while prices, seasonality, and location each accounted for 10.5%. The dominance of tourist arrivals as the primary income driver confirms the sector's acute sensitivity to external demand shocks, including those triggered by political instability. This finding aligns with established evidence on the demand-driven nature of tourism earnings in developing economies. Buigut and Amendah (2015) demonstrated that a 1% increase in terrorism fatalities significantly reduces tourist arrivals to Kenya by 0.13%, establishing a direct quantitative link



between political violence and the foremost income determinant identified by respondents.

Table 6: Income Determinants and Business Profitability

Factor	Frequency	Percent
Tourist arrivals	8	42.6
Marketing	6	31.6
Staff/service quality	5	26.3
Security situation	3	15.8
Prices	2	10.5
Seasonality	2	10.5
Location	2	10.5

Effects of 2007 Post-Election Violence on Local Communities

Figure 1 summarises the impacts of the 2007 post-election violence (PEV) on local communities in Mombasa, Diani, and Malindi, as reported by focus group discussion (FGD) participants. The FGDs were conducted with homogeneous community groups of 10 participants each, drawn from residents directly involved in or affected by tourism activities.

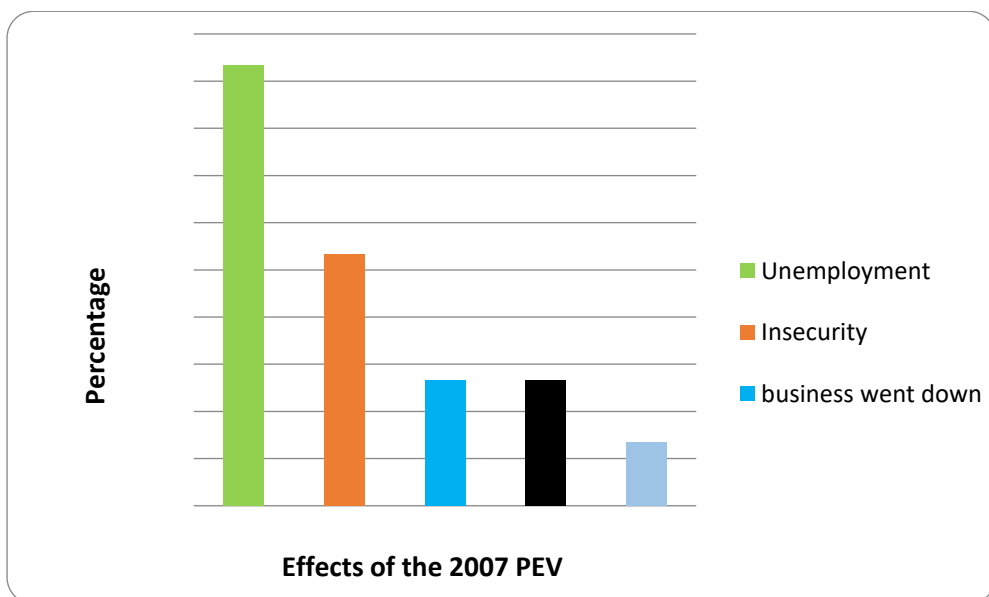


Figure 1: Effects of 2007 PEV on the local communities.

The majority of respondents (46.7%) identified unemployment as the primary effect of the 2007 PEV on local communities, followed by insecurity (26.7%), business collapse and property destruction (13.3%), and death (6.7%).



Qualitative data from the FGDs revealed that unemployment among tourism-dependent households was triggered by travel warnings issued by foreign governments, which led to mass cancellation of bookings and an accelerated departure of existing tourists. Community members reported that the sudden collapse of visitor demand forced hotels and tourism enterprises to suspend operations, leaving casual workers, suppliers, and informal service providers without income.

These findings are consistent with documented macro-level impacts of the 2007–2008 crisis. The U.S. Department of State (2009) reported that at least 20,000 Kenyans employed in the tourism sector lost their jobs during the violence, with arrivals and earnings falling by 90% in the first quarter of 2008. Muturi (2021) documented that the post-election violence caused hotel booking cancellations, reduced occupancy rates, and workforce downsizing along the Kenyan Coast, with the effects extending beyond formal employment to informal-sector operators who depended on tourist expenditure. The 46.7% unemployment figure reported by community respondents captures this livelihood collapse at the household level, while the 26.7% reporting insecurity reflects the broader erosion of the social and economic environment that sustains tourism-related employment. The relatively lower but still significant reporting of business collapse and property destruction (13.3%) indicates that the violence inflicted physical damage on tourism infrastructure, further delaying recovery and prolonging income losses for communities dependent on the sector.

Effects of 2007 Post-Election Violence on Tourism Income (Hotels and Suppliers)

Table 7 compares the income impacts of the 2007 PEV on registered hotels and tourism suppliers in the three coastal towns. The data reveal severe disruption to business operations, with differential effects across the two stakeholder groups.

Table 7: Effects of 2007 Post-Election Violence on Tourism Income (Hotels and Suppliers)

Impact Indicator	Hotels (%)	Suppliers (%)
Business collapse/closure	68.4	26.1
Business decline	26.1	26.1
Stable operations	10.5	10.5
Debt increase	10.5	10.5
Price changes	10.5	10.5



The 2007 post-election violence severely disrupted income flows across the tourism value chain. Hotels experienced the most extreme outcomes, with 68.4% reporting business collapse or closure, compared to 26.1% of suppliers. An additional 26.1% of both hotels and suppliers reported business decline. Only 10.5% of each group maintained stable operations. Debt increase and price changes were each reported by 10.5% of respondents in both categories, indicating that the crisis forced enterprises to borrow to cover fixed costs and adjust pricing strategies in response to collapsed demand. The disparity between hotels (68.4% closure) and suppliers (26.1% closure) reflects the structural position of each group within the tourism value chain. Hotels carry high fixed costs property leases, utility contracts, and permanent staff obligations that make them vulnerable to sudden demand collapses, whereas suppliers typically operate with lower overheads and can scale back production more flexibly. Kabii (2018) observed that insecurity reduced sales volumes and triggered company closures along the Kenyan coast, with approximately 20 hotels shutting down by May 2014 following subsequent terrorist attacks. The 68.4% hotel closure rate from the 2007 PEV suggests that electoral violence inflicted even more severe immediate damage than the terrorism wave of 2012–2014, likely because the post-election crisis was geographically widespread and accompanied by sustained international media coverage and travel advisories.

Effects of Political Instability on Employment

The employment effects of political instability were examined through structured questionnaires administered to hotel managers and tourism suppliers, supplemented by focus group discussions with local community members in Mombasa, Diani, and Malindi. The following subsections present the quantitative and qualitative findings on how the 2007 post-election violence (PEV) disrupted employment in the tourism sector.

Effects of 2007 Post-Election Violence on Tourism Hotels

Figure 2 presents the effects of the 2007 PEV on tourism hotels as reported by hotel respondents. The findings reveal immediate and severe employment shocks across the sector. Majority of hotel respondents (77.8%) identified low arrivals and increased visitor departures as the primary effect of the 2007 PEV, while 22.2% reported layoffs, 11.1% redundancies, 7.4% business closures and tension, and 3.7% reduced salaries and shortened vacations. Qualitative data from community discussions corroborated these findings.

A hotel manager in Mombasa explained that “

The sudden collapse of international demand following foreign government travel advisories forced hotels to implement emergency



cost-cutting measures, including suspension of casual labour contracts and reduction of working hours for permanent staff.

Another participant from a community group in Diani described how the cancellation of bookings during what should have been peak season created a cash flow crisis that made payroll obligations unsustainable, particularly for mid-range establishments operating on thin margins.

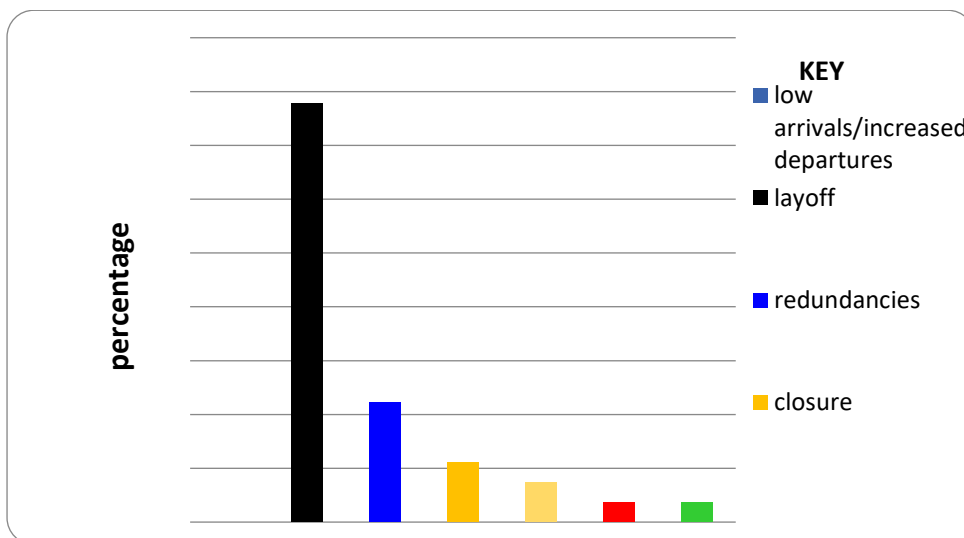


Figure 2: Effects of 2007 PEV on tourism hotels

These findings align with documented macro-level impacts of the 2007–2008 crisis. The U.S. Department of State (2009) reported that at least 20,000 Kenyans employed in the tourism sector lost their jobs during the violence, with arrivals and earnings falling by 90% in the first quarter of 2008. Muturi (2021) documented that the post-election violence caused hotel booking cancellations, reduced occupancy rates, and workforce downsizing along the Kenyan Coast, with effects extending beyond formal employment to informal-sector operators who depended on tourist expenditure. The 77.8% reporting low arrivals confirms that the demand collapse was the proximate cause of employment contraction, while the 22.2% reporting layoffs and 11.1% reporting redundancies demonstrate that hotels responded to the crisis by shedding labour rather than absorbing losses through retained earnings or credit access.

Employment Layoff Extent and Statistical Relationship

Table 8 quantifies the magnitude of employment contraction reported by hotel respondents, while Table 9 presents the chi-square test confirming the statistical relationship between political instability and business performance decline.



Table 8: Employment Layoff Extent

Layoff level	Frequency	Percent
1–20%	6	22.2
21–40%	5	18.5
41–60%	3	11.1
61–80%	2	7.4
81–100%	2	7.4
No response	9	33.3

Table 9: Chi-Square Test Results

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.977 ^a	2	.004

a. Significant at 5% level of significance

The layoff data reveal that employment contraction was widespread across the hotel sector. Among respondents who disclosed layoff levels (66.7%), 22.2% reported reductions of 1–20%, 18.5% reported 21–40%, and 26.3% reported reductions exceeding 40% (combining the 41–60%, 61–80%, and 81–100% categories). The chi-square test results ($\chi^2 = 10.977$, $df = 2$, $p = .004$) confirm a statistically significant relationship between political instability and decline in sales performance in tourism enterprises at the 5% significance level. This statistical evidence validates that the employment effects observed were not random fluctuations but were systematically associated with the political instability events of 2007–2008.

The magnitude of layoffs documented in Table 8 is consistent with the severity of the demand collapse.

A supplier from Malindi recalled that;

The crisis forced hotels to cancel orders overnight, leaving his transport crew without work and his fishing cooperative unable to sell its daily catch to restaurants that had suddenly closed.

Kabii (2018) observed that insecurity reduced sales volumes and triggered labour reductions, with more than 7,500 employees losing their jobs along the Kenyan coast between 2012 and July 2014 due to terrorism-related demand shocks. Njoya and Seetaram (2022), using a computable general equilibrium model, found that a 3% decline in tourism spending induced by political unrest causes an increase in the unemployment rate of 0.005% in the short term and 0.001% in the long run, alongside declines in aggregate employment and household income. The 26.3% of hotels reporting layoffs exceeding 40% suggests that the 2007 PEV generated a contraction far more



severe than the 3% threshold modelled by Njoya and Seetaram, explaining why employment losses were concentrated in large-scale workforce reductions rather than marginal adjustments. The statistical significance reported in Table 9 reinforces the causal interpretation that political instability directly undermines business performance, which in turn necessitates employment contraction as an operational survival strategy.

Community-Level Employment and Social Impacts

Table 10 presents the social and economic impacts of the 2007 PEV on local communities as reported by community participants, while Table 11 provides a summary of impacts across the three stakeholder groups.

Table 10: Social and Economic Impacts on Local Communities

Impact Category	Specific Impact	Frequency	Percent
Economic impacts	Unemployment	7	46.7
	Business collapse	2	13.3
	Youth unemployment	4	26.7
Social impacts	Insecurity	4	26.7
	Looting/theft	5	33.3
	Immorality	1	6.7
Extreme outcomes	Deaths	1	6.7
Non-response	No response	4	26.7

Table 11: Summary of 2007 PEV Impact Across Stakeholders

Sector	Main Impact
Hotels	Reduced arrivals, layoffs, revenue loss
Suppliers	Business closure, debt increase
Communities	Unemployment, insecurity, poverty increase

The community-level data reveal that unemployment was the dominant economic impact (46.7%), followed by youth unemployment (26.7%) and business collapse (13.3%). On the social dimension, looting and theft were the most frequently cited impacts (33.3%), followed by insecurity (26.7%), while deaths and immorality each accounted for 6.7%. The cross-sector summary confirms that communities bore the downstream consequences of hotel and supplier distress, experiencing unemployment, insecurity, and poverty increase as the tourism economy contracted.

Qualitative data from community discussions provided narrative depth to these statistics.

A participant from a fishing community in Mombasa described that;



Sudden withdrawal of tourism demand created a cascade of livelihood losses: fishermen who supplied hotels found their orders cancelled, casual beach workers lost daily wages, and youth employed in informal tourism services faced prolonged idleness.

Another community member from Malindi explained that;

The insecurity generated by looting and theft destroyed the social infrastructure necessary for tourism operations, with many residents reporting that the breakdown of law and order during the violence made it impossible to access workplaces or transport goods to hotels.

A youth representative from Diani noted that;

Young people employed as beach boys, tour guides, and handicraft vendors were the first to lose income because their positions lacked formal contracts or social protection, leaving them with no recourse when the crisis hit.

These narratives illustrate how employment losses in hotels transmit through supplier chains to generate community-wide poverty and insecurity. Equal Times (2014) documented that thousands of hotel workers on the Kenyan coast were made redundant and several hotels declared bankrupt following travel advisories, with the Kenya National Chamber of Commerce and Industry confirming that the tourism industry had suffered "great damage." The 46.7% unemployment figure and the 33.3% reporting looting and theft in Table 10 capture these dynamics at the household level, while the cross-sector summary in Table 4.12 illustrates how employment losses in hotels transmit through supplier chains to generate community-wide poverty and insecurity.

Conclusion

Political instability significantly disrupts income and employment across the tourism value chain in Mombasa, Diani, and Malindi. The findings show sharp declines in tourist arrivals, reduced hotel occupancy, business closures among tourism suppliers, and widespread job losses among local communities dependent on tourism. These shocks translate into reduced household incomes, weakened business performance, and heightened socio-economic vulnerability, particularly among informal workers and youth. The effects extend beyond immediate economic losses to long-term livelihood insecurity, social disruption, and reduced resilience within coastal communities. Although the sector shows partial recovery during stable periods, recurrent political tensions continue to undermine sustained growth and employment stability in the region.



Recommendation

Policy response should focus on strengthening tourism resilience through coordinated action between national and county governments, security agencies, and tourism authorities. Authorities should prioritize enhanced election-period security planning in key tourism zones, rapid crisis communication systems, and structured destination image recovery campaigns targeting source markets. Tourism boards should invest in domestic tourism promotion to cushion demand shocks during political uncertainty, while county governments should support diversification of coastal economies to reduce overreliance on tourism. Labour protection frameworks should also be strengthened to safeguard informal and seasonal workers through emergency income support and skills retooling programs. Tourism industry stakeholders should adopt risk management strategies, including business continuity planning and insurance coverage tailored to political risk exposure.

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