The economic and social impact of COVID-19 on tourism and hospitality industry: A case study from Oman

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The COVID-19 pandemic has incurred a substantial economic and social impact around the world. Many sectors have been drastically affected but the tourism and hospitality industry was one of the hardest hit by the COVID-19 outbreak globally. The coronavirus pandemic has caused direct losses of half-billion Omani Rial to the tourism sector. This pandemic has also exacerbated the mental health of business owners of the tourism and hospitality industry in Oman. This research aims to investigate the economic and social impacts of COVID-19 on the tourism and hospitality sector of Oman. The data was collected from business owners of micro, small, medium, and large size-companies operating in the tourism and hospitality industry.

A structured questionnaire was distributed and data collection was done from September 2020 to January 2021. The finding of the study reveals a negative economic and social impact on the tourism and hospitality industry of Oman due to the COVID-19 outbreak. The economic impact includes financial loss, reduction in customer demand at a national and international level, disruptions in the logistics and distribution channels, ruined the relationship with suppliers, customers, and employees. The social impact included depression, irritation, anxiety, and stress among the business owners about the present and future conditions. This study has given valuable suggestion to mitigate the negative economic and social impact on the tourism and hospitality industry of Oman. The finding of the study will support the government to boost the tourism and hospitality industry in Oman.

KEYWORDS
COVID-19, economic impact, Oman, social impact, tourism and hospitality industry

1 | INTRODUCTION

On December 31, 2019, the first case of deadly Coronavirus (COVID-19) was reported in Wuhan, Hubei, China (World Health Organization, 2020). The deadly virus was transmitted to the whole world-giving rise to uncertain and unstable situation. As the pandemic spread across the globe, the Sultanate of Oman also became its victim. To mitigate the effects of the pandemic, the Omani government announced the first lockdown on April 10, 2020 and consecutively the lockdown was extended zone-wise based on the severity of COVID-19 cases. Many businesses were completely shut down, the stringent measure was announced for conducting business activities in selected sectors only, and the tourism and hospitality sector was not exempted from this regulation. The COVID-19 pandemic has incurred a significant economic and social impact around the world (United Nations World Tourism Organization (UNWTO), 2020). Many sectors have been drastically affected but tourism and hospitality industry was one of the hardest hit by the COVID-19 globally. A recent report by the World Association of Investment Promotion Agencies (IPAs) on May 2020, stated that sectors like hotels and restaurants and other travel and tourism-related services were among the top five vulnerable sectors...
during the crisis of COVID-19. IPAs reported that hotels and restaurants are affected by the pandemic by around 84% followed by other travel and tourism-related services by around 65%. This pandemic has exacerbated the condition of business owners of the tourism and hospitality industry (Gursoy & Chi, 2020; Hospitality Net, 2020; Qiu et al., 2020). Similar to other countries around the world, Oman’s tourism and hospitality industry also has been drastically affected economically and socially due to the COVID-19 pandemic. The COVID-19 has caused direct losses of half-billion Omani Rial to the tourism sector (Al Nasser, 2020). The revenues of 3–5 star hotels have reduced by 60.2% and hotel occupancy rates declined by 50.1%. Oman tourism and hospitality industry continue to face the stifling stemming in hotels, motels, guesthouses, travel booking agents, tour operators, event management companies, restaurant, café, and other tourism-related services. The continuous ban on the aviation industry with limited flight operational at the national and international level has made the catastrophic impact on allied business activities of the tourism and hospitality industry.

COVID-19’s economic impact on Oman tourism has resulted in more unemployment, reduced consumer purchasing power, and low-income generation (Al-Hasni, 2021). Likewise, economic impact, the social impact was staggering the owners on the survival of their business. Owners are stressed about future business activities as the tourism and hospitality industry is on the brink of collapse. Though, the Oman government took several initiatives to mitigate the economic and social impact of the tourism and hospitality industry by offering monetary and nonmonetary support to the business owners to sustain and survive their business. The Ministry of Tourism assured to provide a relief package for business owners, encouraged banks to invest in the tourism sector, restructured loans schemes for hotel investors, grants, incentives, facilities, introducing new financing policies (Oman Observer, 2020a, 2020b). Certainly, it is only the assurance, the losses are huge and still, no-good hope is seen among the business owners in this sector. Several researchers have investigated the economic impact on the hospitality and tourism industry but the social impact has not been investigated from the owner’s perspective. This research aims to investigate the economic and social impacts of COVID-19 on the tourism and hospitality sector of Oman. This study will make a novel contribution through quantitative research by offering rich insights into the economic and social impact of the COVID-19 on the tourism and hospitality industry in Oman. The finding of this research will support the government to boost the tourism and hospitality industry in Oman.

2 | REVIEW OF LITERATURE

Previous literature shows that world economies have been largely hit by COVID-19 outbreak irrespective of developed or developing countries (Alhassan et al., 2020; Alhassan et al., 2021; Alola & Victor, 2020; Balsalobre-Lorente et al., 2020; Del Chiappa et al., 2021; Fernandes, 2020; Gupta et al., 2020; Harris & Moss, 2020; Jones & Comfort, 2020a, 2020b; Liu et al., 2021; Shapoval et al., 2021; Singh & Neog, 2020; Usman et al., 2020). Researchers have analyzed the macroeconomic effect of the pandemic on counties, Mugaloglu et al. (2021) revealed that COVID-19 created huge uncertainty in Turkey thus reduced the investment expenditure significantly. Similarly, South Africa is on the verge of falling into debt trap as the pandemic has increased the cost of public finance in the country (Alhassan et al., 2021; Tseng, 2021). As the death toll continuously increased, the stock market reacted adversely specially that of Britain, Russia, India, and China thus creating a situation of Global meltdown (Kharbanda & Jain, 2021). The increased number of deaths due to the pandemic has a negative impact on the per capita income of the country, thus the pandemic has forced many counties toward negative economic growth (Alhassan et al., 2021). The macroeconomic indicators like Gross Domestic Product, Foreign Direct Investments, Employment, Health care system of the world were also put on gloomy situation due to uncertainties resulting from forced lockdowns in order to safeguard from getting affected from COVID-19 (Balsalobre-Lorente et al., 2020; Idris & Oruonye, 2020). The pandemic had put the complete world economy on hold, all the major sectors were adversely affected due to lockdown, apprehensions, uncertainties, and doubts. Out of all the economic sectors, the tourism and hospitality industry is facing maximum brunt due to the COVID-19 crisis across the globe. Many researchers have investigated and analyzed the impact of COVID-19 on the tourism industry and hospitality industry in various countries like England (Ntounis et al., 2021); Macao (Lim & To, 2021); South Africa (Van Heerden & Roos, 2021); Bangladesh (Naiem & Al, 2021); and China, Italy, Australia, and Las Vegas (Folinas & Metaxas, 2020). The economic impact has been studied by several researchers from various perspectives (Crespi-Cladera et al., 2021; Debata et al., 2020; Gössling et al., 2020; Karim et al., 2020; Khalid et al., 2021; Kumar, 2020; Lim & To, 2021; Rakshit & Basistha, 2020; Siddiquei & Khan, 2020). The advent of the COVID-19 crisis has made it critical for the researcher to identify the main factors that are affecting the tourism and hospitality industry (Zenker & Kock, 2020). Zopiatis et al. (2021) have also reported similar key economic and social areas (human resource management, finance/economics education and research, marketing, microlevel (operations), macrolevel (destination) for understating the impact of COVID 19 on tourism and hospitality industry.

Chen et al. (2020) proposed nine key themes including the effect on tourism, people's emotions, management of tourism and cultural venues, the position of the hospitality industry, national command and local reaction, tourism conflicts and remedies, corporate self-improvement initiatives, government assistance, and postcrisis tourism product for analyzing the tourism and hospitality industry in China. Baum and Hai (2020) analyzed areas of Asia, Europe, and North America's hospitality and tourism and reported unprecedented negative impact during the pandemic. Davahli et al. (2020) conducted in-depth literature review focusing on challenges faced by the hospitality industry where findings revealed the negative impact on revenue, job loss, change in the customer preferences, and decline in market demand. Owners have to pay fixed costs, which include rent, electricity, wages, and loan interests, but the continuous decline in the revenues was making it challenging for owners to sustain during
COVID-19 scenario (Folini & Metaxas, 2020; Pagano et al., 2020). The financial stress and solvency concerns make it difficult for owners to pay debts due to COVID-19 (Benjamin et al., 2020; Crespi-Cladera et al., 2021; Tomassini and Cavagnaro, 2020). Because of the COVID-19 crisis, many companies have decided to terminate their employees or were asked to go on unpaid leave (Karim et al., 2020; Lucas, 2020). The psychological effect on the owner is deepened, as they have to make indefinite layoff of the employee due to lack of clarity on their businesses returning to normal (Sengel et al., 2020). The COVID-19 crisis has negatively impacted employee-organization relationships (Baum et al., 2020). Within this turbulent environment, owners were challenged to stabilize their business. Therefore, companies requested the government to provide bailout packages to survive for the short-term until the impact of COVID-19 decline (Nicola et al., 2020; Ozili & Arun, 2020). Owners perceive that they have to shut down their business within 3 months and will not be able to return at pre-pandemic levels (Brizek et al., 2021). However, there is an ambiguity on the survival of companies on short-term bailout packages (Bas & Sivaprasad, 2020). A time span of more than 5 years will be required for tourism and hospitality to recover (Dua et al., 2020; Yoong, 2020). COVID-19 has resulted in severe consequences and affected the socio-economic prosperity of many nations (Anejia & Ahuja, 2020; Gossling et al., 2021; Kumar et al., 2020; Nicola et al., 2020). The abrupt halt of the economic activities made the future sustainability of the tourism and hospitality industry into a big question mark.

3 | RESEARCH METHODOLOGY

This research examined the economic and social impact of COVID-19 on the tourism and hospitality industry in Oman. In this respect, a structured questionnaire was sent to business owners working in the tourism and hospitality industry of Oman. The questionnaire consisted of four sections; the first section included demographic factor and details of their businesses. The second section included the questions related to economic impact; the third section includes questions related to social impact; and the fourth section includes open-ended questions related to strategies for the future. The data was collected from September 2020 to January 2021 from micro (<five staff), small (6–25 staff), medium (26–99 staff), and large, size-companies (99 and above). In Oman, tourism and hospitality business include cafes, restaurants, camping, events management, farms booking, guesthouses, hotels, motels, taxies booking (local travel-local touring, etc.), tour/holiday packages, tour guides (local sight-seeing, etc.) and travel booking (airlines-national/international).

4 | RESULTS AND ANALYSIS

By the end of the survey period, data collected from 97 respondents distributed throughout 15 businesses in the tourism and hospitality sector. Around 68% of the business owners were within the age range of 35–55 years old, where most of them has a bachelor (47.4%), postgraduate (23.7%), and secondary school (19.6%) degrees. The majority of responses received belong to hotels sector (34%), followed by motels (15.5%), coffee/restaurants and farm bookings (12.4%), tour/holiday packages (11.3%), and guesthouse (10.3%). Most of those who responded has their businesses in Muscat (the Capital) (43.5%), followed by Al-Dhakiliyah (14.5%) and Ash-Sharqiya North (13%) and the remaining are dispersed among the other eight governorates.

4.1 | Economic impact of COVID-19 on tourism and hospitality industry

To explore the economic impact of the COVID-19 on the tourism and hospitality industry, various parameters have been included in the questionnaire related to economic aspects. The analysis of data is presented from Tables 1–9.

Table 1 shows the level of impact on financial situation of the business, customer demand for the products and services, suppliers and supply chain, and channels of distributions. It can be clearly seen from Table 1 that tourism and hospitality businesses have been negatively affected by the COVID-19 outbreak, as majority of the respondents (67%) perceived that there is a large negative impact on their businesses. From the table, 67% responded have agreed the that COVID-19 outbreak has affected the financial conditions of their business, followed by negative impact on the customer demand for the business products/service (58.5%); suppliers and supply chain (44.3%); channels of distribution of the business products/services to customers (40.2%).

Tables 2 and 3 show the level of impact on various parameter on the national and international business. From Table 2, it can be observed that the impact has been largely recorded on the international business. Business owners reported reduction in the international business as they have received less number of inquiries/booking (81.4%) and the number of visitors (85.6%) have also declined. The reasons can be attributed due cancelation of international events (76.3%). Many visitors have opted for the cancelation of their visits (78.4%) or decided to postpone their travel plans (77.3%). Comparatively less impact has been reported in the domestic business (Table 3).

Table 4 shows the perception of business owners toward the expected time period for closure of their business in the future. Most of the business owners (38.10%) are not having plan to close their business where some business owners believe that they can survive till 6–12 months (17.50%) and from Table 5 it can be seen that, business owners perceive that they may take 9 months–1 year to recover from the losses incurred by the Covid-19 outbreak (37%). Business owners did not show positive response toward the recovery of losses incurred by the COVID-19 pandemic. They believe that it will take approximately 1 year to recover from the losses. However, 38% of business owners agreed that COVID-19 outbreak has not created new opportunities while 38% of business owners have expanded their business domestically. This can be due to the restriction imposed on the international travel.
As an outcome of COVID-19, business owners have encountered several type of challenges due to the outbreak of COVID-19. It can be seen from Table 6 shows that business owners have faced decline in international demand (71.1%) and domestic demand (62.9%). In addition, 70.1% of business owners agree that they faced difficulty in giving staff salaries and covering up other fixed business costs. The business owners have taken several actions in response to the COVID-19 outbreak. Table 7. From this table, it can be clearly seen that owner has stopped the wages for themselves (44.3%) and staff (41.2%). In addition, about 37.1% have decided to scale back on services/products to cut down the extra cost. While, around 37.1% have requested payment/suspension delay and 7.5% have applied for the financial support from the various agencies. Business owners have taken action to lay off the staff permanently (22.7%) and temporarily (35.1%) to survive the COVID-19 outbreak.

Business owners are trying to safeguard their businesses through various measures and support from various stakeholders. From

| TABLE 1  | The impact of the COVID-19 outbreak on the tourism and hospitality businesses |
| Level of impact areas of impact | Insignificant | Minor | Moderate | Major | Severe |
| Financial situation | 4.1 | 3.1 | 8.2 | 17.5 | 67 |
| Customer demand for the business products/service | 6.2 | 3.1 | 11.3 | 20.6 | 58.5 |
| Suppliers and supply chain | 7.2 | 6.2 | 16.5 | 25.8 | 44.3 |
| Channels of distribution of the business products/services to customers | 3.1 | 10.3 | 18.6 | 27.8 | 40.2 |
| The overall impact of COVID-19 on the business | 3.1 | 1.0 | 10.3 | 18.6 | 67 |

| TABLE 2  | Impact of COVID-19 on international business |
| Level of impact areas of impact | Insignificant | Minor | Moderate | Major | Severe |
| Reduction in International visitors | 0 | 3.1 | 7.2 | 4.1 | 85.6 |
| Reduced levels of inquiries/bookings from International visitors | 1 | 6.2 | 6.2 | 5.2 | 81.4 |
| Rearrangement/postponement of future bookings from international visitors | 4.1 | 4.1 | 7.2 | 7.2 | 77.3 |
| Cancelation of future bookings from international visitors | 6.2 | 3.1 | 6.2 | 6.2 | 78.4 |
| Canceled international events | 7.2 | 3.1 | 8.2 | 5.2 | 76.3 |

| TABLE 3  | Impact of COVID-19 on domestic level businesses |
| Level of impact areas of impact | Insignificant | Minor | Moderate | Major | Severe |
| Reduction in domestic visitors | 4.1 | 5.2 | 11.3 | 29.9 | 49.5 |
| Reduced levels of inquiries/bookings from domestic visitors | 7.2 | 4.1 | 10.3 | 37.1 | 41.2 |
| Rearrangement/postponement of future bookings from domestic visitors | 5.2 | 3.1 | 19.6 | 35.1 | 37.1 |
| Cancelation of future bookings from domestic visitors | 9.3 | 4.1 | 15.5 | 32 | 39.2 |
| Canceled National/local events | 4.1 | 5.2 | 19.6 | 16.5 | 54.6 |

| TABLE 4  | Risk of business closure period |
| Time to close | Number of responses | % of responses |
| No business closure | 37 | 38.10 |
| Less than a month | 8 | 8.20 |
| 1–2 months | 5 | 5.20 |
| 2–4 months | 11 | 11.30 |
| 4–6 months | 9 | 9.30 |
| 6–12 months | 17 | 17.50 |
| More than 12 months | 10 | 10.30 |
| Total | 97 | 100 |

| TABLE 5  | Business expected time to recover from the losses incurred by the Covid-19 outbreak |
| Period of business recovery | Number of responses | % of responses |
| Within 3 months | 14 | 14.40 |
| 3–6 months | 12 | 12.40 |
| 6–9 months | 17 | 17.50 |
| 9 months to 1 year | 18 | 18.60 |
| More than 1 year | 36 | 37 |
| Total | 97 | 100 |

COVID-19 outbreak. Table 7. From this table, it can be clearly seen that owner has stopped the wages for themselves (44.3%) and staff (41.2%). In addition, about 37.1% have decided to scale back on services/products to cut down the extra cost. While, around 37.1% have requested payment/suspension delay and 7.5% have applied for the financial support from the various agencies. Business owners have taken action to lay off the staff permanently (22.7%) and temporarily (35.1%) to survive the COVID-19 outbreak.
Table 8 it can be understood that companies mainly need cash grants (61.9%); deferral of tax, rent, expenses, utilities, debt (56.7%) to protect their business. Moreover, 32% of business owners are willing to apply for financial loan and exploring access to market/value chain/alternative sales channels (27.7%).

4.2 | Social impact of COVID-19 on the tourism and hospitality industry

The social impact has also been reported by business owners due to the COVID-19 outbreak. The results revealed that approximately all businesses applied and followed safety measures (Regular office sanitization; providing hand sanitizer, gloves, and masks) to prevent the spread of coronavirus among the staff. More specifically, 91.8% of them, follow the rules and regulations ordered by the Government for maintaining the staff strength (Like 30%, 50%, and 70%) in the office. Approximately, 66% of business owners have reduced the number of staff to diminish impact on their regular operational activities. The 60.8% of them, felt nervous or anxious while they are in the workplace and 53.6% felt irritated and stressed about getting affected due to the visits made by customers. While 54.6% found it mentally difficult to adapt to a new normal (social distancing, wearing mask, gloves, etc.) at the workplace. Moreover, 66% felt that their relationship has been affected with their colleagues. That is, they may have been infected by COVID-19 and they fear that they also get infected. 83.5% did not feel like closing the company/office and sit at home till the COVID-19 pandemic ends will help them during the pandemic. 69.1% felt stressed that their company may plan to reduce some staff in the future due to the COVID-19 outbreak. 69.1% of respondents have not taken any counseling services to deal with the fear of COVID-19.

The business owners were asked about their future strategies that are effective in returning their businesses to normal mode after the period of COVID-19. It can be assessed from Table 9 that majority of respondents felt it is very much likely to move business online (26.8%), provide special offers for the canceled bookings (30.9%), and invest in digital media to make businesses more visible through marketing (35.1%). However, others thought it is unlikely to merge their businesses with other companies (35.6) as well as shutting or selling their businesses (35.1%).

| Challenges faced by company due to COVID-19 | % of responses |
|--------------------------------------------|---------------|
| Reduction of domestic demand for my products and/or services | 71.1 |
| Reduction of international demand for my products and/or services | 62.9 |
| Difficulty in my company’s ability to deliver services and/or products to customers | 37.1 |
| Difficulty in the ability of distributors to deliver services and/or goods to customers | 19.6 |
| Difficulty to acquire the supplies and/or services required to produce my products and/or deliver my services | 24.7 |
| Difficulty covering staff salaries and other fixed business costs, such as rent or utilities | 70.1 |
| Challenges in developing new products/innovations | 20.6 |
| Uncertainty over economic conditions | 61.9 |
| Difficulty with staff fulfilling their job requirements due to government restrictions | 19.6 |
| Government regulations suspending business activities, for example, restaurant closure | 39.2 |
| Staff shortages due to sickness | 9.3 |
| Slowing transition of business process improvements | 21.6 |
| Difficulty securing financing for business as usual | 32 |
| Difficulty securing financing for expansion | 25.8 |
| Regulatory barriers and other barriers to exports | 9.3 |
| Challenges with other government regulations (e.g., compliance, technical regulation, patents, and reporting) | 12.4 |
| Tax laws and rules barriers | 35.1 |

| Action taken by owners in response to the COVID-19 outbreak | % of responses |
|-----------------------------------------------------------|---------------|
| Lay off staff permanently | 22.7 |
| Lay off staff temporarily | 35.1 |
| Scale back on services/products | 37.1 |
| Reduce/stop wages for yourself | 44.3 |
| Reduce/stop wages for staff | 41.2 |
| Request of payment/suspension delay | 37.1 |
| Apply for government financial support | 17.5 |
| No action taken | 15.5 |
| Others | 20.6 |

| Table 8 Type of support required to safeguard company | % of responses |
|-------------------------------------------------------|---------------|
| Type of support required to safeguard company | % of responses |
| Financial loan | 32 |
| Cash grant | 61.9 |
| Deferral of tax, rent, expenses (utilities), or debt | 56.7 |
| Technical assistance (i.e., training, digitization, and e-business infrastructure) | 12.4 |
| Transformation on the logistics | 10.3 |
| Access to supply chain | 13.4 |
| Access to market/value chain/alternative sales channels | 23.7 |
| Legal support | 12.4 |
| None | 5.2 |
| Others | 8.2 |

Table 8
Table 9: Effective strategies to be implemented by businesses to recover from COVID-19

| Scale strategies                        | Very unlikely | Likely | Neutral | Likely | Very likely |
|-----------------------------------------|---------------|--------|---------|--------|-------------|
| Move business online                    | 15.5          | 8.2    | 23.7    | 25.8   | 26.8        |
| Special offer for canceled bookings     | 11.3          | 9.3    | 23.7    | 24.7   | 30.9        |
| Investment in digital media to make it more visible | 8.2          | 4.1    | 27.8    | 24.7   | 35.1        |
| Planning to merge with other companies  | 53.6          | 11.3   | 16.5    | 7.2    | 11.3        |
| Planning to shut down/sell the company  | 35.1          | 16.5   | 18.6    | 11.3   | 18.6        |

The respondents also asked about the additional steps that can be taken to promote their businesses. Designing new packages, entering new markets, advertising for more offers and discounts, implementing online marketing strategy through social media as well as digital marketing, reducing sales prices and reducing national labor expenses, connecting with new partners abroad, and opening up more markets, were mostly highlighted by participants.

5 | DISCUSSION

This research reported that the tourism and hospitality industry has been drastically affected in Oman by the COVID-19 outbreak. The findings testified to the negative economic and social impact on the tourism and hospitality industry of Oman. The economic impact of a global pandemic on the tourism economy has severely affected the various developed and developing countries (Faber et al., 2020; Joshi & Bhaskar, 2020; Kaushal & Srivastava, 2021; Lim & To, 2021; McCartney, 2021). Many researchers have focused on the economic impact from various perspectives like financial loss, customer demand, logistics and distribution channels, supplier’s relationship, employees downsizing, and so forth (Baum & Hai, 2020; Huang et al., 2020; Jones & Comfort, 2020a, 2020b; Joshi & Bhaskar, 2020). In Oman, COVID-19 has severely affected the financial situation of tourism and hospitality companies. It was also found that the companies received cancelation requests for future bookings at the national as well as at the international level. These findings are aligned with previous studies of Karim et al. (2020); Grad (2020); Joshi, Bhaskar, and Gupta (2020); Joshi, Vinay, et al. (2020). The present COVID-19 outbreak has not only affected the present booking but has made a huge impact on future bookings. The customers demand for tourism package has also declined, as companies have not received many inquiries from domestic or international visitors. The reason can be stated that the announcement of the closure of the border several times by the Oman government (Bloomberg, 2020; Godinho, 2021). During the year 2019, Oman has seen nearly 200% increase in tourist arrivals during festivals, events, conferences, and so forth (Nair, 2019; Times News Service, 2020b) but due to the COVID-19 outbreak, several national and international events were canceled (GC32 Racing Tour Media, 2020; Oman News Agency, 2020; TAS News Service, 2020). The cancelation of events has drastically affected the tourism and hospitality companies, as they were not able to attract tourist for making travel plans to the country. In Oman, many tourism and hospitality companies had seen a huge financial loss of business from March to December 2020. Due to huge financial loss, they perceived that their business might be permanently shut down within 6–12 months. To avoid the permanent closure period, many companies decided to lay off staff temporarily, reduced the wages for themselves and staff, scale back on services and products. Due to uncertainty over economic conditions, the companies found it difficult to cover fixed and variable business costs. The companies found it difficult to manage with limited funds this has also affected their expansion plans. Apart from financial losses and reduction in demand, companies have faced several challenges. The companies have faced many other difficulties in delivering products and services to maintain their customers. It was a big challenge for the companies to acquire the necessary materials and services for managing the inventory and developing new products. Additionally, due to government restrictions over the limited percentage of staff to attend at the workplace; companies had huge difficulty in fulfilling the requirements and providing services to the customers. Several researchers reported the similar findings with respect to different countries. Like Brzeg et al. (2021) results indicated that, South Carolina restaurants will not be able to survive for more than 2-month and have to shut down soon, if pandemic restrictions remained in place until 2021. Moreover, they will not be able to bring back their company’s employees to pre-pandemic levels. At global level, Dube et al. (2021) conducted the survey in Australia, the United States, Canada, Germany, Ireland, Mexico, and the United Kingdom and reported the negative impact of the COVID-19 pandemic, which led to a total disappearance of sit-in guests and travelers in tourism and hospitality industry. Though, many researchers estimate the tourism and hospitality industry will rebound from the pandemic, owing to various forms of government intervention (Assaf & Scuderi, 2020; Ioannides & Gyimóthy, 2020; McCartney, 2021; Sharma et al., 2021; Zhong et al., 2021).

Like the economic impact, this study also reported that the social impact on the tourism and hospitality industry in Oman. The COVID-19 outbreak had made a significant social impact on business owners of the tourism and hospitality industry. Many studies have investigated the social impact on various parameters like; depression, loss of freedom, suicidal tendency, feeling of anger, uncertainty about the spread of the disease, feeling of vulnerability, difficulty in concentrating, nervousness, monotony, anxiety, prickliness, agitation, sense of lonesomeness, apprehension, and fears (Aduhene & Osei-Assibey, 2021; Cao et al., 2020; Kawohl & Nordt, 2020; Mamun & Griffiths, 2020; Miles, 2014; Orgilès et al., 2020; Saladino et al., 2020; Weir, 2020). As reported in this research study, most of the
companies’ owners felt irritated, anxious and stressed about getting affected due to the visits made by customers or employees of the company during the COVID-19 outbreak. Though, most of the companies have followed the safety measures like sanitization of the office; providing hand sanitizer, gloves, and masks to prevent the spread of coronavirus among the staff and customers. It was difficult to adjust psychologically to a new normal in the business, such as wearing, continuous washing of hands, masks, hand gloves, social distancing, and so forth. The fear of COVID-19 also made them feel like closing the companies for short-term job and sit at home until COVID-19 ends. To avoid this situation, the Omani government allowed companies to run their business while following the standard operating procedure. As per the Oman government, companies have followed the rule for maintaining the staff strength like 30%, 50%, and 70% in the office during the COVID-19 for maintaining social distancing (Ankara, 2020; Oman Observer, 2020a, 2020b). This provision has allowed the companies owners to control the spread of coronavirus and continue the business. Still, many owners were stressed over the future plan as they might have to reduce some more staff and cut salary due to the loss that occurred by in the COVID-19. Furthermore, owners felt that their relationship with their staff has got affected as they were asked to work on reduced salary and given notice for termination of services for the future. Hence, it can be concluded that the social impact was very high on owners of the tourism and hospitality industry in the Oman. Many owners took the counseling services to deal with fear of COVID-19. Lancet Global Mental Health Commission recommended to use digital technological interventions to reduce anxiety levels, stress and improve mental health and self-efficacy among people (Kang et al., 2020; Patel, 2018; Xiao et al., 2020).

6 | CONCLUSION

The COVID-19 outbreak has adversely affected the economic and social aspects of the tourism and hospitality industry in the Oman. The economic impact considered a financial loss, customer demand, logistics and distribution channels, supplier’s relationship, and employees’ turnover. The losses were due to the cancelation of bookings as a result of border closure, indefinite postponement of sports, business, and cultural events. This has affected future bookings because companies have not received many inquiries from foreign and domestic tourists. Due to significant losses, the company had feared that their business might be permanently shut down, as it was difficult to manage fixed and variable business costs. Companies have used alternatives to survive in this critical situation like temporarily lay off staff, reduced salaries for themselves and staff, reduction in services and products. Strict rule and regulation of government have added more difficulty to run the business in this critical situation. Companies could not fulfill the demands of their customers due to the limited availability of resources and staff. Companies’ long-term plans have also been affected as there is no certainty on the revival time of the tourism and hospitality industry in Oman. The outbreak of COVID-19 has had a huge social impact on the owners of the tourism and hospitality industry. The lockdown has not only affected the owners financially but also have left them psychologically drained, the symptoms of depression, apprehensions, anger, boredom, irritability, restlessness, nervousness, loneliness appears prominently among them. In spite of all the safety measures being in place, owners found it difficult to adjust psychologically to a new normal. The uncertainty over the future of business was adding more stress to the owners, which have affected their relationship with their colleagues. While the outbreak of COVID-19 affected all facets of business, the owners remained optimistic about the potential opportunities and restructure their operation plan to sustain in the present and future scenario. While COVID 19 outbreak has adversely affected most of the companies in all aspects, the owners are optimistic about the future. They improvised their strategies, incurred investments in digital platforms, and conducted their business online. An aggressive digital media marketing was planned to attract customers at the national and international level. Companies announced special offers for canceled booking and special discounts for the existing customer to make future travel booking. To attract the international customer, special packages were offered for a staycation in Oman at very reasonable rates. Many companies merged with other companies for cross-promotion to communicate with local and international people through virtual tourism events. Some companies are still looking forward to the support from the Oman government to sustain their business during the COVID-19 crisis. Most of the companies have requested for the bailout packages, the moratorium on term loans, reduce interest rates, cash grants, and deferral of tax, rent, expenses (utilities), and technical assistance on the digitization of business.

6.1 | Recommendation/way ahead for tourism and hospitality industry in Oman

The COVID-19 has affected the tourism and hospitality of Oman (Al Nasser, 2020; Times News Service, 2020a). The Omani government has been taking some initiatives to open the tourism and hospitality industry to attract tourist at the national and international level. This study provides some recommendations to policyholders and decision-makers to boost the tourism and hospitality industry in Oman. The recommendations include; flexible visa rules and regulations, increase the number of flights to European countries, provide bailout packages to the tourism and aviation industry, promote tourism at national and international level by providing lucrative offers to the tourists, propaganda of strict compliance with health and safety measures, promote cultural and business events, provide special offers for low to mid-budget travelers, establish direct airline connectivity, motivate the business owners to provide leave travel concession to their employees, and finally provide support to the Omani business owners and special provision for Gulf Cooperation Council residents.

Apart from that, in order to revive the tourism and hospitality industry, the Omani government can also adapt the practices adopted by companies incorporated in foreign countries. Like, many countries have restructured their business for the post-COVID-19 world by
making technological advancement. The new digital era for the tourism and hospitality industry needs to be based on artificial intelligence, robots, 3D simulations, virtual reality, blockchain, cloud computing, Internet of Things, big data, and augmented reality. According to the PwC report, blockchain technology can increase revenue by US$40 billion and cutting maintenance repair and overhaul costs globally by US$3.5 billion in the aerospace industry (Lemasson et al., 2019). Companies are working on improving tourist inclinations by offering technological innovative services to increase confidence and unleashes a consumer rebound. Hotels are using robots on the forefront for room services, housekeeping deliveries, arrangements of food and beverages, in-room dining, delivering housekeeping items, dispensing facemasks, and for sanitizing in order to protect guests and employees. The advanced self-service and biometrics will make contactless facilities from the booking of a hotel to exit from the hotel will reduce the COVID-19 risks. In Rome, Hotels are offering digitalized guest experiences such as a virtual tour of the hotel property, mobile check-in and check-out, contactless payments, voice control, and digital menu, facial recognition to access their rooms and venues of recreational activities.

Beijing and Miami are using SITA-Smart Path self-service biometric at the airport have improved the passenger processing efficiency thereby maintaining social distancing in a seamless fashion. SITA allows passengers to use their face for biometrics recognition from departure to arrival at the airport. AI-powered chatbots and Virtual agents provide real-time information to the tourist at single click or voice note. Similarly, Canada, New York, and the United States are using artificial intelligence temperature checks at airport and hotels reduce congestion of tourist and reduce the risk of cross-infection. This has resulted in positivity and confidence among the tourist. Countries are exploiting digital marketing to accelerate their business. Like, China is using a live promotion, live-streaming platforms through social media for maintaining real-time connectivity and attracting customers. Companies are collaborating with celebrities to act as a tour guide to provide 360° views of tourist destination, hotels, adventurous activities, and camping sites to create enthusiasm among tourist to visit. To attract business travelers for regular visits, Georgia, Barbados, Estonia, Dubai is offering “remote worker visa/Nomad visa.” It provides a combination of professional and leisure offerings in the “workstation” and “staycation” segment. The above trends are benefitting tourism and hospitality industries and likely to have a positive impact. Efforts in the right direction will make Oman as one of the popular destinations among tourists; it will not only boost the industry but will have a cascading positive impact on the whole economy.

6.2 | Contribution of the study

The current study adds to the body of knowledge in the tourism and hospitality industry. This study contributes to the current understanding of the economic and social impact of COVID-19 on the Tourism and Hospitality Industry. The holistic analysis of this study add to existing research by identifying critical dimension that should be considered while analyzing the economic and social impact on Tourism and Hospitality Industry. The study confirmed results of existing studies that also emphasized the economic impact dimensions such as financial loss, decline in market demand, unemployment, impact on suppliers, supply chain, channels of distribution, change in the customer preferences, and shutting down of business in the Tourism and Hospitality Industry (Baum & Hai, 2020; Huang et al., 2020; Jones & Comfort, 2020a, 2020b; Joshi & Bhaskar, 2020; Karim et al., 2020; Lim & To, 2021; Lucas, 2020; Pagano et al., 2020; Rakshit & Basistha, 2020; Şengel et al., 2020) and social impact dimensions such as sadness, miserable, antagonism, uncertainty about the spread of the disease, vulnerability, apprehension, wearisomeness, and fears (Aduhene & Osei-Assibey, 2021; Cao et al., 2020; Mamun & Griffiths, 2020; Weir, 2020). However, the present study also identified additional economic and social impact dimensions like government policy, logistic channels, future tourism practices, relationship with stakeholders, merger plans, and counseling services. The study’s recommendations can be used by policymakers to focus designing the future road map and development of Sustainable tourism and hospitality in Oman.

6.3 | Limitations and future scope of the study

This research has highlighted the economic and social impact of COVID 19 on the tourism and hospitality industry of Oman. This research has some limitation, which may be addressed in future research studies. First, the findings of this study are limited to Oman, and therefore, the results cannot be generalized to other countries. Second, the researchers have only used quantitative technique to reach the objective of the study. Future researchers can use the triangulation approach to address this research problem to get more valid and reliable results. Third, due to the limited literature on the addressed topic in the Oman context, it was difficult to identify the critical factors for analyzing economic and social impact. Further studies can be conducted by including other factors that may draw different findings and conclusion. Lastly, a comparative study can be conducted among developing countries to analyze the economic and social impact of COVID 19 on the tourism and hospitality industry.

DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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