EXAMINING THE IMPACT OF COVID-19 PANDEMIC ON JORDAN'S TOURISM INDUSTRY: INCOME, EXPENDITURES, AND REVENUES

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ABSTRACT

Purpose: The worldwide COVID-19 pandemic will undoubtedly harm the world economy, according to the majority of economists, even though it is impossible to estimate the economic harm it will cause. This paper examines the Corona pandemic's economic effects on Jordan's tourism industry.

Theoretical Framework: In light of the changes that the world went through as a result of the Corona pandemic and its economic and social repercussions on most countries of the world, the industry of tourism and travel has been devastated by the Corona pandemic to a much greater extent than previous studies have suggested, and the recovery process is taking longer than the anticipated 10-month average recovery time. In order to ensure the expansion of the tourism sector's operational sustainability and capacity, both private and government procedures support needs to be coordinated.

Design/methodology/approach: By studying the monthly tourism income and the variables affecting it, such as the number of travelers coming to Jordanian airports, the number of booked hotel rooms, the number of overnight tourists and one-day visitors, and tourism spending, which is mainly affected by the number of Jordanians leaving the country for tourism purposes, using monthly data for the period from 2017 to the end of 2020.

Findings: The study showed the enormous effects of the Corona crisis on the tourism sector, as tourism income decreased by more than From 3 billion JOD, and the rate of decline in tourism income and spending for the year 2020 was more than 70% which resulted from a decrease in all variables affecting them at high rates that reached 100% in some months that witnessed complete closures.

Research, Practical & Social implications: This paper Focus on the tourism industry sectors. The Chow Breakpoint test was applied to look at the crisis's starting point and determine whether there was a structural change. In this test, the data was split into two sub-samples (pre-crisis from 1/2017 to 2/2020 and the second period from 3/2020 to 12/2020) in order to see if there were any significant differences between the two periods, which determine whether there is a structural change or not. The test contrasts the squared remainders of each subsample equation and the entire sample equation.

Originality/value: A disease known as Corona (COVID-19) has recently taken over the world. As a result of industrial closure projects, this disease has forced changes in the industry's performance and operations, adding to the study's originality and raising important questions about its recovery implications. About Jordan's tourism industry. The knowledge gap between economic science and the general public is characterized and critically analyzed in this paper after COVID-19.

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EXAMINANDO O IMPACTO DA PANDEMIA DE COVID-19 NO SETOR DE TURISMO DA JORDÂNIA: RENDA, DESPESAS E RECEITAS

RESUMO
Objetivo: A pandemia mundial de COVID-19, sem dúvida, prejudicará a economia mundial, de acordo com a maioria dos economistas, embora seja impossível estimar os danos econômicos que ela causará. Este artigo examina os efeitos econômicos da pandemia do coronavírus no setor de turismo da Jordânia.

Estrutura teórica: À luz das mudanças pelas quais o mundo passou em decorrência da pandemia do coronavírus e de suas repercussões econômicas e sociais na maioria dos países do mundo, o setor de turismo e viagens foi devastado pela pandemia do coronavírus em uma extensão muito maior do que os estudos anteriores sugeriram, e o processo de recuperação está demorando mais do que o tempo médio de recuperação previsto de 10 meses. Para garantir a expansão da sustentabilidade e da capacidade operacional do setor de turismo, é necessário coordenar o apoio dos procedimentos privados e governamentais.

Projeto/metodologia/abordagem: Estudar a renda mensal do turismo e as variáveis que a afetam, como o número de viajantes que chegam aos aeroportos jordanianos, o número de quartos de hotel reservados, o número de turistas com pernoite e visitantes de um dia, e os gastos com turismo, que são afetados principalmente pelo número de jordanianos que deixam o país para fins turísticos, usando dados mensais para o período de 2017 até o final de 2020.

Conclusões: O estudo mostrou os enormes efeitos da crise do coronavírus no setor de turismo, pois a receita do turismo diminuiu em mais de 3 bilhões de dólares jordanianos, e a taxa de declínio na receita e nos gastos com turismo para o ano de 2020 foi de mais de 70%, o que resultou de uma diminuição em todas as variáveis que os afetam a taxas elevadas que chegaram a 100% em alguns meses que testemunharam fechamentos completos.

Implicações sociais, práticas e de pesquisa: Este trabalho se concentra nos setores da indústria do turismo. O teste Chow Breakpoint foi aplicado para analisar o ponto de partida da crise e determinar se houve uma mudança estrutural. Nesse teste, os dados foram divididos em duas subamostras (pré-crise de 1/2017 a 2/2020 e o segundo período de 3/2020 a 12/2020) para verificar se havia diferenças significativas entre os dois períodos, o que determina se houve ou não uma mudança estrutural. O teste contrasta os restos ao quadrado de cada equação da subamostra e a equação da amostra inteira.


EXAMEN DEL IMPACTO DE LA PANDEMIA DE COVID-19 EN EL SECTOR TURÍSTICO DE JORDANIA: INGRESOS, GASTOS Y RECAUDACIÓN

RESUMEN
Propósito: Según la mayoría de los economistas, la pandemia mundial de COVID-19 perjudicará sin duda a la economía mundial, aunque es imposible calcular los daños económicos que causará. Este artículo examina los efectos económicos de la pandemia de coronavirus en el sector turístico de Jordania.

Marco teórico: A la luz de los cambios que ha experimentado el mundo como consecuencia de la pandemia de coronavirus y de sus repercusiones económicas y sociales en la mayoría de los países del mundo, el sector del turismo y los viajes se ha visto devastado por la pandemia de coronavirus en mucha mayor medida de lo que sugerían estudios anteriores, y el proceso de recuperación está llevando más tiempo del previsto, que es de 10 meses por término medio. Para garantizar la expansión de la sostenibilidad y la capacidad operativa del sector turístico, es necesario coordinar el apoyo de los procedimientos privados y gubernamentales.

Diseño/metodología/enfoque: Estudiar los ingresos mensuales por turismo y las variables que los afectan, como el número de viajeros que llegan a los aeropuertos jordanos, el número de habitaciones de hotel reservadas, el número de turistas que pernoctan y de visitantes de un día, y el gasto turístico, que se ven afectados principalmente por el número de jordanos que abandonan el país por motivos turísticos, utilizando datos mensuales para el período comprendido entre 2017 y finales de 2020.

Conclusiones: El estudio mostró los enormes efectos de la crisis del coronavirus en el sector turístico, ya que los ingresos por turismo disminuyeron en más de 3 mil millones de dólares jordanos, y la tasa de disminución de los ingresos y el gasto por turismo para el año 2020 fue superior al 70%, lo que resultó de una disminución en todas
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Examining the Impact of Covid-19 Pandemic on Jordan’s Tourism Industry: Income, Expenditures, and Revenues

INTRODUCTION

Although the COVID-19 pandemic's economic toll is unknown, economists generally concur that it will certainly have a significant negative impact on the world economy (Alzoubi, 2023; Erokhin & Gao, 2020; Marinko et al., 2021). Reduced demand is primarily to blame for the economic harm brought on by the COVID-19 pandemic (Ichsan et al., 2021; Hussein, 2022). Consequently, fewer customers seem willing to purchase the goods and services the global economy offers (Qiu et al., 2020; Hamid et al., 2021) and hard-hit industries like travel and tourism are a good example of this dynamic in action (Alzoubi, 2020). Countries put restrictions on travel to stop the virus's spread, and many people were unable to afford flights for vacations or business trips (Salameh et al., 2023; Hahury et al., 2023) and it was because of this decline in demand from customers travel and tourism businesses missed their projected revenue targets and were forced to cut costs drastically (Amis & Almashhadani, 2022; Altameemi & Flayyih, 2021).

Jordan according to the Jordanian Strategy Forum on the tourism sector in Jordan, nearly 100 travel agencies, 800 local restaurants and cafes, and 80% of hotels rated three stars or less have been closed, and about 14,000 employees have lost their sources of income. In light of the transformation of the Coronavirus into a global pandemic and most economic sectors being affected by the pandemic, many studies appeared on the subject (Alzoubi et al., 2020).

Moreover, given that the tourism sector is one of the most affected sectors by the pandemic, many studies examined the extent of vulnerability and possible solutions. Skare, Soriano, and Rocho (2021) analyzed using PSVAR data from 1995 to 2019 the potential COVID-19 pandemic effects on the tourism industry in 185 countries and estimated the impact...
of the pandemic crisis on the tourism industry worldwide through dynamic system modeling. It indicated that large adverse shocks affected the local tourism sectors during previous epidemic crises. As soon as the local shocks disappeared (no cases of infection), the arrivals returned to life immediately. However, Contrary to what earlier research suggests, the worldwide epidemic of Corona has devastated the tourism and travel industry. The worldwide tourism industry's recovery is taking longer than the anticipated 10-month average recovery time (Marinko et al., 2021).

Therefore, Coordination of both government and private policy support is required to ensure the tourism sector's capacity building and operational sustainability. To keep the travel and tourism industry operating at pre-COVID-19 levels, tourism managers must thoughtfully evaluate how pandemics affect their industry, create new risk management strategies to address the current crisis, and coordinate support from the private and public sectors (Hamid et al., 2021; Marinko et al., 2021).

LITERATURE REVIEW

In order to show that the tourism sector could not make any effort to address the COVID-19 problem, Sinulingga (2021) set out to map the issues caused by COVID-19 to tourist industry situations in North Sumatra that were nearly nonexistent. However, instead, they have to wait for the government to address it. The study concluded that the impacts on society, the environment, and the economy are the key metrics for assessing COVID-19's influence on tourism. The recent discovery is that it is possible to evaluate the effect of tourism over time, as it evolves, and according to its level of quality. Four significant tourism industry stakeholders were extensively questioned for the data using qualitative methods. Control of destinations, tourism agencies, accommodation, and transportation services. This study showed the timeline of tourism-related activities up to the point of no tourism, showing that those in charge of the transportation sector and the tourism organization were the most negatively impacted parties and unable to work during Corona.

The economic effects of the pandemic known as Corona on Greek tourism exports were studied by Papanikos (2020). They demonstrated that an accurate diagnosis for 2020 and beyond is impossible because of the lack of certainty and hazards surrounding the epidemiological conditions. Information about international reservations for destinations in Europe was used in the study. According to the travel and tourism industry in the European Union, Pre-booking decreased by 60 to 90 percent. These two outliers and their average were
used to create three scenarios to examine the effects of the worldwide epidemic on Greek tourism. It assumes a decline in the contribution of Greek tourism to GDP from 16% to 6.6%, resulting in a production loss of €16.8 billion (Marinko et al., 2021).

The Corona crisis was the backdrop for Jones and Comfort's (2020) investigation into the connection between the tourist industry and sustainable development. The study highlighted inherent contradictions and difficulties in sustainable development and proposed a few revolutionary solutions to sustainability problems. It also identified a number of environmental modifications that may be necessary for the transition to a more sustainable future. To provide a more comprehensive theoretical framework for sustainable development, this investigation concluded that for those academics who relied on stakeholder theory concerning the concept of sustainability, Corona emphasizes the necessity of integrating the needs of an extensive number of stakeholders, which includes every employee, client, and society.

Ulak (2020) has studied the impact of the coronavirus disease pandemic on the tourism industry in Nepal as it has had negative impacts on the tourism industry in Nepal. As a result of the ban on traveling internationally, airlines, lodging, transport companies, and other sectors in Nepal are suffering. The primary data for this study came from interviews with the targeted stakeholders, and it also drew from a review of several pertinent secondary sources. The study concluded that to revitalize the tourism sector, workers in the various tourism sub-sectors require extensive training and direction to preserve the highest possible standards of hygiene and sanitation, and there needs to be a robust keeping track system that tracks the actual field application of protocol-guided hygienic practices and SOPs. To reduce and ultimately eliminate the possibility of the coronavirus spreading any contraventions or gaps must be immediately corrected, and it is crucial to maintain employee discipline.

A global economic crisis was brought on by the novel Coronavirus, according to Jaipuria, Parida, and Ray (2020), and demonstrated how the pandemic impacted regional developments, employment opportunities, and foreign exchange earnings, disrupting the local population. Based on four different scenarios involving and excluding the lockdown, they examined the effect of COVID-19 in both loss and gain and the expected arrival of international tourists in India, with a decline of 68% according to the worst-case scenario.

Almost all industries have experienced shocks due to the Corona pandemic’s global spread, according to Kumudumali (2020), because of the prohibitions, regulations, stay-at-home rules, and work-from-home regulations that are quarantined. The tourism industry has
been negatively impacted by the COVID-19 pandemic's health and economic crisis. The loss of incoming foreign tourists was estimated by UNWTO to be around 1.1 billion. The purpose of the paper was to ascertain how the COVID-19 outbreak affected the global travel and tourism sector. The study concentrated on all nations in order to learn about the difficulties they faced with tourism and ways to address those difficulties both immediately and later on while reducing the economic shocks brought on by the epidemic. The findings showed how the virus outbreak had a negative effect on the travel and tourism sector globally, as well as how air travel and the hospitality industry had declined.

MATERIAL AND METHODOLOGY

The methodology of the study relied on studying the monthly tourism income, which is determined by the number of travelers arriving at Jordanian airports, the number of booked hotel rooms, the number of overnight tourists and one-day visitors, and tourism spending, which is mainly affected by the number of passengers departing from Jordanian airports. A dummy variable was used, equal to One in the pandemic period, which extended from March 2020 until the end of the study period 12/2020, and a zero value for the rest of the periods.

The Chow Breakpoint test was used to examine the starting point of the crisis and ascertain whether there was a structural change at those points. In this test, the data was divided into two sub-samples (pre-crisis from 1/2017 to 2/2020 and the second period from 3/2020 to 12/2020) to see if there were significant differences between the two periods, which determine whether there is a structural change or not. The test compares the squared remainder of the entire sample equation with the squared remainder of each subsample equation.

The study also used a descriptive analysis of tourism income and spending and the factors affecting them between 2016 and 2020 to show the effects of the Corona pandemic and the subsequent closures on the tourism sector and its components in Jordan.

Data

The study relied on presenting and analyzing the monthly data of tourism income and the variables affecting it in terms of the number of travelers arriving at Jordanian airports, the number of booked hotel rooms, the number of overnight tourists and one-day visitors, and tourism spending, which is mainly affected by the number of Jordanians leaving the country for tourism purposes for the period from the beginning of the year 2017 to the end of 2020 with a rate of 48 views. The data was obtained from reports and databases of government institutions
and ministries in Jordan, such as the Ministry of Tourism, the Central Bank of Jordan, and the Aviation Regulatory Authority.

RESULTS AND DISCUSSION

Table No.1 shows an increase in tourism Receipts and expenditure for the first two months of 2020. a sharp decline between March and December 2020 and the same time in 2019, as tourism Receipts decreased from 4.1 billion dinars in 2019 to 1 billion dinars in 2020, with a decrease of 75.7%, and tourism spending decreased from 1.037 billion dinars in 2019 to 0.27 billion dinars in 2020, a decrease of 73.9%.

<table>
<thead>
<tr>
<th>Month</th>
<th>Receipts</th>
<th>% Relative Change</th>
<th>Expenditures</th>
<th>% Relative Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2020*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>324.7</td>
<td>361.8</td>
<td>11.4%</td>
<td>76.0</td>
</tr>
<tr>
<td>February</td>
<td>249.2</td>
<td>290.0</td>
<td>16.4%</td>
<td>75.4</td>
</tr>
<tr>
<td>March</td>
<td>304.1</td>
<td>132.2</td>
<td>-56.5%</td>
<td>77.8</td>
</tr>
<tr>
<td>Total</td>
<td>878.0</td>
<td>784.00</td>
<td>-10.7%</td>
<td>229.2</td>
</tr>
<tr>
<td>April</td>
<td>358.0</td>
<td>0.0</td>
<td>-100.0%</td>
<td>85.4</td>
</tr>
<tr>
<td>May</td>
<td>268.0</td>
<td>0.0</td>
<td>-100.0%</td>
<td>74.5</td>
</tr>
<tr>
<td>June</td>
<td>350.5</td>
<td>15.1</td>
<td>-95.7%</td>
<td>106.9</td>
</tr>
<tr>
<td>2nd Qtr</td>
<td>976.5</td>
<td>15.1</td>
<td>-98.5%</td>
<td>266.8</td>
</tr>
<tr>
<td>July</td>
<td>402.3</td>
<td>19.2</td>
<td>-95.2%</td>
<td>126.7</td>
</tr>
<tr>
<td>August</td>
<td>543.2</td>
<td>20.7</td>
<td>-96.2%</td>
<td>129.6</td>
</tr>
<tr>
<td>September</td>
<td>345.2</td>
<td>26.5</td>
<td>-92.3%</td>
<td>75.0</td>
</tr>
<tr>
<td>3rd Qtr</td>
<td>1290.7</td>
<td>66.4</td>
<td>-94.9%</td>
<td>331.3</td>
</tr>
<tr>
<td>October</td>
<td>325.0</td>
<td>38.7</td>
<td>-88.1%</td>
<td>71.4</td>
</tr>
<tr>
<td>November</td>
<td>328.2</td>
<td>43.9</td>
<td>-86.6%</td>
<td>65.4</td>
</tr>
<tr>
<td>December</td>
<td>309.8</td>
<td>52.2</td>
<td>-83.2%</td>
<td>73.6</td>
</tr>
<tr>
<td>4th Qtr</td>
<td>963.0</td>
<td>134.8</td>
<td>-86.0%</td>
<td>210.4</td>
</tr>
<tr>
<td>Total</td>
<td>4108.2</td>
<td>1000.3</td>
<td>-75.7%</td>
<td>1037.7</td>
</tr>
</tbody>
</table>

Source: Prepared by the author, Reports and databases of the Ministry of Tourism and Antiquities

Fig No.1. shows tourism Receipts and expenditures in Jordan from 2019 to 2020. Although Receipts and expenditures fluctuate monthly due to the nature of the tourism sector, which depends on the tourist seasons, the chart shows annual growth and the extent of the decline that occurred since March 2020.
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Fig 1. Tourism Receipts and expenditure in Jordan during the period (2019 – 2020)

Source: Prepared by the author

Table 2 shows the number of passengers (arrivals and departures) at Jordanian airports, which indicates a growth preceding Corona between 6% and 7% annually and a decrease of 76% in 2020.

Table 2. Number of passengers (arrivals and departures) at Jordanian airports

<table>
<thead>
<tr>
<th>Year</th>
<th>Arrival</th>
<th>Departure</th>
<th>Total</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3789341</td>
<td>3894506</td>
<td>7683847</td>
<td>-</td>
</tr>
<tr>
<td>2017</td>
<td>4076456</td>
<td>4063688</td>
<td>8140144</td>
<td>7%</td>
</tr>
<tr>
<td>2018</td>
<td>4345623</td>
<td>4314878</td>
<td>8660501</td>
<td>6%</td>
</tr>
<tr>
<td>2019</td>
<td>4618154</td>
<td>4609108</td>
<td>9227262</td>
<td>7%</td>
</tr>
<tr>
<td>2020</td>
<td>1102163</td>
<td>1136136</td>
<td>2232899</td>
<td>-76%</td>
</tr>
</tbody>
</table>

Source: Prepared by the author, Central Bank Of Jordan

According to Table No.3, there will be a 76.2% drop in overnight visitors in 2020 and an 80.2% drop in one-day visitors from 2019.

Table 3. Number of overnight tourists and one-day visitors per month, 2019-2020

Source: Prepared by the author, Reports and databases of the Ministry of Tourism and Antiquities

Table 4. Tourism Revenues in Jordan (2019 – 2020) (million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount/JD</th>
<th>Decrease</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>1853.5</td>
<td>1069.5</td>
<td>-56.27</td>
</tr>
<tr>
<td>2020</td>
<td>783.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Prepared by the author

According to Table No. 4, the COVID-19 pandemic had the greatest impact on Jordan’s tourism industry, which saw a JD 1069.5 (56.27%) revenue decline between 2019 and 2020 as a result of the lockdown and suspension of all tourism-related activities. Employment in the tourism sector has decreased, which is evident.
Table 5. Number of Visitors to Jordan (2019 – 2020) (million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Decrease</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2,437,600</td>
<td>1,440,585</td>
<td>-58.2</td>
</tr>
<tr>
<td>2020</td>
<td>996,630</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Prepared by the author

According to Table No.5, COVID-19 had a negative impact on visitor numbers in 2020, which decreased from 2,437,600 to 996,630. The decline was 1,440,585, with a percentage of -58.2%. Numerous workers in the tourism industry lost their jobs as a result of this decline.

CONCLUSION

The study showed the growth of both tourism income and tourism spending and the factors affecting them in Jordan from the beginning of the study period in January 2019 until before the start of the crisis in March 2020, then followed by a massive decline in both income and spending and all the components affecting them since the beginning of the Corona pandemic. In Jordan in mid-March 2020.

At the beginning of the pandemic, with the closure of all economic sectors, the Jordanian government, in an unprecedented step to support 5- and 4-star facilities, opened hotels as quarantine facilities to accommodate Jordanians returning from abroad (Dead Sea, Amman, and Aqaba), after which hotels were allowed to open their doors to visitors with capacity. 50% and 75%, but most hotels with three stars or less (which depend mainly on foreign tourists) remained closed and suffered heavy financial losses. Although several employees have returned to work, those deemed non-essential to the operation during this period have remained at home by 50%, and their salaries have been reduced by 70%.

Perhaps one of the most positive procedures of the government was the establishment of the "Risk Fund" in November 2020 with an initial capital of 20 million Jordanian dinars. The operating mechanism and the sustainability plan are still under development because it is clear that the tourism sector cannot survive without genuine government assistance.

The United Nations has published five key areas that need to be addressed to help revive tourism, Which includes managing the crisis and reducing the adverse social and economic effects on livelihoods, boosting competitiveness and fostering adaptability, advancing innovation and the digital evolution throughout the ecological tourism systems, advertising environmental sustainability and accessible green growth, and coordinating efforts with partners to transform tourism and meet sustainable development goals.
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