

"A man is
great by
deeds, not by
birth"

-Chanakya

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What drives the currency exposure of firms in the hospitality industry?

A multi-country investigation

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Abstract:

Firms in hospitality industry are sensitive to currency fluctuations, however, there has been a lack of research to date on currency exposure and its drivers for hospitality industry. This study investigates firms' currency exposure for different sectors of the hospitality industry using a sample of 1,640 firm-year observations from top 9 tourist destination countries over the period 2015-2022. The study finds that along with financial hedging, firms' operational factors play an important role in determining their exposure. Specifically, an efficient utilization of assets, lower debt or maintaining liquidity are crucial factors for firms to remain less vulnerable to currency fluctuations.

Keywords: Hospitality industry, Currency Exposure, Hedging

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