**ST. MARY’S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**



**EFFECT OF COVID-19 PANDEMIC ON TOURISM BUSINESS SECTOR IN CENTRAL ETHIOPIA**

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**APPROVED BY BOARD OF EXAMINERS**

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# DECLARATION

I, declare that the thesis entitled ‘Effect of COVID-19 Pandemic on Tourism Business Sector in Central Ethiopia’ is my original work. Moreover, this study has not been presented for any other program or university, and all sources of material used have been acknowledged accordingly.

Tariku Filla

# Acknowledgment

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**ABBREVIATIONS**

COVID-19- Coronavirus Disease

GDP - Gross Domestic Product

ILO - International Labor Office

NGO - Non-Governmental Organization

UNCTAD - United Nations Conference on Trade and Development

UNWTO - United Nations World Tourism Organization

WTO - World Trade Organization

WTTC - World Travel and Tourism Counci1

ICT - Information and Communications Technology

IMF - International Monetary Fund

OECD - Organization for Economic Co-operation and Development

WHO -World Health Organization

# Abstract

*The Covid-19 pandemic, which is seen as a source of crisis worldwide, has also had negative effects in many ways on the tourism industry. In this research, it is important to identify the major factors affect the tourism sector due to the COVID-19 pandemic in central Ethiopia. The research aims to determine the effect of the Covid-19 pandemic on the tourism industry, evaluate the views of tourism managers, and offer solutions to problems in hospitability and tourism. The research data were collected through questionnaires and interviews with hospitality managers and supervisors in Central Ethiopia. The data was then gathered by distributing the questionnaires to a total of 48 respondents which are selected based on purposive sampling technique. The data were analyzed with the descriptive analysis technique by using Statistical Package for Social Scientist (SPSS) version 22. The analysis was carried out and organized data through tables, charts, graph and interpretation of findings. The significant findings highlighted the negative impact of the Virus outbreak on the tourism industry and the decline of employment and hospitality. The findings will help to face challenges in the tourism industry, and strategies to overcome viral infections in the future are recommended.*

***Keywords:*** *COVID-19 pandemic, Tourism, Economic shock, International tourism, Travel restrictions*

# CHAPTER ONE

# 1. INTRODUCTION

## 1.1. Background of the study

The novel coronavirus (COVID-19) was first seen in China in one of its cities,Wuhan, in December 2019 then unfold to Hubei Province and also the remainder of China. Albeit the virus unfolds quickly within the country’s urban center region, it had been at the start for the most part forgotten by political leaders in different elements of the planet (Washington Post, 2020, WHO 2020). The COVID-19 virus has no treatment for a cure and immunizing agent for hindrance, due to this new nature of the disease and WHO recommendations most countries in the world responded to non-pharmacologic interventions in various ways, including country lockdown, physical distancing from a suspect or healthy people, mandatory quarantine of those who have travel history to those country’s reported the cases, closure of schools from Kindergarten to higher universities and mandatory wearing of facemasks, not gathering of peoples quite four people in very sure places, closing off any sports competitions and frequent hand washing. A local and international restriction of movements leads to the downfall of the country’s business-generating industries like tourism and hospitality which includes air transportation, sea transportation, food handling, accommodation sector, entertainment, and recreation, (The Foreign and Commonwealth Office, 2020; WHO, 2020).

The world economy is experiencing a historic economic and social shock triggered by COVID-19. The unique feature of the pandemic is that it represents a ‘perfect storm’, bringing together a multitude of crises – public health, economic, financial, social, and environmental – in a single, rapid and devastating blow to countries and societies(Triggs and Kharas, 2020). The travel and tourism sector is one of the most affected sectors in the economy due to the COVID-19 pandemic. Due to the health and economic crisis caused by the pandemic, the tourism sector is affected on a large scale (UNWTO 2020). Movement restrictions, curfews, and travel bans were implemented by governments across the world to tackle the pandemic. Most countries are currently facing a second wave of the virus, which causes more damage than the first wave. Thus, most states have closed their borders to tourists. As per the IMF forecasts, the global economy may be more likely to contract by -3%, and the loss of GDP due to pandemic situations could be around nine trillion US$ in 2020 (IMF, 2020a, IMF, 2020b). Hence, COVID-19 creates economic recession due to quarantines, travel restrictions, and social distancing, and significantly impacts economic growth worldwide. The United Nations World Tourism Organization (UNWTO) reported 100% travel restrictions on global destinations in 2020. As a result, the international tourism sector has become more faced with the challenge than in other industries sector (UNWTO 2020).

As the number of infected cases increases and the virus spreads globally, most countries of the world impose travel restrictions to inhibit their populations being from infected and furthermost measures taken by countries resulted in directly shakes on the service sector and hospitality industries such as transport, accommodation, services, and goods (FCO (The Foreign and Commonwealth Office,2020). The research focuses on a country and determines the challenges faced in the tourism sector, and the strategies to overcome those challenges in the short- and long-term while minimizing the country’s economic shocks due to the pandemic. The study also concentrates on the impact of the other main sub-services supporting tourism sector development, such as hospitality, air travel, food and communication.

## 1.2. Statement of the problem

Tourism plays an important role in the growth of the international economy. In the past decades, tourism has experienced continued growth and became one of the fastest-growing economic sectors globally. The sector witnessed a 59% growth over the decade international the number of tourists’ that arrived at destinations were 1.5 billion tourists in 2019 as compared to 880 million tourists that arrived at destinations in 2009. In 2019, the tourism sector accounted for 29 % of the world’s services exports and 330 million jobs globally (UNCTAD, 2020). Globally, the tourism industry contributed US$8.9 trillion to the global GDP in 2019 equaling a contribution of 10.3% and creating about 330 million jobs worldwide (UNCTAD, 2020). This means tourism is noted that 1 in 10 jobs around the world is in the tourism sector, equaling 330 million jobs. Generally, tourism is an important source of global income and employment and contributes significantly to the GDP of the countries (UNCTAD, 2020).

Hence, the strong historical growth of tourism has been halted in 2020 amid the global Covid-19 pandemic. The tourism industry is one of the sectors that would be greatly affected by the COVID-19 pandemic. The global contraction of tourism arrivals due to COVID- 19 could have devastating impacts worldwide (UNCTAD, 2020). As a result, international tourism has been suspended and domestic tourism activities have also been curtailed with the restrictions imposed due to lockdown. With airplanes on the ground, hotels closed and travel restrictions implemented, travel and tourism became one of the most affected sectors since the very start of the virus ‘spread. The pandemic has cut international tourist arrivals in 2020 to a fraction of what they were a year ago (Infomineo, 2020). Every component of the tourism industry is being affected by the closure of the borders of the countries due to the spread of the disease. The impacts of the pandemic can be seen in every area of the tourism industry viz. aviation industry, hospitality industry, travel agency, and tour operations (The Foreign and Commonwealth Office 2020).

The Covid-19 pandemic has severely impacted the tourism industry across the globe covering sectors like hospitality, tour operators, travel agents, air, land, and sea transportation industry, and others (Mondaq, 2020). The travel, tourism, and hospitality industry have been decimated by the impact of the coronavirus COVID-19 outbreak. This pandemic showed a rapid negative impact on the country's tourism and hotel industry. The COVID-19 has increased cancellations of hotels and travel bookings resulting in revenue loss and unemployment situations, resulting from loss of substantial revenue to the government, and increasing incidence of poverty among others.Without intervention, the shock to international travel brought on by the coronavirus pandemic could lead to lasting effects on the Ethiopian economy. A loss in Ethiopian GDP of over US$3.7 billion 2020 is estimated, and this alone will have put almost 1.3 million tourism-related jobs at risk (Tourism Economics 2020).

Many studies were focused on impacts of the pandemic on tourism at global and national levels that Challenges confronted in tourism and the strategies to overcome those challenges in the short- and long-term while minimizing the economic shocks due to the pandemic. However, there are no documented research which is undertaken on the assessment of economic impacts of COVID 19 outbreak on tourism in Central Ethiopia with the aim of mitigating the impact of COVID-19 on the tourism industry. Therefore, this study is intended to fill the above gaps by evaluating economic impact of COVID 19 outbreak on tourism in Central Ethiopia.

The findings will help to face challenges in the tourism industry in Central Ethiopia, and strategies to overcome viral infections in future are recommended

## 1.3. Objectives of the study

### 1.3.1. General Objective

To assess the effect of the COVID-19 pandemic on the tourism sector in central Ethiopia

### 1.3.2. Specific Objectives

* To identify the major challenges faced in the tourism sector due to the COVID-19 pandemic in central Ethiopia.
* To evaluate the effect of the COVID-19 pandemic on the number of domestic and international tourists in the area.
* To assess the status of employment in the tourism sector during the COVID-19 pandemic

## 1.4. Research Leading Questions

The main research questions to address the objective of the study are:

1. What are the major challenges faced in the tourism sector due to the COVID-19 pandemic in central Ethiopia?
2. What is the socio-economic situation happened of employment in the tourism sector due to the COVID-19 pandemic in central Ethiopia?
3. What is the effect of the COVID-19 pandemic on the number of domestic and international tourist’s inflow to central Ethiopia?

## 1.5. Significance of the study

As a result of the health and economic crisis with the COVID-19 pandemic, the tourism sector got severely affected across the globe covering sectors like hospitality, tour operators, travel agents, air, land, and sea transportation industry, and others. Ethiopia is no exception; tourism has witnessed a significant decline during 2020 due to the COVID-19 pandemic. This sounds part of the research gap/problem statement. The study also will help tourism sector owners; tourism sub-sectors services, tourism sector employers, the community, and the Ministry of Tourism and Culture, and policy makers to understand the effect of the COVID-19 pandemic on tourism activities.

## 1.6. Organization of the Paper

The paper was organized as follows. The first chapter presented an introduction followed by the second chapter which presented a literature review. The third chapter presented methodology and design as a blueprint of the study. Chapter four presented data analysis and discussion of the paper. Finally, chapter five of this study concluded the findings and presented recommendations based on the findings.

# CHAPTER TWO

# 2. LITERATURE REVIEW

**2 .Introduction**

This chapter presents the relevant theoretical and empirical litertures on the effects of COVID 19 and tourism marketing recover strategies.The first section explores the theoretical framework of the study and the second section will examines empirical

.

**2.1Theoretical Literatures Review**

This chapter will cover the literature reviewed of theories and models and conceptual framework which serves as evidence of the Variables of the study Definitions of tourism, Vulnerability of the Tourism Industry to Crisis, the Tourism Value Chain, the effects of the COVID-19 pandemic for the adaptation of firms‟ strategies, the effects of the COVID-19 pandemic for the transformation of sustainable tourism, the effect of COVID-19 on tour operators in Ethiopia as well as explore their strategic responses to the pandemic and best practices that can be adopted and provides unique evidence of how tour operators respond tocrises will be briefly highlighted

### 2.1.1 What is Tourism?

The word "Tourism" is derived from the term "Tour" which means a journey.

There are many technical definitions that define tourism; some are as follows their needs and wants (R.Macintosh&S.Gupta, 1977:9)

This definition helps to know that the tourist seeks various types of activities, physical experiences, and satisfactions. Business people see tourism as an opportunity to make a profit by providing the types of goods and services that the tourist market demands.

Another technical definition is that; Tourism may be defined as the sum of the phenomena and relationships arising from the interaction of tourists, Business, suppliers, host governments, and host communities in the Process of attracting and hosting those tourists and other visitors (R. Macintosh & C. Goldenberg, 1986:4)

The above definition shows tourism is a composite of various activities, services, and industries that delivers a travel experience, namely, transportation, accommodations, eating and drinking establishments, shops, entertainment activities, facilities, and other hospitality services available individual or groups that are travailing Way from home.

In general, tourism is the entire World industry of travel, hotels, transportation, and other components including promotions. Moreover, it includes the service needs and wants of tourists. Not only are those but also the total tourist expenditure within the borders of the nation. It is the temporary movement of people to destinations outside their normal places of work and residence, the activities undertaken during their stay in those destinations, and the facilities created and services provided to cater to their needs (Collins-Reiner, Wall 2015). Tourism was defined as people travelling abroad for over 24 hours (Vijaya, 2016). It involves the motivations and experiences of the tourists, the expectations of and adjustments made by residents of reception areas, and the roles played by the numerous agencies and institutions which intercede between them (Collins-Kreiner, Wall 2015). Tourism is a multifaceted phenomenon that involves moving to and staying in a destination outside the normal place of residence.

According to the World Tourism Organization (2009:7, ), “Tourism is the temporary short-term movement of people to destination outside the place where they normally live and work and their activities during the stay at their destinations, including movement for all purposes, as well day visit or excursions”. Tourism mostly depends on the range and types of accommodation available at the destination. Accommodation is a core of the tourist industry and plays a distinctive role in the development of this ever-expanding industry. Tourism also tends to give support to local handicrafts and cultural activities; both in urban and rural areas. Expenditure by tourists has a multiplier effect and also generates considerable tax revenue for the local economy. Tourism has become a major and integral part of economic, social, and physical development (Viyaja, 2016, Infomineo, 2020).

Tourism is a service industry, consisting of transportation, accommodation, and hospitality. The terms tourism and travel are often used interchangeably though there is a difference. The tourism industry is a major sector of the economy of any nation. The constituents of the tourism in are varied ranging from small-scale businesses operating at local levels to multinationals. Moreover, these different components are closely linked to each other. (Collins-Kreiner, Wall 2015, Viyaja, 2016). This linkage is there despite the competition within one set of constituents. The tourism industry is made up of the following: a) Hotel and hospitality, this includes lodges, resorts, tourist homes, guesthouses, restaurants, and eateries among others, and b) Transportation services that include air, water, road, rail, and foot, c) Entertainment services that are casinos, social halls, churches and mosques, d) Information services that is travel agencies, tour operators, etc., e) Attraction services both natural and manmade, f) Education and research, which is tertiary colleges and universities, g) Stakeholders that is shareholders, local community and the government.

### 2.1.2 What is Tourist?

Several definitions exist for what is meant by a tourist. A tourist is a person who travels from place to place for non-work reasons. The U.N. defines a tourist as follows; a tourist is someone who stays for more than one night and less than a year. Business and convention travel is included. The most widely accepted definitions for interactional visitors were first agreed to by the United Nations Conference on International Travel and Tourism in Rome in 1963. Visitors were divided into:

**Tourists**: temporary visitors to a country staying at least 24 hours, for leisure or business, and

**Excursionists:** temporary visitors staying in a country less than 24 hours, for the same purpose, but excluding transit passengers. The definition concludes that people visit different places for business purposes as well as leisure visitors (Bull, A. 1991

### 2.1.3 Historical Background

Tourism has come a long way since the time of the Sumerian, Egypt, Babylon, Greece, Rome and other ancient people who were very rich in the society, or the ruling bodies of that time and the slave-owning society, who got surplus-value had the free time and money required to travel outside their immediate area to travel for trade purposes. Today tourism is viewed as an economic and social force of major proportions in the World, some historical origin that we learn from history is; that the business of tourism in the ancient period shared many of the features of the business as we know it today. (J.C.HallO'ay,1994). Those purposes were trade and commerce, religious purposes medical treatment, fighting in wars, seeking educational development, etc. Nevertheless, the concept of tourism accepts only those movements for peaceful purposes, and those travels, connected to war are excluded for theoretical reasons from tourism.

The flow of tourism arrival has dramatically increased from time to time as modern transportation and information communication technology is more advanced. In 1950 the WTO estimated that there were 20 million tourist arrivals in the World. By 1960 that figurehead more than doubled to almost 70 million. The next ten years saw the figure leaped to 160 million and then to 285 million in 1980. In 1992, those figures could well sky-rocket to 500 million and there are estimates that it reached reach 600 million by the end of the century. According to UNTD (2017) in 2017, there were 1.322 billion international tourist arrivals.

## 2.2 The Global role of Tourism in Economy

Today tourism has worldwide importance for several countries in developing as well as developed countries. This means it has got social and economic significance in the world. Tourism is often called an invisible export because many nations accumulate large sums in foreign currency by successfully encouraging foreign visitors to travel inside their Countries. Travel& Tourism yields significant economic and social benefits around the world, and possesses the power to change people's lives for the better by driving economic growth and development, reducing poverty through the provision of livelihoods, and fostering tolerance and peace through intercultural exchange and understanding. The sector has demonstrated strong and continued growth in the number of people travelling internationally each year, as well as its economic impact over the last

Another importance of tourism is that it has an educational significance. Travelers which make contact with different races and nationalities and places will enhance their understanding of the place they visited. In addition to these contributions, tourism brings people together from different backgrounds from different nations and also generates employment and most famous places. It also involves improvement in infrastructure such as roads, airports, recreational places, construction facilities, accommodations, etc. which are undertaken to attract tourists and may be considered as an indirect economic benefit of tourism.

## 2.3 The key role of tourism in GDP of Ethiopia

Annual analysis of the World Travel & Tourism Council’s (WTTC, 2018) analysis reveals that the worldwide economic and employment impact of Travel and Tourism in 185 countries and twenty-five regions, which accounted for 10.4% of world value and 319 million jobs, or 10 percent of total employment in 2018. Ethiopia is an Eastern African country with the home of 14 natural, cultural and mixed property heritages registered by UNESCO which spreads all over the whole country, and has great potential to develop itself as a tourist destination (MOCT 2016). Many scholars define tourism as the movement of people away from home to other places. Of interest and it's one of the largest and fastest-growing industries in the world (Al-Badi*et al.,* 2017). Consistent to World Tourism Organization (2009), the Tourism industry comprises many like accommodation, food and beverage services, recreation and entertainment, transportation, and travel services, and this highly growing industry around the world also become a major source of economic stability through increasing foreign exchange earnings, increase government revenues and employment creation for several countries. The tourism and travel sector has a direct, indirect, and induced impact on the Ethiopian economy.

In 2014, the direct contribution from tourism and travel to Ethiopian GDP was US$ 2,057.8 million (4.1% of total GDP), and this contribution is forecasted to rise by 1.2 % in 2015 to reach US$3,287.4 million. Cognizant of the vital role that the sector plays in energizing the national economic growth, the Government of Ethiopia included tourism in the list of priority economy builder sectors. (MoFED,2012). International Bank for Reconstruction and Development (2006) study on the tourism sector excluding foreign exchange earnings from Ethiopian Airlines shows that this sector generates approximately 132 million USD in direct income from different services such as accommodation, transportation, meals and drinks, traveler fees & arts and crafts purchases (making it the third-highest exchange wage earner) The number of foreign tourists those visited the country has increased significantly from year to year as of 227,398 in 2005 to 427,286 in 2009 and then to 523,438 in 2011, and a lot of significantly raised for the year 2014 to 770,425 foreign traveler arrivals were registered this is because of Ethiopia was highly participate in promoting those heritages found in the country to the whole world. (MoCT Report, 2014/2015).

The latest report of World Travel and Tourism Council (WTTC) on Ethiopia’s Travel and Tourism concerning financial gain revenue tourists seventy-seven were coming from international travelers and twenty-third from domestic travelers primarily for leisure activities that account seventy- nine and therefore the remaining twenty-first travelers came for the business activities as a result of this the economy driven from this sector were grew by 48.6% in 2018 and makes the largest of any country around the globe which creates a revenue of $7.4 billion as we compare from 2017 and it shows an increment of $2.2 billion contributes to 9.4% of the country’s economy and it creates 2.2 million jobs or 8.3% of total employment in the country. The hotel industry plays a major role in the development of the Ethiopian economy, besides its contribution to GDP; it creates jobs opportunity that extends from unskilled persons such as cook, and receptionists, to skilled higher management staff. Furthermore, now this industry plays a crucial source of employment which accounts for 3.8% of total employment in 2013 representing 985,500 jobs directly and this is forecast to grow by 0.1% in 2014 to 986,000 (3.6% of total employment) .

## 2.4 Definition and General Concepts of COVID -19 Pandemic

According to the World Health Organization (WHO2020), corona viruses are a family of viruses that cause illnesses ranging from the common cold to more severe diseases such as severe acute respiratory syndrome (SARS) and the mingle east respiratory syndrome (MERS)

The name corona virus comes from the Latin word corona, meaning crown or halo. Under an electron microscope, the virus looks like it is surrounded by a solar corona. The novel corona virus, identified by Chinese authorities on January 7, 2020, and since named SARS-CoV-2, is a new strain that had not been previously identified in humans. Little is known about it, although human-to-human transmission has been confirmed. I.e. China confirms human-to-human transmission of corona virus. The official name of the corona virus disease is known as “severe acute respiratory syndrome corona virus 2 (SARS-CoV-2)” as the name of the new virus on 11 February 2020 (WHO 2020). These viruses were originally transmitted from animals to people. SARS, for instance, was transmitted from civet cats to humans while MERS moved to humans from a type of camel. Several known corona viruses are circulating in animals that have not yet infected humans (Washington Post, 2020).

In December 2019, China reported an outbreak of a form of pneumonia with unknown causes. The outbreak had become a public health emergency of international concern. In early January 2020, a seafood market in Wuhan was identified as the suspected hub of the outbreak by the US Centers for Disease Control and Prevention (CDC), and since then, the market has remained closed. This new virus was named temporarily a novel corona virus or COVID*-*19 (Johns Hopkins, 2020, Washington Post, 2020)*.* Pneumonia of unknown cause detected in Wuhan, China, was first reported to the WHO Country Office in China on 31 December 2019. In early January 2020, 41 patients with confirmed infections by a novel corona virus (COVID-19) had been admitted to hospitals in China. Even though the virus spread rapidly in the country’s Wuhan region, it was initially largely disregarded by political leaders in other parts of the world (although intelligence services issued warnings of a potentially cataclysmic event; (Washington Post, 2020). To contain the virus, Wuhan was put into lockdown (a combination of regional and individual quarantine measures), and case numbers in China stabilized at around 80,000 by mid-February (ECDC 2020). By then, global air transport had already carried the virus to all continents and, by mid-March, it had been established in 146 countries (Johns Hopkins, 2020).

The number of confirmed infections worldwide quickly doubled, linked to some super-spreading events, such as the ski destination Ischgl in Austria (Johns Hopkins, 2020). From here, the infection rate accelerated through community transmission and, by 15 April, confirmed cases approached 2 million (with over 125,000 deaths) in over 200 countries (ECDC 2020). The real total number of cases remains unknown as testing is limited in most countries. With no vaccine to prevent the disease and limited medical interventions available to treat it, most countries responded with various forms of non-pharmaceutical interventions (NPI), including lockdown (home isolation, voluntary/required quarantine), social distancing (vulnerable or entire populations), closure of schools/universities and non-essential businesses/workplaces, canceling or postponing events (i.e. major conferences and tradeshows, concerts and festivals, political debates and elections, sports seasons and the summer Olympics), and bans on gatherings of people over certain numbers (WHO 2020).

## 2.5 Potential Transmission Channels of the COVID -19 Pandemic

The main reasons for the increasing pandemic threat in the 21st century are: a rapidly growing and mobile world population; urbanization trends and the concentration of people; industrialized food production in global value chains; increased consumption of higher-order foods including meat; and, the development of global transport networks acting as vectors in the spread of pathogens (Pongsiri et al., [2009](https://www.tandfonline.com/doi/full/10.1080/09669582.2020.1758708)). Disease outbreaks such as SARS, Ebola, Marburg, Hantavirus, Zika, and avian influenza are all outcomes of anthropogenic impacts on ecosystems and biodiversity (World Bank, [2012](https://www.tandfonline.com/doi/full/10.1080/09669582.2020.1758708)). “High-risk areas for the emergence and spread of infectious disease are where (Pongsiri et al., [2009](https://www.tandfonline.com/doi/full/10.1080/09669582.2020.1758708)) wild disease reservoirs, agricultural practices that increase contact between wildlife and livestock, and cultural practices that increase contact between humans, wildlife, and livestock.

## 2.6 COVID-19 Pandemic and Tourism Relationship

The relationships between pandemics and travel are central to understanding health security and global change (Burkle, 2006). Although tourism research has developed at least a cursory realization of the potential systemic effects of global climate change, there has not been the same appreciation of the systemic effects of pandemics, with studies tending to focus on individual country impacts, rather than the system-level challenges and vulnerability. Several studies have demonstrated the important role of air travel in accelerating and amplifying propagating of influenza and corona viruses (Brown et al., 2016). However, to an extent, the rise and fall of academic interest in the relationship between tourism and pandemics is reflective of that of the wider industry and also governments, given that tourism has been affected by disease outbreaks numerous times since the turn of the millennium. Most importantly, there have been several warnings that pandemics posed a major threat to society and tourism from both tourism (Gössling, 2002; Hall, 2006, 2020; Page & Yeoman, 2007; Scott &Gössling, 2015) and institutions (Jonas, 2014; World Bank, 2012).

The world has experienced major epidemics/pandemics in the last 40 years, yet none had similar implications for the global economy as the COVID-19 pandemic. The COVID-19 is not as contagious as measles and not as likely to kill an infected person as Ebola, but people can start shedding the virus several days in advance of symptoms (Rothe et al., [2020](https://www.tandfonline.com/doi/full/10.1080/09669582.2020.1758708)). As a result, asymptomatic people transmit COVID-19 before they know to self-isolate or take other measures like physical distancing in public or wearing mouth/nose coverings to prevent the spread of the virus through speaking, and coughing, or sneezing. With very limited testing in many countries, also due to the unavailability of tests, unknowingly asymptomatic transmission is thought to be substantive (Li et al., [2020](https://www.tandfonline.com/doi/full/10.1080/09669582.2020.1758708))

## 2.7 The Global impact of COVID-19 on the tourism sector/ industry

Tourism is a major driver of jobs and growth. But COVID-19 has dramatically changed this. The impact on tourism enterprises and workers, the majority being young women, is unprecedented (International Labor Organization 2020). The COVID-19 pandemic has caused significant disruptions in the global economy. By the end of the first quarter of 2020, the COVID-19 pandemic had brought international travel to an abrupt halt and significantly impacted the tourism industry. For many developed and developing countries, the tourism sector is a major source of employment, government revenue, and foreign exchange earnings. Without this vital lifeline, many countries may experience a dramatic contraction in GDP and a rise in unemployment. In some countries, unemployment could rise by more than 20 percentage points and some sectors could nearly be wiped out if the duration of the tourism standstill is up to one year (UNCTAD 2020).

The UN World Tourism Organization (2020) reported during the second quarter of 2020 for the first time that 100 percent of global destinations introduced travel restrictions. As a result, international tourism has been almost totally suspended, and domestic tourism curtailed by lockdown conditions imposed in many countries. Although some destinations have started slowly to open up, many are afraid of international travel or cannot afford it due to the economic crisis. Tourism is a critical sector of the international economy. In 2019, the tourism sector accounted for 29 percent of the world’s services exports and about 300 million jobs globally. It is an important source of income and employment for developed and developing countries. The global contraction in tourism arrivals could have devastating economic consequences as some developing countries are highly dependent on tourism. In some countries, such as several small islands developing states (SIDS), tourism accounts for more than half of the GDP (UN World Tourism Organization 2020).

Tourism is one of the fastest-growing economic sectors and is an important driver of economic growth and development. In 2018 there were 1,407 million international tourist arrivals, a six percent increase from the previous year. Tourism receipts amounted to $1,480 billion, an increase of 4.4 percent, higher than global GDP growth in the previous 8 years. Passenger transport is worth another $250 billion. Tourism exports account for seven percent of global trade in goods and services, or $1.7 trillion (UN World Tourism Organization 2020). In 2019, the most popular destinations were France, Spain, the USA, and China. Tourism is a major source of employment globally. The labor market has some distinguishing features. The industry is labor-intensive. A high proportion of the jobs are undertaken by women, 54 percent, significantly higher than in most other sectors, and young employees, meaning the industry is seen as inclusive. However, women are more likely to be entrepreneurs in tourism than in other sectors and most women hold low-skilled jobs in the tourism sector, making them vulnerable to shocks. There is also a significant amount of indirect employment in construction and infrastructure development, plus supplying food and drink and souvenirs to tourists. Furthermore, many employees have direct contact with tourists in travel agencies, airlines, ships, hotels, restaurants, shopping centers, and various tourist attractions (United Nations Conference on Trade and Development 2020).

International tourism is among the economic sectors most impacted by the COVID-19 pandemic.

The United Nations World Tourism Organization (UN WTO) estimates a loss of 850 million to 1.1 billion international tourist arrivals, $910 million to $1.1 trillion in export revenues, and 100-120 million jobs, depending on whether the borders are opened in July, September or December. Most destinations were entirely closed in April and May 2020, opening only in some regions slowly for the northern summer. UN WTO projections reflect considerable uncertainty about the duration of the pandemic, in addition to the government's response to support economic activity (UN World Tourism Organization 2020).

## 2.8 The COVID-19 Pandemic spreading mitigation policy & Strategies

COVID-19 is a health and economic crisis on a global scale. While little is known at this time about many aspects of the disease (such as asymptomatic transmission, preventative measures, possible treatments, the likelihood of a vaccine, and long-term effects), it is generally agreed that the virus is easily transmissible and that the fatality rate is low when compared to previous pandemics such as SARS, Ebola and the bubonic plague. Fatalities are heavily skewed towards older people and those with existing ailments (United Nations Conference on Trade and Development 2020). To slow the spread of the virus, many countries have encouraged or mandated the use of sanitary practices such as hand washing, social (spatial) distancing, and isolation. The USA government has introduced a slew of policy measures such as targeted testing and tracing, lockdown measures, upgrading public health facilities, and closure of borders. The measures have impacted many industries and the delivery of personal services, resulting in demand and supply-side shocks (United Nations Conference on Trade and Development 2020).

According to the World Tourism Organization (2020), international tourism has indicated continuous growth for the tenth consecutive year reporting 1.5 billion international tourist arrivals in 2019 and an estimated 1.8 billion international tourist arrivals by 2030 )people are forecasted to be (USDHHS. Pandemic influenza plan: 2017). Reporting the COVID 19 or the Corona outbreak started in Hubei province, Wuhan City in China in November 2019 and spread all over the world by March 2020 has been remarkable in world history as the most challenging tragedy that occurred in the world after decades may be the World War II. The major disruptions to the global economy from the transmission of this virus especially to the retail sector, food, consumer goods, healthcare delivery, and a potential curtailing of travel and tourism as major drivers of most of the countries in the world is in immeasurable and severe than expected by many. The situation should be strategically addressed with suitable proactive and reactive measures considering the current situation and to overcome future threats to ensure the socio-economic wellbeing of all humans keeping space for increased travel and tourism (World Tourism Organization 2020).

However, the decisions on limiting the movements of people and commodities mainly affected the industries like tourism, because, tourism includes air transportation, rail way transportation, food handling, accommodation sector, entertainment, recreation, etc. it impact on the COVID- 19 pandemic on Ethiopian tourism and hospitality sector. Being a country that has very few experiences in health systems concerning technical and technological to protect such types of the pandemic around the globe. However, after the pandemic case reported in Ethiopia, the Government is highly participating to make measures, policies, and rules to mitigate the pandemic consequences in the country. Due to this, regular hand washes policy, social distance, use of the mouth, and nosh protective masks. There are many service providers such as accommodation suppliers, travel agencies, event coordinators, transportation Suppliers, etc. Otherwise, this may lead to reallocating the resources to other industries where the Tourism industry would face the challenge of finding service providers in the future.

## 3. Conceptual Framework

Assessing the effects of the Covid-19 pandemic disease on the tourism business sector in central of the country will carry out for the main objective of evaluating the COVID-19 pandemic disease effect on the overall tourism sector performance. Thus, the conceptual framework is developed to depict the relationship between the dependent variables and the independent variable. In doing so, the researcher will try to show how the independent variables mentioned below will go under the country’s tourism sector performance impact, which is stated as the dependent variable below. The below graph can be reviewed for a more clear picture and understanding.

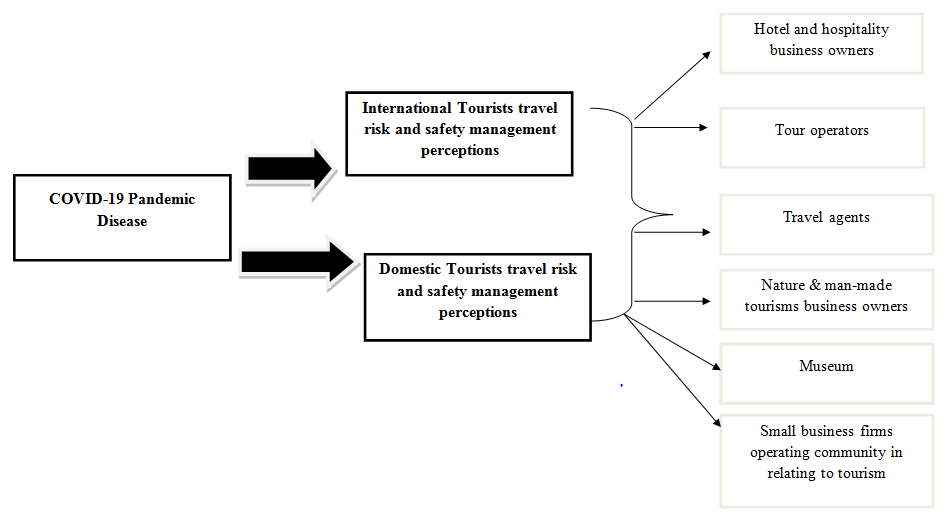


Figure 1: Independent and dependent variables in the effect of COVID-19 Pandemic Disease on the tourism business sector

Source for the figure: Rahman MK, Gazi MAI, Bhuiyan MA, Rahaman MA (2021) Effect of Covid-19 pandemic on tourist travel risk and management perception Published: September 1, 2021

**CHAPTER THREE**

# 3. Research Methods of Study

## 3.1. Description of the study site

The study was conducted in the central of Ethiopia, Addis Ababa city. The capital is [Addis Ababa](https://www.britannica.com/place/Addis-Ababa) is located almost at the center of the country. Ethiopia is located in the North-Eastern part of the African continent or what is known as the “Horn of Africa.” Ethiopia is bounded by Sudan on the west, Eritrea and Djibouti on the northeast, Somalia on the east and southeast, and Kenya on the south. Ethiopia lies between the Equator and Tropic of Cancer, between the 30 N and 150 N Latitude and 330 E and 480 E Longitude. The country occupies a total area of approximately 1,127,127 km2. Of which a total land area is 1,119,683 km2 and the area occupied by water bodies is 7,444 km2. The Ethiopian border is 5,311 km long. Although the average elevation of the plateau is about 1600 meters; the lowest point is Danakil Depression (125 meters below sea level) and the highest peak is Ras Dashan (4620 meters above sea level), (Geography of Ethiopia and the Horn, 2019).

In the present study, central Ethiopia is represented by Addis Ababa city, and five Shewa administration zones in Oromia Regional state such as the east Shewa zone, west Shewa zone, north Shewa zone, south-west Shewa zone, and special zone surrounding Finnfine city. The reason for the selection of central Ethiopia for the present study is due to the high potential of tourism destination areas found in this central area (such as Wenchi lake, Dembele lake, Besekaleke, Awash national park, Gefersa wildlife sanctuary, Ambo spring water swimming, Sodere resort, and different man-made resorts & recreation areas), better facilities to tourists, and close areas to the capital city of a country.

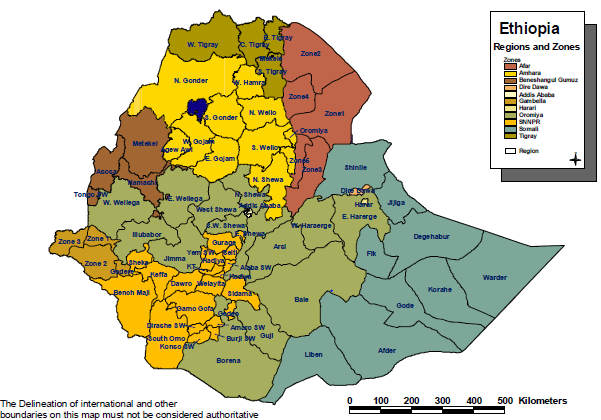


Figure 2: Map of Ethiopia with administration zones

## 3.2. Study design and sampling techniques

Survey on the effect of the COVID-19 pandemic on the tourism sector of Ethiopia was carried out with a mixed methodological approach (both qualitative and quantitative approach) of data collection by using a structured questionnaire, which contains both closed and open-ended questions. Within the selected representative sample of majors of sub-sector tourism service, the sub-sector tourism service owners, managers, coordinators, tour operators, and employers will be interviewed by the structured questionnaire. The study period runs from March 2022 to May 30, 2022. Besides the data during the COVID-19 pandemic period, for reference before COVID-19 emerged or happen three-year data on sub-sector tourism service activities, and tourism revenues also collected from the Ministry of Tourism and Culture, and sub-sector tourism service owners.

### 3.2.1. Target Population Group

The target population of the study emphasized purposive sampling of the supervisors, mangers, and managers of hotels, lodges, tour operators, travel agents, wildlife parks, wildlife preservations, Zoos, lakes:-Wenchi lake, Dembele lake, Besekaleke, and Museums, in tourism business firms operating in central Ethiopia before Covid-19 happened (2015-2019), and after the corona virus pandemic starting from January 2020- up to now period

The determination of sample size is based on Yamane`s (1967) sampling formula with 95

Percent confidencelevel.

n=N/1+N(e)2

Where,

- n: sample size for the researcher use

- N: total number of managers, Assistant Managers and supervisors Hospitality = 55

- e: Level of precision or sampling error which is + or – 5%

Using the above formula, the total sample size of the respondents was 48which are

Determined as follows:

n = 55/1+55(0.05)2

n =48

Therefore a sample size of 48 was selected from a total population of 55.

Various methods are available or allocation of sample in different stratum depending on the characteristics of resources. They are equal allocation, proportional allocation due to Bowel

(1926).The sample size for proportional allocation given by

ni =.n Ni / N

i= stratum number, i = 1,2 3,…..

Ni *=*represents population size of the strata

N= represents the population size. N=55; *n*=48.

Therefore the sample size for each Hospitality was calculated by using the above formula and the

results were listed on the given table.

Table 1: Target Population

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Categories | Number of Total managers | Targeted sample size | Percentage |
| 1 | StarHotels | 10 | 9 | 19% |
| 2 | Lodges | 6 | 5 | 10% |
| 3 | Tour Operators | 7 | 7 | 15% |
| 4 | Travel Agents | 6 | 5 | 10% |
| 5 | Wild park | 9 | 8 | 16% |
| 6 | Wildlife Reserves | 6 | 5 | 10% |
| 7 | Zoos | 4 | 3 | 7% |
| 8 | Lakes | 5 | 4 | 8% |
| 9 | Museum | 2 | 2 | 5% |
| Total | | 55 | 48 | 100% |

Source: Analysis of survey data using SPSS data, 2022

### 3.2.2. Data collection method

The primary data were collected from the selected representative tourism sectors of the target groups which include hotel and hospitality, transportation services, information services, and attraction services owners, managers, employers, and administration bodies samples by using structured questionnaire interviews. The data collected from the respondent were managed individually i.e. Interviewed six managers separately to block information sharing among them. The respondents were interviewed based on the nature of structured questionnaires.

In addition to the secondary and primary data, direct field observation, which helps to understand the respondents' circumstances, behaviors, thoughts, and attitudes, and inventory of the COVID-19 pandemic effect on the tourism sector of a countrywerecarried out to obtain additional information about the international and domestic tourist travels, and tourism sub-sector service activities in the Addis Ababa city, and factors influencing it.

### 3.2.3. Data Analysis

The primary data were collected processed and analyzed qualitatively. The collected qualitative and quantitative data were summarized, synthesized and grouped using key phrases or sentence that represent a similar response. Regarding the process of data analysis and interpretation, the collected data were coded to identify popular themes and categories that are relevant to the research questions. The collected data from the respondents by questionnaire were imported and analyzed by using the Statistical Package for Social Sciences (SPSS) version 22 program. Finally the analyzed data outputs were statistically expressed by using the descriptive statistics method. Descriptive data analysis tools will be used to measure frequencies, percentages, means, standard deviation and graphic representation. Pearson Correlation was used to determine the existence of any relationship between the independent variables and the dependent variable. Ordinary least square regression was also employed to examine the influence of independent variables (as a result of COVID-19) on the sales revenueof the business persons as summarized in table 2: below.

Table 2: summarizes the list of dependent and independent variables used for the OLS estimation.

|  |  |  |  |
| --- | --- | --- | --- |
| DEPENDENT VARIABLE | Definition | Type of variable & Measurement | Expected sign |
| Change in sales revenue | The net economic change in the incomes and expenditures of the business persons | Continuous (in Ethiopian Birr) | Negative |
| INDEPENDENT VARIABLES |  |  |  |
| Profitability | Financial performance and one of the main aims of Industry | Continuous (in Birr) | Positive |
| Employee aspect | Number of jobs created or lost in a month is an indicator of economic health | Continuous (in number) | Positive |
| Hotel consumer | Customer purchase behavior which is done in order to meet the needs of the consumers | continuous (in number) | Positive |
| Income | It can be earned /measured/ in birr per year | Continuous variables | Positive |
| Experience | The experience of the respondents measured by year | Continuous Variable | Positive |
| Sex | 1 if respondents male and 0 for female | Dummy Variable | Positive |
| Age | It indicates ages of the respondents. | Continuous Variable | Positive |
| Education | It can be measured by level/cycle of the school completed as elementary, secondary, tertiary, then it is categorical); | Categorical variable | Positive |

## 3.3 Ethical Consideration of the Research

This research has been developed ethically, respecting at all times the confidentiality and privacy of all survey participants. The design of the survey was carefully done to facilitate the analysis of the participants' responses. As well as providing them with an easy understanding and inclusion in the survey. Following the ethical codes, each book, article, journal, and document used in this research is correctly referenced and cited. It is not only intended to give credit to the authors but above all to mention the importance of the citations being correctly found in the text, as well as mention the format used.

## 3.4 Validity Assurance

Validity is determining whether the findings are accurate from the standpoint of the researcher, the participant, or the readers of an account (John, W.C. 2009). This study’s validity is assured by interviewing with a few of the sample population to determine the accuracy of finding drawn from the questionnaire. Also, opinion from the research advisor and experts ensure the content validity, whether the items measure the area of interest or the concept it intends to measure which advanced its validity

## 3.5 Reliability Analysis

Reliability refers to the consistency of a method that measures something. If the same result can be consistently achieved by using the same methods under the same circumstances, the measurement is considered reliable. Between 0 and 1 of how precise the items used were to measure the variable. To be considered reliable, an item must have a score higher than 0.7. As far as Construct reliability is concerned, Alpha Cranach’s method is applied to measure the internal consistency of a test or scale (expressed with a number between 0 and 1). Internal consistency describes the extent to which all the items in a test measure the same concept or construct (Tabaco and Dennick, 2011).

# CHAPTER FOUR

# 4. DATA ANALYSIS AND INTERPRETATION

## 4.1. Background of the Respondents

This section focuses on analysis and interpretation based on the findings data. The chapter presents an analysis of the information designed to respond to the research objectives as outlined in the study. There are five subsections presented in the questionnaire. The first is a general section that addresses the respondents’ demographic characteristics. The following four subsections address specific research objectives and they include the general information, the extent to which COVID 19 outbreaks affect hospitality and tourism, the effect of COVID 19 outbreaks on hotel employment, the effect of COVID 19 outbreaks on the sales revenue of the tourism industry, the extent to which COVID 19 outbreak affect hotel consumer attitude.

A total of 48 respondents were involved in the study from which 44 of the respondents filled the questionnaire and returned with a percentage rate of 92% whereas 8% of questionnaires were not returned and filled properly. For this reason, the study established that the response rate was considered excellent and it can be concluded that the majority of the respondents were able to participate in the study. According to Schein (1992), above 60% is an excellent response rate, 50% response rate is good while 30% is not viable. The results are indicated in the following table.

Table 3: Response Rate

|  |  |  |  |
| --- | --- | --- | --- |
| Categories | Targeted population | Response | Response rate |
| Managers | 29 | 27 | 93% |
| Assistant Managers | 13 | 13 | 100 |
| Supervisors | 6 | 4 | 67 |
| Total | 48 | 44 | 92 |

Source: Analysis of survey data using SPSS data, 2022

## 4.2 . COVID 19 challenges on tourism

The study conducted by (UN, 2022) confirmed that during the pandemic, lockdown and quarantine measures and restrictions on mobility, along with the decision of many consumers to limit international travel, resulted in the sharp contraction of cross-border tourism. The number of international tourist arrivals declined by 73 per cent in 2020, compared with in 2019.As the crisis was unexpected and unpredicted it was difficult to get confirmation of bookings and hope as the industry had been hit hard.

Profitability refers to a measurement of efficiency and ultimately its success or failure and ability of a business's to produce a return on an investment based on its resources in comparison with an alternative investment (Melissa 2019)

The outbreak of Covid-19 caused that new planning had been made to keep personnel expenses low" as a justification for the change in human resource planning was as means to control costs. Even employees in tourism sector were provided with salary support for months, in which they could not work. Hospitality itself, the suppliers, for example the food, drinks, supplies, and taxi driver. Helping the guests back and forth from the airport, they were also doing tours, tourism suppliers, and the tour and travel agency with hotels, so they were greatly affected as well by the restriction and the pause on the tourism enterprise.

### 4.3 Effect of COVID 19 on Domestic and International Tourism

According to the World Tourism Organization (2020), international tourism has indicated continuous growth for the tenth consecutive year reporting 1.5 billion international tourist arrivals in 2019 and an estimated 1.8 billion international tourist arrivals by 2030 )people are forecasted to be (USDHHS. Pandemic influenza plan: 2017). Reporting the COVID 19 or the Corona outbreak started in Hubei province, Wuhan City in China in November 2019 and spread all over the world by March 2020 has been remarkable in world history as the most challenging tragedy that occurred in the world after decades may be the World War II.

The major disruptions to the global economy from the transmission of this virus especially to the retail sector, food, consumer goods, healthcare delivery, and a potential curtailing of travel and tourism as major drivers of most of the countries in the world is in immeasurable and severe than expected by many. The situation should be strategically addressed with suitable proactive and reactive measures considering the current situation and to overcome future threats to ensure the socio-economic wellbeing of all humans keeping space for increased travel and tourism (World Tourism Organization 2020).

The general information for the study comprised of the respondents’ gender, age, educational level, and positions.

The decisions on limiting the movements of people and commodities mainly affected the industries like tourism, because, tourism includes air transportation, rail way transportation, food handling, accommodation sector, entertainment, recreation, etc. it impact on the COVID- 19 pandemic on Ethiopian tourism and hospitality sector. Being a country that has very few experiences in health systems concerning technical and technological to protect such types of the pandemic around the globe. However, after the pandemic case reported in Ethiopia, the Government is highly participating to make measures, policies, and rules to mitigate the pandemic consequences in the country. Due to this, regular hand washes policy, social distance, use of the mouth, and nosh protective masks. There are many service providers such as accommodation suppliers, travel agencies, event coordinators, transportation Suppliers, etc. Otherwise, this may lead to reallocating the resources to other industries where the Tourism industry would face the challenge of finding service providers in the future.

### 4.3.1. Descriptive analysis of demographic variables

The results have been analyzed by categorizing the participants according to the demographic variables: gender, age, education, service, and position in the tourism industry in central Ethiopia. The total number of the sample is represented by (N-44) in Table 1 below also as the percentage (%) composition of each variable.

Table 4: Demographic profiles of the respondents

|  |  |  |  |
| --- | --- | --- | --- |
| Demographic Profile | Item | Frequency | Percentage |
| Gender | M | 15 | 34.1 |
| F | 29 | 65.9 |
| T | 44 | 100 |
| Age | 20-25 | - | - |
| 26-30 | 19 | 43.2 |
| 31-35 | 9 | 20.5 |
| 36-40 | 4 | 9.1 |
| 41-45 | 3 | 6.8 |
| 46-50 | - | - |
| 51-55 | - | - |
| 56-60 | 9 | 20.5 |
| Above 60 years | - | - |
| Educational Level | Below diploma | - | - |
| Diploma | 7 | 15.9 |
| BA/BSc degree | 29 | 65.9 |
| MA/MSC Degree | 8 | 18.2 |
| PhD Degree | - | - |
| Above PhD Degree | - | - |
| Service year | 1-5 years | 23 | 52.2 |
| 6-10 years | 16 | 36.3 |
| 11-15 years | 3 | 6.8 |
| 16- 20 years | 2 | 4.7 |
| Above 20 years | - | - |
| Position in Organization | Manager | 27 | 61.4 |
| Assistant Manager | 13 | 29.5 |
| Supervisor | 4 | 9.1 |
|  |  |  |  |

Source: Analysis of survey data using SPSS data, 2022

Table 3 above in item 1 represents the gender overall of participants who carried out the survey. With 2 different options to answer;Male and Female. As can be observed in the table, the participants consisted of 15 males representing 34.1% of the sample, and 29 females representing 65.9% of the sample. This indicates that in the tourism sector in the study area more females were in positions than males. It could be said that even though the percentage of female participants is higher, the results based on gender are very balanced showing there was an equal probability of answering the questionnaire across the gender ambit of the total sample population.

Table 3 item 2 represents the classification of respondents per age interval with its corresponding percentage over the total. With six possible answers, 20-25, 26-30, 36-40, 41-45, 46-50, 51-55,56-60 and over 65. By looking at the results, it can be observed, that the age of the vast majority of participants ranged from 26-30 with 19 participants (43.1%), followed by the interval of 31-35 with 9 participants of (20.5%). This result indicates that the majority of respondents are between 26 –35 (63.6%) of age which implies that most managers and supervisors are young.

Table: 3, item 3 indicate the Educational level of respondents.With regards to the educational level of the respondents, the data show that were 7 (15.9%) diplomas and 29 (65.9%) degree holders with 8 (18.2%) master's degree. According to the data level of education above the diploma level was 37 (84.1%) which can contribute to its impact on the practice of effectiveness and efficiency of management practice of the organization because they were professionals and able to meet the performance target.

Table: 3, item 4 indicates the Service year of respondents. In relation to the managers' and supervisors' work experience, 23 (52.2%) of them were found 1-5 years of service, on the other hand, 16 (36.3%) of respondents between the service years of 6 – 10 and 3(6. 3%) 11 – 15 work experience and 2(4.7%). As the data indicated the majority of the respondents were found between 1- 5 years of experience and followed by 6-10 service years. This implies that almost all respondents had taken reasonably enough experience to see how COVID 19 affects the tourism industry

## 4.4. Descriptive Analysis

### 4.4.1. Response of participants on impacts of COVID-19 on tourism in central Ethiopia

Table 5: Responses on the First Time the Businesses Felt the Impact of COVID-19 Pandemic

|  |  |  |
| --- | --- | --- |
| Category | Frequency | Percentage |
| In February | 3 | 6.8 |
| In March | 36 | 81.8 |
| In April | 3 | 6.8 |
| In May | 2 | 4.6 |
| Total | 44 | 100.00 |

Source: Analysis of survey data using SPSS data, 2022

As indicated in table 4 the responses of 36 (81.8) participants revealed that the first time the business felt the impact of COVID-19 was in march when suddenly government of Ethiopia declared to close schools, higher education, and government employees returned home throughout the country and businesses were closed to save mass deaths and to reduce further transmission of the pandemic disease. Most interviewed managers indicated that time were the beginning of business shock and uncertainty.

Table 6: Responses on Types of tourists

|  |  |  |
| --- | --- | --- |
| Types Tourists | Responses | Percentages (%) |
| Domestic Tourists | 5 | 11.4 |
| Foreign tourists | 38 | 86.4 |
| Domestic and Foreign Visitors | 2 | 2.2 |
| Total | 44 | 100 |

Source: Analysis of survey data using SPSS data, 2022

In the above table, 38 (86%) respondents indicated that their tourist sites usually are visited by foreigners. Also, the interview with managers of hotel and tourism agencies confirmed that the tourism industry is dominated by international visitors but domestic tourism has not much impact as international since it has not capitalized which needs more work. To reverse this situation, it is important to focus on domestic tourism to encourage travelers to travel locally and regionally to boost the economy and increase linkages among sectors in the national economy.

Table 7: Responses major factors that affect tourism after 2019

|  |  |  |  |
| --- | --- | --- | --- |
| Factors | | Frequency | Percent |
|  | political instability | 8 | 18.1 |
|  | economic inflation | 9 | 20.5 |
|  | COVID-19 | 27 | 61.4 |
|  | Total | 44 | 100.0 |

Source: Analysis of survey data using SPSS data, 2022

The finding indicates that a substantial proportion of the respondents 27 (64.4) suggested that tourism is one of the hardest-hit sectors following the COVID-19 pandemic. The interview conducted with managers of tourism organizations showed that besides COVID-19, political instability, civil war, ethnic conflicts, economic inflation, and western hidden political agendas presently have created a shadow on tourism recovery. For tourism to be successful there needs to be a stable political environment as well as a safe social environment, as a perceived risk to personal safety discourages most tourists (Sausmarez, 2013). However, the tourism industry is highly vulnerable to external shocks, such as natural disasters, economic recession, internal conflicts, and terrorist attacks. The interviewed managers said that they were more concerned about the political situation, not about COVID-19. Further, they stated that if they had peace they could protect themselves from COVID-19, and COVID-19 plus a bad political situation that suffer them big.

Table 8: Responses on Impact of current political instability on Tourism

|  |  |  |
| --- | --- | --- |
| Category | Frequency | Percentage |
| High | 38 | 86.4 |
| Medium | 4 | 9.1 |
| Low | 2 | 4.5 |
| No impact | - | - |
| Total | 44 | 100.00 |

Source: Analysis of survey data using SPSS data, 2022

As indicated in the above table the highest proportion of participants 38(86.4%) had the most concern that political instability has a negative impact on tourism. The interview with managers showed that the present political unrest in northern Ethiopia between the federal government and Tigray Regional State as well as the civil war in central Ethiopia and western political pressures on Ethiopia has created a black spot on tourism as whole national level.

Table 9: Response on the Impact of the pandemic on the international tourist flow

|  |  |  |
| --- | --- | --- |
| International tourist flow | Frequency | Percent |
| Increase | 3 | 6.8 |
| Decrease | 12 | 27.3 |
| Very decease | 29 | 65.9 |
| Total | 44 | 100.0 |
|  |  |  |

Source: Analysis of survey data using SPSS data, 2022

The finding in table 8 indicates that 12 (27.3%) and 29 (65.9) respective respondents claimed the flow of international tourists was decreased and very decreased during the pandemic. The interview discussion with 6 selected managers of hospitality on the same question stated that a crisis that affects tourism followed by a decline in international visitors’ arrivals, followed by a fall in employment, a decline in business turnover and profits, and falling government revenue. They also expressed their feeling that these shocks have caused instability to the tourist industry, and the impacts are most significantly felt at the local, region, or tourism destination level

|  |  |  |
| --- | --- | --- |
| Duration of stay | Frequency | Percent |
| 2-3 days | 39 | 91 |
| 4-5 days | 3 | 6.8 |
| two weeks | 2 | 2.2 |
| one month | - | - |
| Total | 44 | 100.0 |

Table 10: Responses on days of tourists stay at tourism sites on average after the outbreak of COVID-19

Source: Analysis of survey data using SPSS data, 2022

The above table shows that the highest proportion of respondents 39(%91) indicated that tourists stayed 2-3 days in tourist sites but the rest 3(6.8%) and 2 (2.2%) respondents revealed that tourists stayed 4-5 days and two weeks respectively. The stay of tourists in the study area is beyond minimum requirements or standard 24 hours stay which is established by UN Conference on International Travel and Tourism in Rome in 1963. However, the interview conversation with managers and supervisors showed that tourist’s do not pass nights in tourist sites in lodges around lakes and parks as before because they fear political instability in the country. As result, they return to the capital city Addis Ababa immediately after visiting.

Table 3: Responses on the Rate of tourist decrease

|  |  |  |  |
| --- | --- | --- | --- |
| Category | | Frequency | Percent |
|  | 100% | 16 | 36.4 |
|  | 75% | 25 | 56.8 |
|  | 50% | 3 | 6.8 |
|  | 25% | - | - |
|  | Total | 44 | 100.00 |

Source: Analysis of survey data using SPSS data, 2022

As is observed from table 25(56.8) respondents claimed that tourist flow decreased by 75% as compared to pre-COVID-19 situations. It is followed by 16(36.4) respondents said that tourist flow went down by 100% and the rest 3(6.8%) indicated that tourist flow diminished by 50% relative to the normal situation before COVID-19. The interview conducted with managers ascertain that due to the international arrivals decline, individuals in the hospitality sector have lost their jobs, and have fallen into poverty, whereas others experience high levels of job insecurity and psychological risks as revenue dramatically decreased.

Table 4: How did your total costs change after the COVID-19 pandemic disease Compared to before the COVID-19 pandemic disease happened

|  |  |  |
| --- | --- | --- |
| Category | Frequency | Percent |
| Increase | 36 | 81.8 |
| No change | 5 | 11.4 |
| Decrease | 3 | 6.8 |
| Total | 44 | 100.0 |

Source: Analysis of survey data using SPSS data, 2022

As indicated above the study was intended to investigate the impact of COVID 19 outbreaks on economic loss from the respondents involved in the study. The finding indicates that a substantial proportion of the respondents 36 (81.8%)suggested that COVID 19 increased cost of retaining staff and to protocol COVID -19 protocol established by the Ministry of Health to run institutions of tourism. The interviewees also stated that tourism was unable to meet the threshold because the tourism industry has also been severely affected by the pandemic. For example; national parks, museums, historical places, tour agencies, tour operations, transport, entertainment, hospitality, and distribution of services have all experienced significant disruptions due to COVID-19 as a result of lockdown of international boundaries and suspension of flights limited foreign tourists who were their major income at beginning of the pandemic.

Table 5: Responses on how did your total employee costs

|  |  |  |
| --- | --- | --- |
| Category | Frequency | Percent |
| Decrease | 7 | 15.9 |
| Increase | 31 | 70.5 |
| No Change | 6 | 13.6 |
| Total | 44 | 100.0 |

Source: Analysis of survey data using SPSS data, 2022

The result of participants' responses in the above table revealed that 31(70.5%) total costs of employees increased such as salary, social security payments and employees' insurance without any economic return from them during the lockdown. On another hand 7(15.9%) indicated that decreased employees' total costs whereas 6(13.6%) as no change. As a highest proportion of responses from interviews indicated On April 8th,2020, a five-month state of emergency was declared in the country the government prohibited employers from laying off their workers and increasing the rents during the state of emergency. They further they added that reduced the effect of the pandemic on the tourism sector, the Ethiopian government and other stakeholders have taken various measures. As one of manager out of five said that one of the measures is that the government decided to give a 3.3 billion birr bailout to hotels and tour operators as a bailout, so they can cover salary and operational expenses.

|  |  |  |
| --- | --- | --- |
| Category | Frequency | Percent |
| High | 3 | 6.8 |
| Medium | 7 | 15.9 |
| Low | 30 | 79.5 |
| Unchanged | 4 | 9.1 |
| Total | 44 | 100 |

Table 6: Responses on demand of new labor market after the prevalence of COVID-19

Source: Analysis of survey data using SPSS data, 2022

As indicated in the above table high number of respondents 30 (79.5%) revealed that the demand for a new labor market is low as still the sector has not recovered yet. As the majority of managers who were interviewed stated that the tourism sector is a labor-intensive one, it generates employment and income opportunities for many poor and vulnerable groups. This makes them vulnerable in case of a fall in demand. It is therefore important that a crisis should be prevented or that the situation is managed as soon as possible to restore market confidence (Sausmarez, 2013)

Table 7: Responses on fiscal incentives the government provided to help to mitigate the impacts of the COVID-19 pandemic

|  |  |  |
| --- | --- | --- |
| Category | Frequency | Percent |
| Yes | 26 | 59.1 |
| No | 16 | 36.4 |
| **May** | 2 | 4.5 |
| Total | 44 | 100.0 |

Source: Analysis of survey data using SPSS data, 2022

As the finding indicates 26 (59.1%) respondents said ‘Yes’ that the government provided an incentive to them but 16(36.4%) claimed that ‘No’ any incentive provided to them whereas the rest 2 (4.5%) respondents were did not sure whether incentive provided by government or not. However, 4 managers out of 6 agreed on incentives provided to them such as tax reduction and reduction of bank interest rates during state emergencies but not long-lasting to the sector to recover from crises.

Table 16: Opinion Respondents on the length of time their organization survive in COVID-19 Crises

|  |  |  |  |
| --- | --- | --- | --- |
| Category | Frequency | Percentage | Valid percentage |
| Less than 1 year | 33 | 75 | 75 |
| 2-3 year | 6 | 13.6 | 13.6 |
| 4- 5 years | 4 | 9.1 | 9.1 |
| More tha5 years | 1 | 2.3 | 2.3 |
| Total | 44 | 100.00 | 100.00 |

Source: Analysis of survey data using SPSS data, 2022

It can also be seen in Table 15 that 75% of the respondents think that their companies will not last more than one year should the condition stay the same if the flow of international tourists’ returns to normal situation pre-COVID-19 outbreak, regardless of the company background. The when the respondents thought that their businesses were impacted by the pandemic varied a lot.

## 4.5. Contingency Plan and Sustainability Analysis

The survey had questions to examine what kind of actions the companies consider important to survive the crisis and recover later in Q11. The answer is designed as a seven-point interval scale with -3 (not important/not considered) as a minimum value and +3 (important/considered) as a maximum value. Therefore, all options that resulted in a mean greater than 2 (𝑚𝑒𝑎𝑛> 2) are considered the most important things to do. The most important thing to do is to reduce operational costs, which is closely related to the second most important action that the respondents think they should save money from profit as an internal emergency fund (Table 17). The respondents also think that they should keep updating themselves with news related to where their visitors are from and have good communication with partners, collaborators, and suppliers. Having insurance is considered not important.

Table 8: Actions for Contingency Plan

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Action | N | | Mean | Median | Std. | Min | Max |
| Valid | Missing |
| Reduce operational cost when the pandemic is ongoing | 44 | 0 | 2,53 | 3.00 | 1.210 | -3 | 3 |
| Save money from profit as internal emergency fund | 44 | 0 | 2.25 | 3.00 | 1.359 | -3 | 3 |
| Keep updated with the latest news related to areas where your visitors are from | 44 | 0 | 2.17 | 3.00 | 1.281 | -3 | 3 |
| Good communication with partners, collaborators, and suppliers | 44 | 0 | 2.03 | 3.00 | 1.621 | -3 | 3 |
| Encourage customers to reschedule their trip not to cancel it | 44 | 0 | 1.83 | 3.00 | 1.786 | -3 | 3 |
| Reduce employee's salary | 44 | 0 | 1.72 | 3.00 | 1.879 | -3 | 3 |
| Cooperation with non-governmental organizations | 44 | 0 | 1.45 | 2.00 | 1.803 | -3 | 3 |
| Cooperation with government | 44 | 0 | 1.36 | 2.00 | 1.851 | -3 | 3 |
| Reduce employee number | 44 | 0 | 1.33 | 0.00 | 2.63 | -3 | 3 |
| Provide discount for limited time after the crisis is over | 44 | 0 | 0.32 | 0.00 | 2.162 | -3 | 3 |

Source: Analysis of survey data using SPSS data, 2022

## 4.6. Analysis of Measures

### 4.6.1 Ensuring Validity of Data

To increase the validity of the data the incomplete responses in the survey were not included in the response list so it is omitted. This checking is to reconfirm that it reached the correct respondents. Second validation was done by checking odd responses that were excluded. All the responses were gathered in structured questionnaires that were later fed into SSPS for computing their frequency, percentage, correlation, reliability, and validity check.

### 4.6.2. Reliability Test

Reliability tells you how the consistency of results when you repeat the same test on the same sample at a different point in time. The Alpha coefficient was used to test the internal consistency and stability of the items.

Table 9: Cronbach’s Alpha Coefficient values

|  |  |  |  |
| --- | --- | --- | --- |
| No | Constructs (items) | Cronbach’s Alpha | No of items of Items |
| 1 | Profitability | 0.857 | 7 |
| 2 | Employee Aspect | 0.721 | 8 |
| 3 | Sales Revenue | 0.735 | 9 |
| 4 | Consumer Behavior | 0.752 | 6 |
| 5 | Economic impact of COVID 19 outbreak | 0.904 | 4 |

Source: Analysis of survey data using SPSS data, 2022

As it is indicated table 17, the average of all Cronbach‘s alpha indexes for the independent variables are above 0.7 which is good reliability and the variables are consistent to economic impact of COVID 19 outbreak.

## 4.6.2. Inferential Analysis

### 4.6.1. Correlations Analysis

Correlation Analysis measures the degree of association between two or more variables. According to statically data science (2021) a correlations coefficient has the value ranging from 1 to -1.values that are close to the absolute value of 1 it indicates that there is a strong relationship between the variables being correlated, whereas values closer to 0 indicates that there is little or no linear relationship. The sign of a correlation coefficient describes the type of relationship between the variables being correlated

Table 10: Correlation

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | Profitability | Employee Aspect | Sales Revenues | Consumer Behavior | effect of the COVID-19 |
| Profitability | Pearson Correlation | 1 |  |  |  |  |
| Sign(2tailed) |  |  |  |  |  |
| Employee Aspect | Pearson Correlation | 664\*\* | 1 |  |  |  |
| Sign(2tailed) | .000 |  |  |  |  |
| Sales Revenues | Pearson Correlation | .339\* | .405\*\* | 1 |  |  |
| Sign(2tailed) | .000 | .000 |  |  |  |
| Consumer Behavior | Pearson Correlation | .750\*\* | .710\*\* | .282\*\* | 1 |  |
| Sign(2tailed) | .000 | .000 | .000 |  |  |
| effect of the COVID-19 | Pearson Correlation | .607\*\* | .461\*\* | .648\*\* | .590\*\* | 1 |
| Sign(2tailed) | .000 | .000 | .000 | .000 |  |

\*\*Correlation is significant at the 0.01 level (2tailed)

Source: Analysis of survey data using SPSS data, 2022

According to (Weiliang*et al.* 2011) from 0.00 to 0.19 is considered as very low correlation, from 0.20 to 0.39 have small relationship, 0.40 to 0.59 it is called moderate relationship and 0.60 to 0.79 considered as strong correlation.

Based on the above statement the researcher concluded there was a strong correlation between variables except hotel consumers attitude and employee aspect(r=0.461, p<0.01), it has a moderate relationship with the dependent variable(r=0.590, p<0.01) and the others profitability and COVID 19 outbreak has high correlation where (r=0.607, p<0.01) and sales revenue and COVID 19 outbreak have high correlation where (r=0.648, p<0.01).

### 4.6.3. MultiCollinearity Testing

In regression analysis there are many assumptions about the model, multi co linearity, non-consistent variance, linearity and autocorrelation (Jason, Osborne & Elaine 2002). If one or more assumption is violated, then the model in hand is no more reliable and not acceptable in estimating the population parameters. In this study multi co linearity test is taken as one of the basic assumptions for successful regression model are correlated. If there is no linear relationship between predictor variables, they said to be orthogonal (Jensen & Ramirez 2013).

The VIF is a tool to measure and quantify how much the variance is inflated and the predictors are correlated, therefore it also a measure of multi co linearity (Debbie, Dupuis, & Maria 2013).Multicollinearity is also detected by examining the tolerance for each independent variable. If the tolerance value becomes below 0.10 or the VIF value is bigger than 10, there can be a concern of multicollinearity, which means the predictor is uncorrelated with the other predictor.

Table 20: Multicollinearity Testing

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Coefficient | | | | | | | |
| Model | Unstandardized coefficient | | standardized coefficient | T | Sig | Collinearity  Tolerance | Statistics  VIF |
| B | Std. Error | Beta |
| Constant | .776 | .147 |  | 5.298 | .000 |  |  |
| Profitability | .173 | .041 | .283 | 4.247 | .000 | .397 | 2.522 |
| Employee aspect | -.115 | .035 | -.209 | -3.249 | .001 | .425 | 2.352 |
| Sales revenue | .438 | .038 | .531 | 11.467 | .000 | .823 | 1.216 |
| Hotel consumer | .251 | .047 | .377 | 5.346 | .000 | .355 | 2.818 |
| a. Dependent Variable: effect of the COVID-19 | | | | | | | |

Source: Analysis of survey data using SPSS data, 2022

From the above table it’s been concluded that the value of tolerance is bigger than 0.10 and VIF value is doesn’t exceed above 10 so, we can say that there is no multicollinearity exist.

### 4.6.4. Linearity Test

Linearity means that the predictor variables in the regression have a straight line relationship with the outcome variable. Thus, non-linearity means situation when there is no straight line but instead it creates a curve or direct relationship between an independent variable and a dependent variable (Adam, 2021). Plot the average measured values (on the y- axis) for each sample against the reference value (on the x - axis).if the resulting line is approximate a straight line with 45 -degree slope, the measurement device is linear but if the measured values do not form straight line, or the line diverges from the optimal 45- degree slope, there might be a problem with linearity. Therefore the below figure 4.1 forms a straight line so we can tell that there is linearity between the dependent and independent variables.

Figure 3:Plot Graph



### 4.6.5. Autocorrelation

Autocorrelation is a characteristic of data which shows the degree of similarity between the values of the same variables over successive time interval. The most common method of test autocorrelation is the Durbin Watson test.

The Durbin Watson is a statistics that detects the autocorrelation from regression. It can be used to discover whether the value of dependent variable at time t is related to its value at the previous time period, commonly referred to as t − 1. This situation, known as autocorrelation or serial correlation, is important as it means that the results of regression analysis are less likely to be reliable (Saunders *el al*., 2016).

The Durbin Watson always produces a test number range from 0 and 4.Avalue of 2.0 means that there is no autocorrelation detected in the sample. Values from 0 to less than 2 indicate positive autocorrelation and values from 2 to 4 indicate negative autocorrelation (Somer, 2021).As a rule of thumb values of **1.5< d < 2.5** show that there is no autocorrelation in the data. However the Durbin- Watson test only analyzes linear autocorrelation. Based on the above analysis we can say that there is no autocorrelation because the Durbin- Watson value is 2.145, which is found between 1.5< 2.145< 2.5.

Table 11:Autocorrelation

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Model Summaryb** | | | | | |
| Model | R | R square | Adjusted R square | Std. Error of the Estimate | Durbin- Watson |
| .801a | 0.642 | 0.635 | 0.29744 | 2.145 |
| a. Predictors: (Constant), effect of the COVID-19 | | | | | |
| b. Dependent Variable: Profitability, Employee Aspect, Sales Revenue and Hotel Consumer | | | | | |

Source: Analysis of survey data using SPSS data, 2022

### 4.6.6. Regression Analysis

Regression analysis is a statistical tool used to model the relationship between independent variable and dependent variables. Specifically, regression analysis describes how the typical value of the dependent variable changes when independent variables increases or decreases, while holding the other variables constant (Tseng,Fu,Lu&Shieh,2011).

Table 12:ANOVA

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| ANOVAa | | | | | | |
| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 32.216 | 4 | 8.054 | 91.039 | .000b |
| Residual | 17.959 | 4 0 | 0.088 |  |  |
| Total | 50.176 | 44 |  |  |  |
| a. Dependent Variable: Hotel consumer, Sales Revenue, Employee Aspect, Profitability | | | | | | |
| b. Predictor: (Constant), effect of the COVID-19 | | | | | | |

Source: Analysis of survey data using SPSS data, 2022

From the above table it’s been observed that the value of f = 91.039 and the value of p= 0.000. In this case, the significance value was less than 0.05 indicating that the model was significant. The F-statistic is applied to test for tests overall significance. In this case, 5% level of significance will be used. The decision rule is that, if the probability values are ≤ 0.05, we can tell that it is significant. Based on this fact the model is significant and it can tell the relationship of the variables.

Table 13: Regression Model

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Model Summary** | | | | |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .801a | .642 | .635 | .29744 |
| a. Predictor: (Constant), effect of the COVID-19 | | | | |
| b. Dependent Variable: Hotel consumer, Sales Revenue, Employee Aspect, Profitability | | | | |

Source: Analysis of survey data using SPSS data, 2022

R-squared that represents the proportion of the variance for independent variable in regression model and is also known as coefficient of determination (Jason, 2020).A high r squared value is above 60 %(0.60) is required for the studies because models can be reasonably predicted to some degree of accuracy (Niza, 2016).From the above table we can tell that the adjusted r squared value is bigger than 60% so that we can tell that the above model has some degree of accuracy. In the linear regressions the model which is R Square shows 63.5% which means the model is well explained by the variables and the rest and the rest 36.5% are other factors of COVID 19 outbreak on hotel industry which is not mentioned on this study.

Table 14: Coefficients

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Coefficient** | | | | | |
| Model | Unstandardized coefficient | | standardized coefficient | T | sig |
| B | Std. Error | Beta |
| Constant | .776 | .147 |  | 5.298 | .000 |
| Profitability | .173 | .041 | .283 | 4.247 | .000 |
| Employee aspect | -.115 | .035 | -.209 | -3.249 | .001 |
| Sales revenue | .438 | .038 | .531 | 11.467 | .000 |
| Hotel consumer | .251 | .047 | .377 | 5.346 | .000 |
| a. Dependent Variable: effect of the COVID-19 | | | | | |

Source: Analysis of survey data using SPSS data, 2022

As we know theCOVID 19 is naturally negative impact on the activity of human being all over the world in last two years and affecting all the business activity of the world. From this finding COVID 19 is also negative impact on this variable. This means when COVID 19 is decrease the activity of human being are increase and the business activities also increase and vise vises when the COVID 19 is increases the human activists and the business activity are decreases. The positive effect in all of independent variables except employee aspect because their beta value is positive and significant value for all independent variables less than 0.05. From the beta value of unstandardized Coefficients when the economic impact of COVID 19 decreases by 1%, profitability increases by 17%, sales revenue increase by 43% and hotel consumer increases by 25%.

# CHAPTER FIVE

# 5. FINDINGS, CONCLUSION, AND RECOMMENDATION

## 5.1. Introduction

In this section, the researcher provides a discussion on the findings of the research concerning the literature review. The findings, conclusion, recommendations, and suggestions in regards to the economic impacts of the COVID 19 outbreak on the hotel industry are comprehensively discussed with the specific research objectives in mind.

**5.2. Major Findings: The effects *COVID-19 on Tourism Sector in Central Ethiopia***

**5.2.1 The effect of COVID 19 on Flow of Tourists**

As the crisis was unexpected and unpredicted it was difficult to get confirmation of bookings and hope as the industry had been hit hard. The interviewed managers and supervisors explained that since their business was mostly from foreigners (86.4% of the business), they had a challenge in getting the guests and business back. The study conducted by (UN, 2022) confirmed that during the pandemic, lockdown and quarantine measures and restrictions on mobility, along with the decision of many consumers to limit international travel, resulted in the sharp contraction of cross-border tourism. The number of international tourist arrivals declined by 73 per cent in 2020, compared with in 2019.

**5.2.2. The effect of COVID 19 outbreak on Hotel Profitability**

Profitability refers to a measurement of efficiency and ultimately its success or failure and ability of a business's to produce a return on an investment based on its resources in comparison with an alternative investment (Melissa 2019). The finding of the study indicated that decisions due to cancellation of room sales and reservations, reduced occupancy rates and loss of revenue as hotels’ loss of income and tour operators stopped their work due to the economic difficulties caused by Covid-19. It has been determined that 81.1% of the participants have concerns that the tourism industry would be affected severely. In this context, it was meaningful that the participants were worried about the situation of the tourism industry and seeing the effects of the pandemic disease. Catering and Tourism Training Institution (CTTI, 2021) confirmed that hotels occupancy rate reduced from 80-85% before the outbreak of the Corona virus to 50% immediately after the first case was announced on March, 2020. The source also added that in April, report shows that 88% hotels in Addis were forced either to shut down or reduced service due to lack of occupancy arising from COVID-19 pandemic and the remaining 12% were being used as isolation centers (Daily News, 2020).There were some services such as the restaurants, spas, gym, baths and sauna were closed and the open buffet services were removed. Moreover, cancelations of overnight stay during the holiday periods and bars and night clubs were closed (MOH/EPHI, 2020; Solomon MequanentBiwota, 2020) that resulted in reduction of tourism revenue. According to (Gursoy*et al.,* 2020) findings suggest that customers in general did not feel comfortable to dine in at a sit down restaurant, travel to a destination and stay at a hotel.

**5.2.3 The effect of COVID 19 outbreak on Employee Aspect in tourism sector**

The finding revealed that the outbreak of Covid-19 caused that new planning had been made to keep personnel expenses low" as a justification for the change in human resource planning was as means to control costs. Even employees in tourism sector were provided with salary support for months, in which they could not work. The interviews with managers and supervisors of tourism and hospitality organizations faced with difficulty to pay employees salary and benefits due to outbreak of COVID-19. Consequently, hotels were not able to pay bank loan, large numbers of employees were displaced from the job and remained out of work. This has caused severe problem in livelihoods of workers to lead their life and families. The report by Addis Ababa Hotels Association in 2020confirmed that salary deduction, unpaid leave, service charge cut, management support, owner involvement, no tip and other related issues have lowered the moral and performance of their job and caused a crisis among their personal, social and organizational life. However, Tourism and hospitality businesses were reopened gradually.. Hence people started travelling while maintaining minimum precautions like wearing masks, washing hands and using sanitizer frequently and now everything has returned to its normal situation

**5.2.4Covid-19 and its effect on supply chain**

The research thesis assumes there was big loop that took place in hospitality. So, if we look at hospitality itself, the suppliers, for example the food, drinks, supplies, and taxi driver. Helping the guests back and forth from the airport, they were also doing tours, tourism suppliers, and the tour and travel agency with hotels, so they were greatly affected as well by the restriction and the pause on the tourism enterprise. So these were considered micro impacts within the hotels. During the interviews with the managers of hotels and tour operators chose to shut down their business; this industry was touched by a decrease of visitors and gone down.

**5.2.5Covid-19 and its effect on Transport sector**

The study found out that at early April 2020, the government of Ethiopia declared to close airline transportation except the commodities and material in order to prevent an imported transmission. Similarly, the press released (March 21, 2020) by Twolde G/Mariam, CEO of the Ethiopian Airlines, revealed that the airline registered loss of $190 million because of seizing flight from 80 countries. As of April 8, 2020, the airline announced that it lost $550 Amid COVID-19. The demand of local passenger flight also reduced to 50%. Land transport restriction made by the government had imposed a number of travel restrictions and social distancing policies on activities and movement of People. Stay at home policy was stated; all cross-country as well as national and regional public and private transportation were restricted; the carrying capacity of public transportation was reduced by half. This loss was directly or indirectly shared by the tourism sector.

**5.2.6 Covid-19 and its effect on Small and Medium Enterprises**

The research thesis indicated that small and Medium sized enterprises such as connecting services (like travel agents and tour operators), entertainment, cafeteria, beauty salons, Supermarket, catering, pastry, bar and café and night clubs were seizing their operations due to the outbreak of COVID-19. According to a study, workers that work on their own as well as the micro-enterprises represent around 60% of the businesses in the tourism sector, which became very vulnerable in the current crisis (Zabihi S. M. G., &Hokmabadi S. H., 2021).

**5.2.7 Covid-19 and its effect on People’s Emotional and Psychological Mindsets**

The study was assessed the degree to how much the pandemic affected people emotional psychological mindsets. The prolong fear created by Covid-19 can cause people to wear out psychologically and experience situations that were difficult to compensate. It is important to mention that most respondents had a negative attitude of having a lockdown that the major consequences of the pandemic were the social isolation and loneliness. (Hernandez Y. et

al., 2021) stated that lack of socialization is known to lead to depression, anxiety, boredom and using drugs. From the expressions of the participants, it was understood that the fear created by Covid-19 would affect them for a while. During Covid 19, public gatherings were stopped such as celebrating holidays together, marriages were postponed, few people were participated on funeral ceremonies, relatives were disconnected and all other social contacts were avoided.

## 

## 5.3. Conclusion

The conclusion is presented followed by some recommendations based on the finding of the research regression analysis is outlined in chapter four to provide insight into the economic impact of COVID 19 on the tourism industry in Central Ethiopia.

Presently, this unprecedented public health crisis has become a catastrophic economic crisis for the entire globe and for the tourism industry. The recovery has to be a gradual parallel to the recovery of other sectors, combating the outbreak and regaining economic performance. Thus the measures proposed are to be implemented incrementally in response to the evolving conditions. Therefore, ensuring the safety of the guests and the staff has become a top concern of the hospitality industry stakeholders. At the same time, to recover business losses and rebuild the positive image in the mindset of the guests it is essential to initiate strong marketing and promotional campaigns both locally and internationally. Further, promoting flexible services’ would be another strategic tool to attract potential customers. Hence, offering flexible prices, cancellation policies, flexible work environment, etc.; would be beneficial in achieving long-term sustainability of the hospitality business industry.

This review has examined the impact of the COVID-19 pandemic on tourism industry development in Ethiopia. The finding of the review reveals that Ethiopia as a country would be more affected by the present covid-19 pandemic which is a decline in the international arrival that loss the revenue. This outbreak and spread of the covid-19 disease show the rapid negative impact on the country's tourism industry. Some of the impacts of covid-19 on tourism different restrictions in different countries due to changes in behavior of the pandemic that created fear in tourists in turn cause revenue loss that affects the ability of most of the industries and businesses in the hospitality industry to return to normal operations after the covid-19 pandemic without appreciable financial support from the government.

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## 5.4. Recommendations

The study recommends that integration and cooperation of the actors in the sector as a Solution to save the sector from the pandemic impact in order to ensure the survival and continuity of Tourism business operations after COVID-19 in Central Ethiopia, the following are some of recommendations.

* + - * The tourism business sub sectors hotels, transport, food and beverages, entertainment and others, connecting operators should work cooperatively and cohesively to overcome the impact of COVID-19 in business. These actors should work cooperatively with other sectors like banks and insurance in order to manage this crisis.
      * The tourism sector should build costumer trust and confidence in current situation
      * The tourism sector needs to provide quality and accurate health and safety protocols in Central Ethiopia which helps to establish trust that generates travel demands.
      * The tourist operators should follow the best practices and provide digitalization information in order to maintain engagement with travelers.
* Hotels should encourage employees to be ready to come to work and engage in consumer-related activities in trying to restore business. They should enlighten employees that it is through restoring business that they would be able to resume full employment capacity
* Local residents and other important tourism stakeholders should be well informed and encouraged to carry out healthy ethics of care to minimize the public uncertainties and risks
* National tourism bodies should continuously collaborate with the global level tourism bodies to help the tourism industry prepare and respond to global health emergencies.

To sum up, it is important to mention that the emphasis of the recommendations goes to the government, tourism entities, and stakeholders in tourism in central Ethiopia, who are in the first line of the tourism sector and can take action to reduce those risks factors that affect the overall perception of the tourists regarding domestic and international tourists.

## 5.5. Suggestions for Future Study

More research should be carried out with the support of academia to see the economic effects of the outbreak of COVID 19 on the hospitality and tourism industry in the country. Furthermore, this research was conducted in Central Ethiopia; therefore more studies should have to be conducted by selecting respondents from other areas, as well as incorporating additional factors in understanding.

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# APPENDEX – 1

**Questioner to be filled by managers, supervisors and support staff**

**Dear sir/Madam**

I am a graduate student in Master program in the field of Business Administration at ST’MARY UNIVERSITY. Currently I am conducting a research entitled “The **Economic Impact of COVID 19 Hotel industries in central, Ethiopia** for the partial requirement my Master of degree program.

You are one of the respondents that have been selected to participate in this research. I would be grateful if you kindly take few minutes of your time to fill out this questioner by reflecting on your personal experience with regard to the issue raised. Your willingness and cooperation in giving a genuine information is well appreciated and the information you provide will be used for academic purpose only and will be kept in strict confidentially.

I would like to thank you in advance for your cooperation and taking the time to consider my request.

**A. GENERAL INFORMATION**

1. Gender: Female Male
2. Age (in years): 18-28 29-39 40-50 51 and above
3. Educational level: Below diploma Diploma Bachelor Degree

Master’s Degree and above

1. Service Year; 1 – 5 years 6– 10 years 10 years and above

**Section I: Questions related with the effect of COVID 19 outbreak on hotel economy. Please rate the following question using a five point scale where**

**1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Possible measures | 1 | 2 | 3 | 4 | 5 |
| 1 | Following the COVID 19 precautions (such as washing hands, use sanitizer and wearing mask) affected the hotel economy in terms of profitability. |  |  |  |  |  |
| 2 | Social distancing requirements and limitation of group gathering minimize the hotel income and profitability which affect hotel economy. |  |  |  |  |  |
| 3 | Applying disinfectant in each room after the guests leave put the hotel in to a new demand (cost), hence affected the hotel economy in terms of profitability. |  |  |  |  |  |
| 4 | Hotels are providing mask during COVID 19 to staff members and guests which affects hotel economy in terms of profitability. |  |  |  |  |  |
| 5 | Hotels are forced to limit or suspend their operations because of COVID 19 outbreak and it has an impact on hotel economy. |  |  |  |  |  |
| 6 | Legal restriction decrease the number of tourists arrivals which results in minimizing hotel income such as room rate, food and beverage which affects the hotel economy in terms of sales revenue. |  |  |  |  |  |
| 7 | Legal restrictions reduce the number of consumer visit the hotel which affects the hotel economy and results in decrease the hotel sales revenue. |  |  |  |  |  |
| 8 | COVID 19 legal measures negatively affected hotels routine demand and supply chains such as food and beverage which affect the hotel economy in terms of sales revenue. |  |  |  |  |  |
| 9 | Providing employees to get training related with healthy and safety protocols for safe precaution of customer put the hotel in to a new demand (cost) and affect the hotel economy in terms of employee aspect. |  |  |  |  |  |
| 10 | Quarantine measures reduce the income rate of hotel industries and it has |  |  |  |  |  |
| 11 | Applying all COVID 19 protocols increase the cost of hotel, which results in reduction of employee salary and affect hotel economy. |  |  |  |  |  |
| 12 | 12. Legal restriction related with COVID 19 outbreak creates job insecurity among hotel employees which also affect hotel economy. |  |  |  |  |  |
| 12 | 13. Hotels are forced to postpone their capital expenditure due to COVID 19 outbreak which affects hotel economy. |  |  |  |  |  |

**Section II: Questions related to the effect of COVID 19 outbreak on the profitability of hotel industry.**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Possible measures | 1 | 2 | 3 | 4 | 5 |
| 1 | The cost of sales rapidly increased during the COVID 19 pandemic, hence, decreases the profitability of the hotel. |  |  |  |  |  |
| 2 | COVID 19 destroyed the demand and makes the hotel revenue and profit low. |  |  |  |  |  |
| 3 | The outbreak of the pandemic likely increase hotel fixed expenses, hence, decrease the profitability of hotel. |  |  |  |  |  |
| 4 | The hotel is unable to meet the threshold such as long-term lease agreement for equipment, property or items during the COVID 19 pandemic outbreak which negatively affects hotel profitability. |  |  |  |  |  |
| 5 | Appropriate sanitation measures elevated the hotel’s expenses and decrease profitability. |  |  |  |  |  |
| 6 | COVID 19 outbreak decrease hotel gross operating profit available per room. |  |  |  |  |  |
| 7 | Hotels are unable to operate adequately during this pandemic outbreak which has a negative impact on profitability. |  |  |  |  |  |
| 8 | Raw materials are not in supply for hotels or become very expensive during COVID 19 crisis, hence reduce profitability. |  |  |  |  |  |
| 9 | 9. COVID 19 badly affected the hotel’s business partners and lowers their demand which negatively affects profitability. |  |  |  |  |  |
| 10 | 10. Pandemic outbreak negatively affects the overall financial performance and results net profit decline of the hotel industry as it compared with the previous year. |  |  |  |  |  |

**Section III: Questions related to the effect of COVID 19 on the employee aspect of hotel industry**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Possible measures | 1 | 2 | 3 | 4 | 5 |
| 1 | There is high level of unemployment because of COVID 19 outbreak which negatively affects the hotel economy. |  |  |  |  |  |
| 2 | The hotel layoff some of the employee because of inability to maintain their employees during COVID 19 outbreak. |  |  |  |  |  |
| 3 | Hotel owners face challenge in navigating employee insurance associated with business interruption because of COVID 19 outbreak. |  |  |  |  |  |
| 4 | Job insecurity due to COVID 19 outbreak affects the employee confidence in the work place. |  |  |  |  |  |
| 5 | The hotel forced the staff to take early retirement and reduce employee salary due to COVID 19 outbreak. |  |  |  |  |  |
| 6 | Hotels are unable to meet their demand because of employees are absent from workplaces for two weeks due to COVID 19 illness. |  |  |  |  |  |
| 7 | COVID 19 reduces or completely freezes hotels recruitment of a new staff which negatively affects hotel economy. |  |  |  |  |  |
| 8 | Pandemic outbreak forces hotels to take cost cutting measures such as reduce staff development cost and costs related with maintaining physical asset. |  |  |  |  |  |
| 9 | 9. Reducing the number of hotel employees affect the overall production capacity of hotel industry during COVID 19 outbreak |  |  |  |  |  |

**Section VI: Questions related to the effect of COVID 19 on the sales revenue of hotel industry**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Possible measures | 1 | 2 | 3 | 4 | 5 |
| 1 | Increased cancellation of travel booking reduces the number of consumer who is visiting the hotels, which results in hotel revenue loss and negatively affects hotel economy. |  |  |  |  |  |
| 2 | COVID 19 outbreak reduces consumer confidence and their attitude on hotel delivery. |  |  |  |  |  |
| 3 | Social distancing and limiting the number of customers measures negatively affect the hotel consumers and reduces the hotel income, negatively affect the hotel economy due to COVID 19 outbreak. |  |  |  |  |  |
| 4 | Guests do not book hotel rooms because of fear of COVID 19 outbreaks. |  |  |  |  |  |
| 5 | COVID 19 outbreak put hotel in a high demand or cost in order to attract customers and to regain their trust. |  |  |  |  |  |
| 6 | COVID 19 outbreak forced hotels to increase their cost because of safety precaution method which results losing lot consumers and make them unable or not willing to pay added costs. |  |  |  |  |  |
| 7 | Legal restrictions reduce the number of consumer visit the hotel which negatively affects the hotel economy and results in decrease the hotel sales revenue. |  |  |  |  |  |

**THANK YOU FOR YOUR PARTICIPATION.**

# APPENDENX – 2

**Interview questions related with the economic impact of COVID 19 outbreak on hotel industry.**

1. To what extent COVID 19 affect the profitability of hotel industry compared with the previous year?
2. How COVID 19 outbreaks affect employment aspects of the hotel sectors?
3. To what level COVID 19 affect sales revenue of hotel industry?
4. Identify the major factors affecting hotel sectors economy during COVID 19 outbreak?