

ECONOMIC IMPACT OF COVID-19 ON THE TOURISM INDUSTRY OF GILGIT REGION

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ABSTRACT

This research aims to investigate the Economic impact of COVID-19 on the travel and tourism industry of the Gilgit region. After the outburst of COVID-19 world's economy especially the tourism industry has been devastated. As a tourism hub of Pakistan, Gilgit was also under the siege of the Covid-19 pandemic resultantly this industry collapsed. For this study researcher's universe was the Gilgit region, consisting of three Districts Hunza, Nagar, and Gilgit itself. A sample size of 163 respondents was taken from these three different districts with the help of a convenient sampling technique, a type of non-probability sampling technique. Respondents of this study were those who were associated with the travel and tourism industry for a long time and having at least five years of experience, asked specific queries. Cross-sectional research design was used to get data once throughout the research process. A closed-ended questionnaire on a Likert scale was made to get responses from respective respondents. It was concluded from this study that the cost of transportation increases, the number of tourists visiting per day decreases, and when the government imposes unbearable sops as a result the income level of people associated with the tourism industry declines.

Keywords: Sop's, cross-sectional research design, close-ended questionnaire, convenient sampling.

INTRODUCTION

Tourism is the practice of traveling away from home in search of leisure, relaxation, and pleasure while utilizing the services that are offered for a fee. Thus, although having roots in Classical antiquity, modern social institutions that arose in Western Europe in the 17th century gave rise to tourism (Abbas et al., 2021). The tourism industry's market systems range from monopolistic to fiercely competitive (almost like perfect competition). The number and size of businesses, the level of concentration, entrance and exit conditions, pricing strategies, profit margins, product differentiation, cost structures, and capacity, as well as interactions between businesses, are all essential indications of competitive status. (Sinclair and Stabler 1997).

Nine or ten months after it was revealed that a new coronavirus had caused the quick emergence of a

considerable number of atypical pneumonia there, Wuhan is still mostly recognized as the location of the novel viral disease. However, a recent contribution demonstrated that the virus and related diseases existed in China long before the Wuhan pandemic outbreak. They have done business outside of China, such as in Europe (Platto et al., 2021).

Covid Disease 2019 (COVID-19) is welcomed by the 2019 novel Coronavirus (2019-nCoV), otherwise called Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) by the International Committee on Taxonomy of Viruses (ICTV). More than 209 countries, including Pakistan, were impacted by the SARS-CoV-2 episode that began in Wuhan, China, and immediately spread all through the world. The World Health Organization (WHO) broadcasted COVID-19 a worldwide pandemic on

March 11, 2020. The COVID-19 flare-up was first seen in Pakistan's lining countries, especially China, the sickness' focal point. Numerous countries have seen a remarkable ascent in the number of cases, and Pakistan has monetary and travel relations with Iran and China. This puts Pakistan at a higher risk because of the expanded number of travelers, as the infection has previously been brought into Pakistan by these sightseers. The country with the biggest recorded loss of life in Western Europe was Italy, trailed by Iran in the North (Safiullah Khan et al., 2020)

All countries have encountered impressive financial misfortunes because of COVID-19, yet some have been more seriously influenced than others. The seriousness and variety of the financial shocks experienced universally are made sense of by various weaknesses. To evaluate the commitment of traveler reliance in making sense of the varieties in the COVID-19-prompted financial shock in an example of Small Island Developing States, this study utilizes Ordinary Least Squares relapse methods. Settlements, reliance on regular assets, government obligations, and a check of administration quality are likewise remembered for the model. The discoveries show that reliance on the travel industry is significant considering the cross-country varieties in monetary shocks. The economies that are more dependent on the travel industry have seen more financial shocks, however, the adverse consequences have been decreased by settlements and regular assets. Obligation levels don't represent the progressions in that frame of mind among nations; all things considered, taking into account differences like governance is significant. Subsequently, as the pandemic dies down and worldwide travel gets once more, these powerless and little island economies need to foster proper financial enhancement systems, reinforce conventional monetary exercises, and adjust new techniques, items, and creative plans of action for their travel industry (Gounder & Cox, 2022).

As per him, COVID-19 immobilized various traveler-related firms, which brought about misfortunes to the KP travel industry of more than 10 billion rupees in 2020. "A tremendous flood of travelers is being seen in the country's northern regions and KP territory," he said, adding that both of the locales are the focal point of homegrown the travel industry from May to October and are

unquestionably famous among nature sweethearts and experience searchers because of the world's most elevated pinnacles, icy masses, and picturesque perspectives in the districts. Rehman guaranteed that the quantity of guests has essentially expanded starting from the beginning of summer, which has prompted an absence of housing and constrained many individuals to stay in transitory sanctuaries, tents, and local people's homes (nazir, 2022).

Objectives

- To elucidate any increases in travel costs owing to Covid-19
- To know about the number of tourists visited per day decreased during COVID-19.
- Effect of loss of 'economies of scale' on expenses and consequent effects on the tourism industry.

Research Questions

Q.1 What was the average increase in the cost of anything related to the tourism industry?

Q.2 what was the Covid-19's impact on the 'economies of scale'?

Q.3 What was the expansion in the travel industry owing to Covid-19?

Scope of the study

As COVID-19 is probably a new pathogen that rapidly spreads like an atomic bomb around the planet, researchers are still working to determine its true cause. As the global population is affected by COVID-19, a new research topic is emerging. Gilgit is the area of the world that is most negatively impacted economically by this virus. The majority of the population in this area works in the tourism sector, and COVID-19's severe effects on this sector drove individuals to the brink of economic ruin. This research aims to learn more about how this pandemic outburst affected this region's tourism industry.

Research challenges

Here are a few difficulties I ran into while performing my investigation.

- The first problem is a lack of information and improper training in conducting research due to an endless tradition known as copy-pasting.
- Creating study questionnaires and choosing scales presented enormous challenges.

- Because of their lack of expertise and lack of awareness about the economic effects of COVID-19 on tourism, respondents to my study who work in the tourism business find it challenging to complete questionnaires.
- Communication difficulty between the researcher and responders
- Showing no interest in providing the researcher with an appropriate or truthful response (lack of cooperation).
- Some people are reluctant to provide information out of pure concern for privacy concerns.
- A literature review that eliminates plagiarism
- The framing criterion and framing hypothesis.
- Verifying an assertion
- Reliable findings

Literature Review

Serious Acute Respiratory Syndrome is the new name given to the 2019 novel Coronavirus (2019-nCoV) by the International Committee on Taxonomy of Viruses (ICTV). Covid Disease 2019 (COVID-19) is welcomed on by Coronavirus 2 (SARS-CoV-2). The SARS-CoV-2 episode began in Wuhan, China, and immediately extended to over 209 nations, including Pakistan. The World Health Organization (WHO) ordered COVID-19 a worldwide pandemic on March 11, 2020. The COVID-19 flare-up was first seen in Pakistan's lining countries, especially China, the illness' focal point. Numerous countries have seen a remarkable ascent in the number of cases, and Pakistan has business and travel relations with China and Iran, which will improve the gamble to Pakistan because of the ascent in voyager contaminations, as these people have previously brought the infection into Pakistan. The country with the largest number of fatalities in Western Europe was Italy, trailed by Iran in the North (Safiullah Khan et al., 2020).

Lockdowns, quarantines, and border sealing brought on by COVID-19 ultimately had serious negative consequences on the world economy. The hotel and tourism businesses, however, were affected the most severely by these conditions because of the limits placed on travel and the lack of available transportation (Ivanova, 2020) In fact, preliminary economic modeling revealed a strong inverse

association between viral spread and the tourist industry (Matiza, 2020) which is particularly problematic for international travel. Consequently, it draws considerable attention to the impact of COVID-19 on global tourism (Metaxas, 2020) the worry is warranted given that the COVID-19 epidemic has already led to the loss of 75 million jobs and may caused the domestic tourism deficit to reach US\$2.1 trillion soon (Mushtaque, 2021).

The following are some indicators on which the attraction of tourists is dependent. Tourist products are all that the tourist has to offer to meet the expectations of tourists when visiting tourist attractions. Tourist products are the first thing to think about and become a choice for tourists in making travel choices. Tourist products are the essential element used by consumers as a basis for deciding to visit a tourist area (Huda, Rachma, & Hufron., 2016) with the refer to (Fikri et al., 2020).

The decision to visit is a significant selection from various alternative options made by visitors to meet their needs. Visiting decisions consist of six sub-variables, namely product or service choice, brand choice, distributor choice, visit time choice, purchase amount, and payment method (Arista, Darsiharjo, & Marhanah, , 2017). The decision-making of the tour starts from the need and want of the tourist to make a tourist trip. After that, the tourists begin to gather information from various sources regarding the destination, and then evaluate the choice of attractions that are the most appropriate choice (Kristiutami., 2017)

The Covid-19-related monetary emergency has been momentous in various ways. To start with, as opposed to starting as a monetary or financial emergency, it started as a well-being calamity, bringing about a surprising scope of unsettling influences (for example remaining at-home orders, impermanent business terminations, a piece of the labor force being tainted). Second, the pandemic's consequences on the economy were severely quick. Prominently, beginning in the second piece of March 2020, a record 22 million U.S. workers enlisted for joblessness benefits throughout multiple weeks (Armantier et al., 2021).

Because of these unmistakable qualities, it was trying to classify COVID-19 as either a deflationary or an inflationary peculiarity right once (Cochrane 2020; Binder 2020). From one viewpoint, it might have

been guessed that low customer interest, (for example, for movement, diversion, or recreation and cordiality) and an extended monetary downturn would have constrained expansion descending. The month-over-month change in the center Consumer Price Index was 0.1%, 0.4%, and 0.1% lower in March, April, and May 2020, separately. It has just recently happened multiple times starting around 1957 that center costs had fallen, and it was in March. Then again, certain individuals could have guessed that inventory network disturbances welcomed on by Covid-related closures, rising public obligation levels, and the generally enormous development of the Fed's monetary record would increment future expansion. Furthermore, it has been attested that families normally connect declining financial execution with expanding likely expansion (Kamdar 2019; Candia et al., 2020) These conflicting factors might have affected aggregate inflation expectations, as well as on how much people disagree about inflation and how uncertain they are about the direction inflation would go in the future (Azmat Hayat et al., 2021).

The uncommon difficulties brought about by the Covid infection 2019 (COVID-19) pandemic have caused sudden and extreme disturbances to financial action. Social removal pointedly decreased shopper spending, especially in areas more delicate to these actions like eateries and lodgings (Dunn, Hood, and Driessen 2020). The pandemic likewise disturbed the store network, as numerous representatives couldn't securely go to their work environment, diminishing creation underneath full limits in specific areas. Paradoxically, different areas of the economy, like data innovation, seem to have been less, or even decidedly, impacted by the pandemic (Kwan and Mertens 2020).

According to the president of the World Travel and Tourism Council, COVID-19 has had a significant impact on the hospitality and travel sectors. During the global epidemic, the hotel business is making an effort to survive (Dayour et al., 2020) Financial crises are affecting the hotels (Gossling et al., 2020) additionally; the hotel industry would severely shrink as a result of COVID-19-related financial issues at the majority of hotels (Gossling et al., 2020). As a

result of capital inflows, the impact of COVID-19 has led to business closures (Hall et al., 2020) As the state of the current economy deteriorates as a result of the pandemic, organizational management has implemented alternative techniques to deal with the financial crisis (Dube et al., 2020) Anxiety, worry, and depression have been brought on by downsizing tactics such terminating contracts with all part-time workers and laying off all staff members (Ashford et al., 1989; Elshaer and Saad, 2017; Kaushal and Srivastava, 2021)

As a rule, air travel and the travel industry are reliant. From one perspective, air travel makes the travel industry simpler since it makes colossal geological organizations more available. Then again, a significant part of the interest in air travel administrations comes from travel industry-related exercises. Notwithstanding, amid serious downturns or pandemics like COVID-19, such shared reliance guarantees a negative criticism circle that disastrously affects the flying and travel industry enterprises (Tsui et al., 2021).

Research Methods

Methodology is the systematic, theoretical analysis of the methods applied to a field of study. It comprises the theoretical analysis of the body of methods and principles associated with a branch of knowledge. Typically, it encompasses concepts such as paradigms, theoretical models, phases, and quantitative or qualitative techniques (Ishak & Alias, 2005).

In this study, the researcher used a quantitative research method to collect the data by using a close-ended questionnaire. A non-probability sampling technique in the form of a convenient sampling method to collect the data from respective respondents. Cross-section research is design to collect data once in the whole course of research. To check the researcher's hypothesis, the researcher used regression analysis and chi-square tests with the help of statistical tools. A sample size of 163 respondents has been taken from three districts including Nagar, Hunza, and Gilgit. The Characteristics of respondents are shown in the following table.

Table 1 Characteristics of Respondent

Variables	Categories	Frequency	Percent (%)
Gender	Male	102	62.6
	Female	61	37.4
Districts	Gilgit	39	23.9
	Nagar	70	42.9
	Hunza	54	33.1

For this study, the researcher has taken 163 respondents from three different districts of the Gilgit region, in the total research population 102(62.6%) were male while 61(37.4%) were female respondents. When we look at the participant percentages for each district we have 39(23.9%) from district Gilgit, 70(42/9%) from the Nagar district, and 54(33.1%) from the Hunza district.

Data Analysis

While gathering data, it is in the context of the distribution of raw data, which implies that the distribution includes all the various values that were found on an item. Data collection is the preliminary source of collecting data for research afterward analysis of data is the crucial phase in generating the

real results. After data collection, systematic analysis and presentation were used under quantitative techniques. Quantitative research includes number crunching and it is used for testing the hypothesis. The data was analyzed by use of statistical analysis technique. Statistical Package for Social Sciences (SPSS) was used to draw statistical data.

Regression analysis

Regression investigation is the examination of connection among reliant and free factors as it portrays how to subordinate variable will change when at least one autonomous variable changes because of variables, a recipe for computing it is $Y = a + bX + E$, where Y is reliant variable, X is free factor, and is catch, b is incline and E is residual.

Hypothesis No# 01

Ho; The Daily income of the people linked with the tourism industry is not associated with the Sop due to COVID-19

Hi; The Daily income of the people linked with the tourism industry is associated with the Sop due to COVID-19

Table No. 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.156 ^a	.024	.018	1.221

As indicated in Table No.2, we can see that the R-square value is 0.024, which means that our independent variable i.e., SOP causes a 24% change in the dependent variable i.e. DI.

Table No.3

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.966	1	5.966	4.002	.047 ^b
	Residual	240.010	161	1.491		
	Total	245.975	162			

Table No.3.ANOVA results show that the p-value is 0.047, hence we say that there is a significant relationship between our independent unbearable sops restriction on tourism and our dependent variable daily income level of people during COVID-19.

Table No.4

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.667	.197		13.503	.000
	unbearable sops restricted tourism	.162	.081	-0.156	2.000	.047

Table No.4 shows the coefficients results. As indicated the beta value is 0.156, which means that the change in the independent variable i.e. SOPs by one unit brings about the change in the dependent variable i.e. DI by 0.156 units. The negative value of Beta shows that as unbearable Sop's imposed the

daily income of people associated with the tourism industry in the Gilgit region is decreased

Results

From the above regression test and results it is concluded that there is a link or association between daily income and unbearable Sop's, which is why the null hypothesis is rejected.

Chi-square

For social science researchers, Chi-square is the easiest and ideally equipped statistical method. It is also an operating tool for evaluating the relationship reality between the independent and dependent variables of the hypothesis. In current research, chi-square was useful to authenticate the association between two variables.

While values are described as under

O = Observed values of data

E = Expected values

Σ = total

The significance level of the chi-square test has been tested at 0.05

Hypothesis N0# 02

Ho; the cost of transportation owing to COVID-19 and the number of tourists visited per day are disassociated

Hi; the cost of transportation owing to Covid-19 and the number of tourists visited per day is associated.

Table 5 Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	30.373 ^a	4	.000
Likelihood Ratio	32.318	4	.000
Linear-by-Linear Association	13.067	1	.000
N of Valid Cases	163		

According to table no.5, the value of P=0.000 which is called the level of significance, is less than that of the value of $\alpha=0.05$. This demonstrates that the alternative hypothesis is accepted whereas our null hypothesis is rejected. This implies that the expense of transportation has a real impact on the daily number of tourists.

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