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“The Impact of Political Stability and Government Effectiveness on Tourist Arrivals in Argentina: Statistical Analysis”

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ABSTRACT

The present paper examines the geopolitical and governance determinants of tourist influx to Argentina from its neighboring countries such as Bolivia, Brazil and Chile from 1995 until 2016. By employing statistical analysis method using Linear Regression model, current study analyzes the impact of geographical, political and governmental situation in three Latin American countries and their impact on tourism demand in Argentina. In order to meet the full potential of Argentinean tourism sphere, tourism industry practitioners and governments should pay more attention to these indicators.

Keywords: Tourism Demand, Latin America, Argentina, Statistical Analysis

Introduction

In the recent years, tourism in Latin America is gaining progressively increasing importance in the process of generating rapid economic growth and social development, particularly with involvement of National Institute of Tourism Promotion in Argentina - INPROTUR. For the past decade, Argentina has stepped into the top 10 list of most attractive tourist destinations around the world as a result of its ease of access and high levels of infrastructure investment. Followed by agriculture and mining, tourism is the third major source of foreign exchange in Argentina (Echeverri & Niculcar, 2013). As of 2016, Argentinian tourism sector sustained over 1.6 million jobs, either directly or indirectly, according to Mtapuri & Giampiccoli (2021). From the bustling streets of Buenos Aires to the breathtaking natural wonders of Patagonia and Iguazú Falls, Argentina has a broad range of experiences to offer to travelers. For wine enthusiasts, Argentina offers world-renowned wineries like Mendoza, where they can enjoy wine tasting of Malbec wines. Moreover, ‘Argentine Chamber of Medical Tourism’, promoted by INPROTUR, carries out the promotion of Argentina’s medical, scientific and technological efforts as professional, safe and prestigious.

While there are several studies examining the impact of economic, environmental and social variables on tourism demand in Argentina, areas such as countries’ overall political and governmental development indicators and their impact on Tourist Arrivals to Argentina have not

been explored yet.

Objectives

The long term goal of the research is to unveil the potential of Argentina's tourism industry by investigating the geopolitical situations and government effectiveness indexes around the world influencing the number of visitors to Argentina. The objective of the current study is to provide a comprehensive review of literature and industry practices in relation to tourist arrivals volumes in Argentina and outline a conceptual framework for stakeholders in tourism sectors. The result of this study will be valuable to the industry practitioners as well as governments in developing better conditions for expanding tourism traffic in Argentina.

Literature Review

A preliminary literature review shows that past studies are primarily focused on understanding socioeconomic and environmental variables impacting tourist arrivals to Argentina. Several studies were conducted to analyze such factors like environmental and societal variables on tourism demand in Argentina. The research by Bertocello & Troncoso (2018) examines the environmental factors like Argentinian nature in attracting foreign tourists to the region, along with the study by Schenkel (2024) utilizing corpus documental analysis to analyze the impact of preserved nature in Argentina on its tourist flows. Earlier studies by Gardella et al. (2005), Wallingre (2005) and Iparraguirre et al. (2024) investigate the impact of economic variables on Argentinian tourism market by emphasizing the econometric ordinary least squares, a comparative analysis and non-linear autoregressive distributed lag (NARDL) models respectively.

Limited progress has been made on Indicators of countries' overall governance and geopolitical situation and their impact on Tourist Arrival volumes in Argentina. Understanding the interplay between these indicators and tourism can provide deeper insights into the dynamics of tourist arrivals in Argentina.

Methodology

The primary research method for this study is Literature Review, Secondary Data Collection and Statistical SPSS Software analysis, an approach that provides a comprehensive understanding of the research topic. The study investigates the impact of Political Stability, Government Effectiveness and Tourist Income in both Argentina and tourists' origin countries on the Number of Tourist Arrivals in Argentina, while also taking into consideration the Distance between origin countries and Argentina. This study first reviews the available information about Argentina and its three neighboring countries from sources like the World Bank from 1995 until 2016. Based on this understanding, a statistical analysis is developed using Linear Regression Model with Estimates and Model Fit to identify the relationship between Dependent and Independent Variables for the purpose of gap identification and policy implications. In the second stage of this study, the model is tested based on R-Square measure to evaluate the extent to which Independent variables explain The Number of Tourist Arrivals to Argentina (Dependent Variable).

Theoretical Model of the study (1) shows as follows:

$$\text{Tourist Arrivals in Argentina (TAA)} = \beta + \alpha \text{Distance} + \alpha_1 \text{PI_dest} + \alpha_2 \text{PI_orig} + \alpha_3 \text{Ge_dest} + \alpha_4 \text{Ge_orig} + \alpha_5 \text{TouristIncome_dest} + \alpha_6 \text{TouristIncome_orig} + \varepsilon \quad (1)$$

Where,

Tourist Arrivals in Argentina (TAA) is a dependent variable and represents the Number of Tourist Arrivals to Argentina; β is constant; Distance shows the distance between Argentina and origin countries; PI_dest and PI_orig show Political Stability in Argentina and origin countries respectively; Ge_dest and Ge_orig represent Government Effectiveness in Argentina and origin countries respectively; TouristIncome_dest and TouristIncome_orig represent Income in Argentina and Tourist Income in origin countries respectively; α , α_1 ... α_6 are the coefficients of the independent variables; ε represents the error term.

Results

Table 1. Coefficients

Coefficients ^a			
Model		Unstandardized	
		B	Sig.
1	(Constant)	-7,874	,024
	distance	-,897	,002
	pl_dest	-,309	,017
	pl_orig	,686	,000
	ge_dest	,320	,043
	ge_orig	-,771	,000
	touristincome_dest	2,148	,000
	touristincome_orig	,941	,000

a. Dependent Variable: Intou

Source: Author's elaboration.

Table 1 shows the significance level of independent variables on dependent variable and relationship between them.

Distance is statistically significant at 1% level. We accept alternative hypothesis and reject null hypothesis, meaning that there is a negative relationship between distance and tourist arrivals to Argentina. 1% increase in distance will reduce tourist arrivals by 0,897%. The proposed hypothesis is that if a tourist destination is difficult to access, it discourages tourists from visiting the country, because of factors like high price of tickets and long-haul flights, which cause exhaustion and health issues that prevent some individuals from flying to Argentina.

Political stability in Argentina is statistically significant at 5 % level, we accept H_a and reject H_0 , meaning that there is a negative relationship between political stability in Argentina and its tourist flows. 1% increase in political stability in Argentina leads to decrease in tourist arrivals by 0,3%. The hypothesis would be that the more politically stable the country is, it may prioritize other industries rather than tourism, focusing on economic or social policies. This may result in decreased tourism promotion initiatives undertaken by governments, and potentially contract investments in this sector.

Political stability in origin countries is statistically significant at 1% level, we accept alternative hypothesis and reject null hypothesis, meaning that there is a positive relationship between Political stability in origin countries and the Number of Tourist Arrivals in Argentina. 1% increase in political stability in origin countries will increase the Number of Tourist arrivals to Argentina by 0,686%. This leads to the hypothesis that when tourists' home country is politically stable, they are more likely to invest in leisure activities like international travel. The reasons behind it would be strong economic and political certainty, job security and higher disposable income, which fosters potential tourists' needs for adventure or relaxation.

Government effectiveness in Argentina is statistically significant at 5% level, we accept alternative hypothesis and reject null hypothesis, meaning that there is a positive relationship between Government effectiveness in Argentina and tourist arrivals to Argentina. 1% increase in government effectiveness in Argentina leads to increased tourist arrivals to Argentina by 0,32%. The proposed hypothesis, in line with the theory, is that effective government policies often lead to advanced infrastructure, such as airports, roads, public transportations and tourist facilities, which in turn enhances the country's perception as accessible and pleasant to visit. Moreover, countries with effective governance indicators focus on public safety and crime reduction by law

enforcement, which impacts tourists' destination choices.

Government effectiveness in origin countries is statistically significant at 1% level. We accept alternative hypothesis and reject null hypothesis, meaning that there is a negative relationship between tourist arrivals to Argentina and government effectiveness in origin countries. 1% increase in government effectiveness in origin countries leads to decreased tourist arrivals to Argentina by 0,77%. The underlying hypothesis would be that effective governance in origin countries may redirect potential tourists from international travels to domestic alternatives, offering incentives for citizens to explore their own country, which results in decreased tourist inflow to Argentina. As the origin country becomes more efficient and prosperous, tourists may prefer to travel within their own country because of better infrastructure, enhanced public services and high safety.

Income in Argentina is statistically significant at 1% level, we accept alternative hypothesis and reject null hypothesis, meaning that there is a positive relationship between income in Argentina and tourist arrivals to Argentina. 1% increase in Income in Argentina leads to increased tourist arrivals to Argentina by 2,148%. The hypothesis would be that high income in Argentina enhances its global reputation and leads to the development of new attractions, hotels and experiences in the country, which boosts Argentina's appeal to international tourists. Also, with increased income, countries might offer higher quality services like cultural events, luxury travel experiences or fine dining, which attracts wealthier tourists with certain values worldwide.

Tourist income in origin is statistically significant at 1% level, we accept alternative hypothesis and reject null hypothesis, meaning that there is a positive relationship between tourist income in origin and tourist arrivals to Argentina. 1% increase in Tourist income in origin countries leads to increase in tourist arrivals to Argentina by 0,94%. It can be hypothesized that tourists with high income in their origin countries might be more willing to take longer or more frequent trips abroad. With more financial resources available, potential wealthy tourists might want to spend more time to explore the country in greater depth by visiting multiple tourist destinations.

Table 2. Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,979 ^a	,958	,953	,1750359398 50863
a. Predictors: (Constant), touristincome_orig, pl_dest, distance, ge_dest, touristincome_dest, pl_orig, ge_orig				

Source: Author's elaboration

Table 2 shows the Model Fit summary based on R-Square test. An R-squared value shows that the independent variables estimated in the model explained The Number of Tourist Arrivals in Argentina by 95,8%. This indicates that the model fit and is considered as an efficient model, meaning that the independent variables listed in the model efficiently explained the dependent variable.

Conclusion

This study appears to be the first empirical investigation into the impact of geopolitical and governance indicators and their impact on the number of tourist arrivals to Argentina. With this purpose, secondary data was collected and statistically analyzed using Linear regression model with Estimates and Model Fit, followed by R-Square model analysis. The results of this study show that geopolitical situation, government effectiveness and income levels in Argentina and its neighboring countries directly influence tourist arrivals coming to Argentina. R-Square test supports this evidence and considers these variables as major factors influencing tourist influx in Argentina.

The result of this study will be valuable to the tourism industry practitioners as well as governments in developing better conditions for expanding tourism traffic in Argentina by focusing on the factors discussed above.

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