

**ST MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**



**THE ASSESSMENT OF ECONOMIC IMPACT OF COVID 19 OUTBREAK
ON HOTEL INDUSTRIES: THE CASE OF STAR RATED HOTELS IN
ADDIS ABABA, ETHIOPIA.**

**BY; TSION YIGLETU
ID NO; SGS/0326/2011A**

**JUNE, 2021.
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DECLARATION

I declare that this thesis paper entitled “The Assessment of the economic impacts of COVID 19 outbreak on Hotel industry in Addis Ababa, Ethiopia in relation to profitability, Employee Aspect, Sales Revenue and Consumer behavior” is my original work. It has not been submitted before for any degree, diploma or other similar titles of any university or institution and that all sources of materials used for the project have been duly acknowledged.

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June, 2021

ENDORSEMENT

The undersigned thesis advisor certifies that he has read the thesis entitled “the economic impact of COVID 19 outbreak on hotel: The Case of star rated hotels in Addis Ababa” that has been submitted to St. Mary’s University, School of Graduate Studies.

Advisor

St. Mary’s University, Addis Ababa

Signature

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ACRONYMS

UN = United Nation

CDC = Centers for Disease control

GDP = Gross Domestic Product

ETB = Ethiopian Birr

CPI = Consumers Price Index

ECC = European Economic Community

EU = European Union

IMF = International Monetary Fund

SPSS= Statistical Package for Social Science

ROE= Return on Equity

RevPAR= Revenue available per room

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ABSTRACT

The Covid-19 pandemic has resulted in mass production shutdowns and supply chain disruptions causing global ripple effects across all economic sectors in a manner that was never expected. It is projected that the spread of the disease will have serious humanitarian challenges to the countries of the world and especially Africa and Ethiopia in particular. Therefore the purpose of this study is to assess the economic impact of COVID 19 outbreak on Hotel industry in Addis Ababa, Ethiopia. The study is going to be guided by the following specific objectives: determine to which extent COVID 19 outbreak affects the profitability of hotel industries, to examine the effect of COVID 19 outbreak on the employee aspect, determine the impact of COVID 19 outbreak on the sales revenue of hotel industry and to determine the extent of COVID 19 outbreak on hotel consumer behavior. The study was conducted in five different star rated hotels which are Intercontinental hotel, Semen hotel, Soramba hotel, Sarem hotel and Addis view hotel. There are 464 staff members that are found on this study area from that 208 was selected by using Yamane`s formula. The study adopted by using mixed research approach and made use of both primary and secondary data. The primary data were collected directly from the participants through using self-administered questionnaire and secondary data were gathered from secondary sources from the company annual reports, through reviewing both published and unpublished documents such as books, articles, reports and other publication. The data gathered through questionnaire survey, mainly using 5-point Likert scale items and analyzed by SPSS version 24 by using descriptive statistics such as frequency, percentage, mean, and standard deviation. Findings were presented using tables, and interpreted and discussed using qualitative narrations. Findings of the review reveal that the outbreak of pandemic disease led to rapid shutdowns in cities and states across the country, increased cancellations of hotels and travel bookings which greatly affected the hospitality industry in terms of revenue, unemployment situations, destroyed profitability and affect the attitude of hotel consumer. The review recommends that maintaining the safety and security of employees and guests should have to be the highest priority and managers should have to focuses on provision of alternative service and diversification of service to return back to normal operations.

Key words; COVID 19, Economic Impact, Profitability, Employee Aspect and Sales Revenue and Consumer Behavior.

CHAPTER ONE

1. INTRODUCTION

The effect on human health has been the most devastating and observable of all the effects of coronavirus disease 2019 (COVID-19). However, the unfolding economic catastrophe resulting from this pandemic sets apart the latter from any disaster in living memory (Huang, 2020). Since the outbreak of COVID-19 at the end of 2019, industries have been tortured by uncertainties, and this scenario is especially evident in the tourism and hospitality industry. As an industry based on human mobility and close interaction, the tourism and hospitality industry are the co-creator and main receiver of the pandemic and its consequence (Gallen, 2020).

1.1. Background of the Study

The hotels industry is one of the fastest developing sectors of the international economy. It is also between the highest job producing sectors because its labor demanding nature and the important multiplier effect on employment in other associated sectors. Hotels and others in the travel-lodging sector have seen considerable financial progress since the 2008 financial downturn, where they end up on the bottom in terms of profits and sales (Sage works, 2017).

Significant increase of travellers a new push and pull factor have been noticed that require attention of hotel sector management in order to maximize on the profits and capture desired markets accordingly. Consumers purchase power has been changing in positive way due to the growth of economies, better income and also the continuous and constant economic expansion across the globe at same time have increased tourist visits as well as higher revenues across hotel industry. (Sohrabi *et al.*, 2012).

The success of a hotel company depends on a number of external and internal factors. Internal factors include various kinds of knowledge, production equipment, buildings, personnel, capital, marketing capabilities, and other company resources that can influence the company level of success. External factors include several macro-environments such as demographic, economic, natural, technological, etc., and, therefore, companies have little or no control over these factors (Gursoy & Swanger, 2007).

COVID 19 outbreak one of the natural disasters which affect the hotel industry and it create multiple longer lasting effects that create additional impacts throughout the community. These effects are called the economic impact. Economic impact can be defined as the net economic change in the incomes and expenditures of the local residents and the jobs of the local community (Crompton, 2006; Tyrrell & Johnston, 2006).

COVID-19 pandemic is a disease which is named novel Coronavirus. It is caused by a novel coronavirus called severe acute respiratory syndrome which was recognized as the first outbreak of respiratory illness appeared in Wuhan City, Hubei Province, in China and on December 31, 2019 (CDC 2019). This virus has disseminated around 196 countries and regions in every continent across the globe. Since it is believed that the infection is transmitted by human to human so it requires united effort to reduce further spread of the infection.

The virus is typically expanded from one person to another via respiratory droplets which is formed during coughing (Centers for Disease control and Prevention, 2020). It may also be transmitted by touching our faces after touching contaminated surfaces (Centers for Disease control and Prevention, 2020) and the virus can live on surfaces up to 72 hours (National Institutes of Health, 2020). The time from exposure to symptom onset (known as incubation period) is thought to be two and fourteen days, with an average of five days (Centers for Disease control and Prevention, 2020 Zhou *et al*, 2020).

To control this virus it is been suggested that to wash our hands frequently, keep physical distance from others and to avoid touching contaminated surfaces by our hands (Perlman, 2020). People who are suspected with this virus and their caregivers are suggested to wear sanitized masks, but not for the general public, although for those who prefer to help those peoples it is been also recommended that to wear simple cloth masks (Tang *et al*, 2020; Li *et al*, 2020), but there is no vaccine or specific antiviral treatment for COVID-19 yet found. It can be cured by treating symptoms, by giving supportive care, isolating peoples who are infected with the virus and experimental measures.

COVID -19 affects every aspect of human life in economically and socially across the world which vary from delaying of many social and cultural occasions, meeting, games and sporting events, shutting down of institutions and centers of learning and closing of internal and international borders.

The widespread of COVID 19 ended up in closing of hotel sectors, stores, schools and other businesses around the world by policy mandate, downward demand shifts, health concerns, or other factors. Shutting down of this business sectors lasts for few months because owners were unable to pay their ongoing expenses and survive and its impact on small businesses around the world is likely to be severe. In order to prevent the widespread of COVID 19 different strategies were implemented such as community lockdowns, social distancing, stay-at-home orders, travel and mobility restrictions which ended up in temporary closure of many hospitality businesses and significantly decreased the demand for businesses that were allowed to continue to operate (Bartik *et al.*, 2020). Hotel occupancies and revenues led to sharp decline because authorities issued stay-at-home orders and restrict placed on travel. However, the reopening process has slowly begun and authorities have started to ease restrictions, for example, allow dine-in restaurants to reopen at a reduced capacity with strict social distancing guidelines, and gradually reduce restrictions on domestic and international travel.

The hospitality industry slowly start recovering from this pandemic crisis but it continues to exert profound impacts on how hospitality businesses operate. Hospitality businesses are required to make substantial changes to their operations in the COVID-19 business environment in order to ensure employees' and customers' health and safety, and enhance customers' willingness to patronize their business (Gössling et al., 2020). In order to effectively investigate whether COVID 19 has economic impact or not on the industry sectors it is pragmatic to examine its impact on the organization.

Therefore, this study is intends to assess the economic impact of COVID 19 in different star rated hotels in Addis Ababa, Ethiopia. These star rated hotels include Intercontinental, Sarem, Addis View, Soramba and Semien Hotel.

1.2. Statement of the Problem

COVID-19 was described as an infectious disease that is caused by severe acute respiratory syndrome and the disease has greatly slowed down economic activities across the world, with many countries coming under partial or total lockdown. The pandemic has not only brought entire socio-economic structures into a halt but has challenged the globalization and global operations of enterprises. (Ozili P & Arun T, 2020).

Due to the Covid-19 pandemic, the world's economy was shut down almost overnight (UNWTO, 2020). The pandemic has confronted the hospitality industry with an unprecedented challenge. Strategies to flatten the COVID-19 curve such as community lockdowns, social distancing, stay-at-home orders, travel and mobility restrictions have resulted in temporary closure of many hospitality businesses and significantly decreased the demand for businesses that were allowed to continue to operate (Bartik *et al*, 2020). Almost all restaurants were asked to limit their operations to only take-outs. Restrictions placed on travel and stay-at-home orders issued by the authorities led to sharp decline in hotel occupancies and revenues. However, the reopening process has slowly begun and authorities have started to ease restrictions.

With government announcement of “stay-at-home policy” and “social distancing” movement restriction, most restaurant businesses were greatly affected. However, travel restrictions and social distancing policies have had a dramatic effect on the industry. Hotel occupancy in the Ethiopia has dropped to 43% and revenue per available room has declined by 30.5% for the week ending March 14, according to Smith Travel Research (2020).

According to UNWTO (2020) international tourist arrivals (overnight visitors) worldwide grew 4% in 2019 to reach 1.5 billion, based on data reported by destinations around the world. Based on current trends, economic prospects and the UNWTO Confidence Index, UNWTO forecasts a growth of 3% to 4% in international tourist arrivals worldwide in 2020 which results in severely increasing hotels operating capacity.

Due to Covid19 pandemic travel restrictions were carried across the globe this sector is directly affected and results in increases unemployment in the country. According to IATA, (2020) Ethiopia Jobs creation commission estimation around 2millions Ethiopians could lose their jobs if the virus persists for three months out of 2millions jobs, more than 300,000 employees will be from hotel sectors.

The World Travel and Tourism Council (WTTC) in 2020 estimates that more than 50 million jobs in the travel and tourism sector could be at risk globally. In Ethiopia the total contribution of Travel & Tourism to GDP in 2018 was ETB 213,357 million (USD 8,915.4 million), 6.3% of GDP. Primarily, the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation service industries were directly supported by tourists. This sector supports 2.2 million jobs (8.3% of total employment) which account one in every 12 of all jobs in the country. According to Ethiopian Press Agency report (2020) entitled as “impact of Covid19 on Addis Ababa market” indicates that 88 percent of hotels are fully and partially closed. In line to as the announcement of Ethiopian Airlines cancellation of 75 percent of flight destination tourism arrival in the year 2019/2020 was fallen figuring that less 600,000 have a greater mid-year difference 849,000 than reported in 2018/2019. This condition directly affects hotel performance and results in more than 15,000 employees were furloughed and sector and expected revenue loss of 35,000,000 USD per month.

According to Addis Ababa Hotel Association (AHA) (2020) found that 88percent (56percent fully closed and 32 percent partially closed) hotels were closed because of low occupancy rates and the remaining 12 percent were used for quarantine purpose. On the other hand some hotels reported that 70% of their customers were not served their services due to Covid19.

Many hotels have recorded decline in bookings due to the health scare, while restaurants in major towns in the country are now restricted to offering only delivery services. Since most restaurants operate with fresh food products, which are difficult to keep in stock as demand fluctuates, they are bound to incur losses. Hotels across the globe perceived booking cancellations worth billions of dollars, and the hotel industry required a \$150 billion bailout (Ozili P & Arun T, 2020).

In general the outbreak and spread of covid-19 will affect the tourism industry most of countries of the world continue to place travel restrictions, social distancing and closure of their borders, cruise companies, hotels and hospitality industries are facing declining demand and have had a dramatic effect on the industry. The pandemic is placing up to 8 million jobs in the leisure and hospitality sector at risk, with travel crashes and cancellations expected to continue (CSEA, 2020).

However, there are no documented research which is undertaken on the assessment of economic impacts of COVID 19 outbreak on hotel industries in Ethiopia with the aim of suggesting areas that require critical intervention as the country struggles with measures of revitalizing the economy and mitigating the impact of COVID-19 on the hotel industry. Therefore, this study is intended to fill these gaps by evaluating economic impact of COVID 19 outbreak on hotel in Addis Ababa.

1.3. Research Questions

The study was undertaken to address the following research questions:

- To what extent COVID 19 affect the profitability of hotel industry?
- How COVID 19 outbreaks affect employment aspects of the hotel industry?
- To what level COVID 19 affect sales revenue of hotel industry?
- To what extent COVID 19 outbreak affect hotel consumer behavior?

1.4. Objectives of the Study

1.4.1. General objective

The general objective of the study was to determine the economic impact of COVID19 outbreak on hotel industry in Addis Ababa, Ethiopia.

1.4.2. Specific objectives

The specific objectives of the study include:

- To determine the effect of COVID 19 outbreak on the profitability of hotel industry.
- To examine the effect of COVID 19 outbreak on employment aspect of hotel industry.
- To examine the overall effect of COVID 19 outbreak on the sales revenue of the hotel industry.
- To identify the effect of COVID 19 outbreak on hotel consumer behavior.

1.5. Definition of terms

For the purpose of this study, the following terms have been used. It is however important to note that these definitions have been used to fit the purpose of the study and may differ from the normal definitions.

1.5.1. Economic Impact

According to glossary of economic impact terms (2012) economic impact is the effect of an event on the economy in a specified area and it usually measures changes in business revenue, business profit, personal wags and jobs.

1.5.2. COVID 19

It is an illness or infectious disease which is caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) (China-WHO Joint Mission, 2020).

1.5.3. Legal Restriction

According to IMS health guaranty (2003) legal restriction means any federal, state, local or foreign statute , law (including common law), regulation, code, rule, judgment, order or other governmental restriction or any applicable interpretation, guideline or other policy document issued by a governmental authority or its staff to the extent such interpretation, guideline or policy has the force of law.

1.5.4. 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).

1.5.5. Employment Aspect

It is the most important aspects of a job such as job security, benefits, compensation, opportunities to use skills and abilities to work safety (Jane Smith 2018).

1.5.6. Sales Revenue

Sales revenue is income generated exclusively from the total sales of good or provision of services by a company to the customers (Patrick 2019).

1.5.7. Consumer Behavior

All activities associated with the purchase, use and disposal of goods and services including the consumer's emotional, mental and behavioral responses (Kardes, Cronely and Cline 2011).

1.5.8. Star rated hotels

It means classify hotels according their quality and informing travellers on basic facilities that can be expected (Hensens, Struwing& Dayan 2012).

1.6. Significance of the Study

The paper was examining the effect of COVID 19 outbreak on hotel industry and try to recommends solutions to mitigate this problems so, it is important to all level managers to understand how COVID 19 outbreak influences the hotel industries and able to take possible course of action. In addition, the study is not only to attempt the impact of COVID 19 but it also tried to conduct a profound analysis based on the current topic and to evaluate its impact on the hotel industry.

Since it is the first study which is going to be conducted in one of the developing country in Ethiopia, it provide alternative measures for such countries while this kinds of pandemic disease occur for the future.

The study serves as a secondary source for those who want to make further study on this area. In addition to this, it gives the researcher an opportunity to gain knowledge on current issue and develop research experience. This study also helps to fill the existing gaps in knowledge regarding the impact of COVID 19 in Ethiopian on hotel industry.

1.7. Scope of the study

The study was determining the economic impacts of COVID 19 in terms of (profitability, employee aspect, sales revenue and consumer behavior) on star rated hotel industry. There are 94 hotels in Addis Ababa out of these only 78 hotels are star rated. There are seven- five star hotels, fourteen - four star hotel, twenty seven - three star hotel, twenty one- two star hotel and eight - one star hotel. Therefore, the research limited only two - four stars rated hotels, one- three star rated hotel, one - two star rated hotel and one – one star rated hotel. Since it is a broad topic to cover its entire aspects and process in one research paper this study was limited in five different star hotels which are found in Addis Ababa, Ethiopia. All five star rated hotels are excluded from this study because of their high security. The study involved in assessment of managers and staff perception with a view to understanding the economic impact of COVID 19 on hotels and it covers one year starting from (2020-2021), since COVID 19 was announced in Ethiopia on the 13th of March 2020 and government decide lockdown restrictions during this period.

1.8. Limitation of the study

The limitation of the study was lack of previous studies in Ethiopia about economic impact of COVID 19 on hotel industries. The study was conducted in five selected star rated hotels and sample respondents were selected with convenient sampling technique, it limits the representative of the research work. Hence, it may not be generalizable to the other hotel industries which are outside Addis Ababa and there was lack of willingness from some respondents to provide information genuinely and fill the questionnaire and return it timely.

1.9. Organization of the Study

This paper was divided into five chapters that covered Introduction, Literature Review, and Research Methodology, Research Results, and Conclusion and Recommendation. The outlines of the five chapters are as below. The first chapter deals with the introduction part of the study which provides an overview of the study. It contains general introduction which is concerned

with, problem statement, objectives and research questions, significance of study, scope and limitation of study, delimitation and organization of the study.

The second chapter discusses the reviews of related literature in this chapter it tries to assess previous literature and studies relevant to the fields and related topics. A literature review also provides a rationale for the proposed study by placing it next to the previous studies.

The third chapter focuses on research methodology which was going to describes and explains about the research methodology used in the study. Key topics of this chapter include description of the study area along with the research methodology, sampling design, data collection procedures, and data analysis techniques.

The fourth chapter deals with data presentation and analysis in this part it describe about overall findings of the study and summarizes the statistics of respondents related with the impact of COVID 19 on the hotel industries. Results and data analysis was presented in the form of text, figures, tables, etc.

Finally, chapter five summarizes major findings of the study and forwards conclusions, recommendations and direction for future research was presented underthis chapter.

CHAPTER TWO

REVIEW OF RELATED LITRATURE

2. Definition of Economic impacts

Economic impact always refers to the level of economic activity in a certain area (in terms of jobs, income, wealth, etc.).It also refers to is the unilateral causality between economic notions on the one hand, and outcomes of a private and/or public project, decision, event or policy on the other hand. It may be viewed (or measured) in terms of measurable output: value added, wealth, personal income (wages), public income and expenditures or employment levels (Weisbrod, 1997) but also in non-financial terms such as the increase of welfare due to a decrease in crime or an increase in leisure activities. Economic impacts are effects on the level of economic activity in a given area (Weisbrod, 1997).

Economic impact also defined as the net economic change in the incomes and expenditures of the local residents and the jobs of the local community that results from the expenditures attributed to events, facilities or destinations” (Crompton, 2006; Tyrrell & Johnston, 2006). The typical economic impact includes the direct, indirect and induced effects and measures the economic expenditures by the “real visitors” (Stynes, 1997).

2.1. Economic Impact measurement

According to Economic Development of Research Group (2017), Economic impacts are effects on the level economic activity in a given area. Economic impacts can be measured in terms of various factors from those the study focuses on the given four factors; sales revenue,employment, profitability,and the consumer behaviour.

2.1.1. Sales Revenue

Sales revenue is the income received by a company from its sales of goods or the provision of services. In accounting, the terms “sales” and “revenue” can be, and often are, used interchangeably to mean the same thing. It is important to note that revenue does not necessarily mean cash received. A portion of sales revenue may be paid in cash and a portion may be paid on credit, through such means as accounts receivables (Corporate Finance Institute, 2021).

Sales revenue can be listed on the income statement as either the gross revenue amount or net

revenue. Net revenue includes all deductions for the return of goods, the possibility of undeliverable merchandise and the expense for unrecoverable accounts receivables (also known as “bad debt expense”, which flows into the balance sheet as the allowance for doubtful accounts). Gross revenue, on the other hand, does not include these deductions.

2.1.2. Employment Aspect

According to the Bureau of Labor Statistics (2019) the number of jobs created or lost in a month is an indicator of economic health and can significantly impact the securities markets. When more businesses are hiring, it suggests that businesses are performing well. More hiring can also lead to predictions that more people will have more money to spend, since more of them are employed. If unemployment rates rise unexpectedly, or decline less than expected, that can sometimes be associated with a drop in stock prices as it may suggest that employers cannot afford to hire as many people.

2.1.3. Profitability

Profitability refers to a measure of financial performance and one of the main aims of the Hotel Industry or Hotel sector. Profit is an essential precondition for an increasing attractiveness of a company. In addition, profit attracts investors and improves the level of solvency, and thus, strengthens consumers' confidence. The financial performance of the Hotel Industry is also appropriate within the macroeconomic framework since the Hotel industry is one of the financial system components, development economic growth and stability. Hence, the determinants of Profitability have attracted the interest of academicians, practitioners and institutional supervisors (Brau *et al.*, 2003).

2.1.4. Consumer Behavior

Consumer Behavior can be defined as customer purchase behavior which is done in order to meet the needs of the consumers. Consumer buying behavior is related with consumption of products and services. It can also be defined as a method of exchange of service in place of money. Consumer behavior is influenced by various factors such as social, cultural and personal factors. Kotler (2001) mentioned that demographic, social and cultural factors which influenced customer's buying behaviour are the internal factors including age, gender, income, occupation, education, family size, and religion, race, generation, nationality and social class, so the market is divided based on these factors and these factors are the basic factors to differentiate customer groups as the customer wants, preferences and usage are usually involve demographic factors

Cardozo (1965) considered that the raising of customers' satisfactions can increase their purchasing behaviours, further it would also affect for customer to purchase other products Howard & Sheth (1969) thought satisfaction is whether customers can get appropriate compensation after purchasing product.

2.1.5. History of Pandemics and Economic Impact

Pandemics are not new and have occurred at different stages in human history (Ferguson et al., 2020). While there have been many outbreaks and human catastrophes, there has been a notable rise in the frequency of pandemics from the year 2000 and thereafter. This is particularly due to increased emergence of viral disease amongst animals (Madhavet *al.*, 2017). Given the rise in the frequency of pandemics, many researchers including Garrett (2007), Keogh-Brown *et al.* (2008) and most recently Madhavet *al.* (2017) and Fan et al. (2018) argue that a large-scale global pandemic was inevitable. Ferguson et al. (2020) from the Imperial College London COVID-19 Response Team claim that COVID-19 is the most serious episode since the 1918 Spanish Influenza pandemic.

Despite the comparisons, Barro (2020) concludes that the non-pharmaceutical interventions implemented during 1918 Spanish Influenza pandemic were not successful in reducing overall deaths. This was because the interventions were not maintained for a sufficiently long period of enough time. He estimates that the mean duration of school closings and prohibitions of public gatherings was only 36 days, whereas the mean duration of quarantine/isolation was 18 days (0.05 years). These numbers were quite small compared to the number of days that the 1918 Spanish influenza pandemic was active.

Pandemics are expected to have a severe negative impact on economic activities, at least in the short run. According to Jonas (2013), the impact ranges from: i) avoidance reaction due to social distancing measures (e.g., individuals might forgo consumption and purchases of certain goods and services), ii) small direct costs (e.g., hospitalization and medical costs), iii) larger indirect costs (loss of labor, production), and iv) off setting and cascading effects (disruption of services, travel and others). A number of studies tried to anticipate the economic loss from a pandemic. For example, Jonung and Roeger (2006) forecasted that a hypothetical global pandemic would lead to 1.6 % drop in GDP for the European Union (EU) due to both demand and supply side

factors. Other studies analyze the impact with a historical comparison.

For example, ‘how would the casualty numbers during the 1918 Spanish Influenza pandemic transpire today?’ Barro et al. (2020) estimate that, holding everything else constant, the 2.1% death rate during the Spanish Influenza pandemic in 1918-1920 would translate to roughly 150 million deaths worldwide (compared to the World’s population of 7.5 billion in 2020) during COVID-19 pandemic. The authors also find that, on average, the 2.1 % death rate corresponds to 6 percent decline in GDP and 8 % fall in private consumption.

2.1.6. Measurement of COVID-19 legal restriction

In comparison to measuring the spread of the virus, Legal restriction is not easy to quantify and based on data related to the spread of infection and to the implementation of policies, respectively. On the other hand, the movement of people is based on their observed travelling patterns. Mobility measures have been used extensively in the last two months to understand mobility patterns during the COVID-19 pandemic (Nguyen *et al.*, 2020).

Nevertheless, mobility data have their own restrictions. Mobility data are a proxy for time spent in different locations. They do not allow one to determine the context of the contacts (needed to understand the spread of COVID-19), i.e. whether they place in the workplace or in the general community (Martín-Calvoet *al.*, 2020). Those situations involve different levels of risk of transmission. In regards to the productive activities of the individuals that are tracked, information on the context is also indeterminate. For those who are working virtually from their homes, for instance, these measures do not capture the value added from the time that they allocate to their jobs. It is also likely that the quality of these measures can deteriorate when overall unemployment rates and job disruptions are high (Gupta *et al.*, 2020).

According to IMF (2020) the pandemic is forcing governments to shut down their productive systems; processing plants, farms, factories and offices are closed to reduce the risks of COVID-19 diffusion among employees. This is resulting in a global recession and increasing levels of unemployment. The sharp increase in unemployment rates resulting already seen in many parts of the world is likely to increase cross border trafficking in persons from countries experiencing the fastest and longest-lasting drops in employment. This trend was observed during the Global Financial Crisis during 2007-2010, when trafficking victims from some countries particularly

affected by prolonged high unemployment rates were increasingly detected in other parts of the world.

A similar pattern can be determined for Hungary during the years 1998-2016. On the other hand, during the years of the financial crisis and its aftermath in 2008- 2013, countries like Czechia, for example, saw lower unemployment rates and the fallout lasted for a shorter period. No similar increases in the identification of Czech victims of trafficking were observed.

2.2. Theoretical Literature Review

Economics is a social science concerned with the production, distribution, and consumption of goods and services. It studies how individuals, businesses, governments, and nations make choices about how to allocate resources. Economics focuses on the actions of human beings, based on assumptions that humans act with rational behavior, seeking the most optimal level of benefit or utility. The building blocks of economics are the studies of labor and trade.

2.2.1. Neoclassical economics theory

According to Becker, G. (1962) economics in which the production, consumption and valuation (pricing) of goods and services are driven by the supply and demand model. According to this line of thought, the value of a good or service is determined through a hypothetical maximization of utility by income-constrained individuals and of profits by firms facing production costs and employing available information and factors of production. This approach has often been justified by appealing to rational choice theory (Colander and David, 2000) a theory that has come under considerable question in recent years.

From the basic assumptions of neoclassical economics comes a wide range of theories about various areas of economic activity. For example, profit maximization lies behind the neoclassical theory of the firm, while the derivation of demand curves leads to an understanding of consumer goods, and the supply curve allows an analysis of the factors of production. Utility maximization is the source for the neoclassical theory of consumption, the derivation of demand curves for consumer goods, and the derivation of labor supply curves and reservation demand (Christopher, 1987).

According to Quarterly Journal of Economics (2020), Neoclassical economists believe that a consumer's first concern is to maximize personal satisfaction. Therefore, they make purchasing decisions based on their evaluations of the utility of a product or service. This theory coincides

with rational behavior theory, which states that people act rationally when making economic decisions. Further, neoclassical economics stipulates that a product or service often has value above and beyond its production costs. While classical economic theory assumes that a product's value derives from the cost of materials plus the cost of labor, neoclassical economists say that consumer perceptions of the value of a product affect its price and demand. Followers of neoclassical economics believe that there is no upper limit to the profits that can be made by smart capitalists since the value of a product is driven by consumer perception. This difference between the actual costs of the product and the price it is sold for is termed the economic surplus.

2.2.2. The New Trade Theory

The traditional theory of international trade had several implications (Dixit 1993). First, trade would occur mainly between countries with different factor endowments, according to what Krugman (1993b) called first nature advantages (technology, production factors availability). Hence the traditional trade theory is unable to explain the existence of different production structures in similar regions. Second, trade should lead to conflict between factors of production (workers in capital-exporting countries face greater market competition and thereby loose income).

Finally, countries having complementary factor endowments were the best candidates to the formation of trading blocs, so that they will specialize in different commodities. However, these implications did not accord with post-war facts: trade among similarly endowed countries, intra-industry trade, and the formation of EEC. In addition, the traditional trade theory performs poorly when there is high mobility of production factors. Krugman (1996c) then raises the possibility of predominance of second nature advantages, such as historical concentration of population in a given region, over first nature ones.

Krugman (1996c) provides a description of the thinking of trade theorists before the rise of the new trade theory: "The observation that increasing returns could be a reason for trade between seemingly similar countries was by no means a well-understood proposition. The idea that trade might reflect an overlay of increasing returns specialization on comparative advantage was not there at all: instead, the ruling idea was that increasing returns would simply alter the pattern of comparative advantage. Indeed, as late as 1984 many trade theorists still regarded the main possible contribution of scale economies ... as being a tendency for large countries to export scale-sensitive goods. The essential arbitrariness of scale-economy specialization, its dependence

on history and accident, was hardly ever mentioned.” However, Krugman recognizes that this was not Ohlin’s view in 1933 and suggests that Ohlin already acknowledged the important role of increasing returns¹¹ and talked about a “unified field theory” of factor-based and scale-based trade. There for this study used neoclassical theory to provide additional information and draw conclusion.

2.3. Empirical Literature Review

2.3.1. COVID-19: Potential Economic Impacts

According to Carlsson-Szlezak *et al.* (2020a) and Carlsson-Szlezak *et al.* (2020b), there are three main transmission channels. The first is the direct impact, which is related to the reduced consumption of goods and services. Prolonged lengths of the pandemic and the social distancing measures might reduce consumer confidence by keeping consumers at home, wary of discretionary spending and pessimistic about the long-term economic prospects.

The second one is the indirect impact working through financial market shocks and their effects on the real economy. Household wealth will likely fall, savings will increase, and consumption spending will decrease further.

The third consists of supply-side disruptions; as COVID-19 keeps production halted, it will negatively impact supply chains, labor demand, and employment, leading to prolonged periods of lay-offs and rising unemployment. In particular, Baldwin (2020) discusses the expectation shock by which there is a “wait-and-see” attitude adopted by economic agents. The author argues that this is common during economic climates characterized by uncertainties, as there is less confidence in markets and economic transactions. Ultimately, the intensity of the shock is determined by the underlying epidemiological properties of COVID-19, consumer and firm behavior in the face of adversity, and public policy responses. Gourinc has (2020,) summarizes the effect on the economy by stating: A modern economy is a complex web of interconnected parties: employees, firms, suppliers, consumers, and financial intermediaries. Everyone is someone else’s employee, customer, lender, etc.

2.3.2. COVID-19 Impact on the Profitability Hotel Industry

In developed countries, services in general are highly heterogeneous and include a great variety of interesting, complex, and often highly innovative activities. Over the past few decades, their importance has steadily grown compared to that of tangible goods. Hotel industry is a very competitive business in which customers place great emphasis on reliability and timely service delivery. The vision of all such businesses is to provide quality high class services to customers in order to successfully thrive and achieve their mission (OECD, 2012).

Profitability refers to measure of financial performance; it is one of the main aims of Hotel Industry or Hotel sector. Profit is an essential precondition for an increasing attractiveness of a company. In addition, profit attracts investors and improves the level of solvency, and thus, strengthens consumers' confidence. The financial performance of Hotel Industry is also appropriate within the macroeconomic framework since the Hotel industry is one of the financial system components, development economic growth and stability.

Hence, the determinants of Profitability have attracted the interest of academicians, practitioners and institutional supervisors (Brau *et al.*, 2003). In other words, the ability of hotels in expanding the economic situations and the performance of tourism related firms make it one of the most major segments of the hotel industry. Success is based on the organization's ability to rely (Anderson and Vincze, 2000). Competition is at the core of the success or failure of firm (Porter, 2009). Competition determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture, or good implementation.

COVID-19 plunged a knife in the collective heart of the global hotel industry and in one fell swoop destroyed demand, sending revenue and profit to historically low levels. This global pandemic is the most harrowing event to ever besiege the hospitality industry. As stridently as room sales have plummeted, the crash in food and beverage (F&B) is even louder. The volume of business for U.S. hotels decreased dramatically in March: a 48.8-percentage-point contraction in occupancy compared to the same month a year ago and fueled by the cancellation of blockbuster March events such as Seattle's Emerald City Comic Con, Austin's South by Southwest (SXSW) and Miami's Ultra Music Festival, among others. The conference segment, wherein crowds of people mingle in close proximity, unsurprisingly accounted for almost half

this occupancy decline, with a 20.4-percentage-point year-over-year fall. All revenue centers have had to come to grips with the dire consequences that accompany a business-volume slump of this magnitude. In particular, F&B revenue per available room plummeted by 66.5% — an even deeper decline than the 64.4% recorded in B revenue per available room (David 2020).

According to David Eisen (2020) typically, hotels capitalize on meetings, such as company-sponsored parties, that spin off big conferences and events to boost F&B revenue. And so, Conference & Banqueting revenue was the hardest hit in March, down 69.0% year over year to \$13.24 on a per-available-room basis. A cornerstone of the official coronavirus containment strategy in many states was the mandatory closure of dine-in service in restaurants and bars, allowing only for delivery and takeout room service revenue, albeit severely slashed, fared best in the midst of disintegrating demand and recorded a 60.0% year over year decline.

Room service has been on the way out the door for some time as grab-and-go and casual dining trends have helped turn door delivery into an anachronism. As more people look to social distancing and adapt hermetic behavior when on the road, room service may become the preferred dining option for guests and recover faster than traditionally more dynamic F&B revenue streams.

H I: COVID 19 outbreak has negative and significant effect on the profitability of the hotel industry.

2.3.3. Impact of COVID19 outbreak on Hotel Employee

The World Travel & Tourism Council has recently warned the COVID-19 pandemic could lead to a cut 50 million jobs worldwide in the travel and tourism industry.

Following travel bans, border closures and quarantine measures, many workers cannot move to their places of work or carry out their job which has effects on incomes, particularly for informal and casually employed workers. Given the current environment of uncertainty and fear, enterprises are likely to delay investments, purchases of goods and the hiring of workers. As per data, the impact on the Indian hospitality industry could render a majority of the people in hospitality in India, jobless. As a result of this pandemic, the Indian tourism industry is looking at pan India bankruptcies, closure of businesses and mass unemployment. (SukirtDogra 2020).

COVID-19 operating levels are unprecedented for the lodging industry. Many limited-service hotels are cutting staff by more than 70 percent, maintaining fewer than five full-time employees on payroll. From observations within different markets, some of the key positions that remain actively working are the general manager and either a housekeeping, security, and/or front-desk supervisor. Similarly, full-service hotels are operating with limited personnel and amenities. Although not always forced by city mandates, many of the hotels that offer food-and-beverage options opted to shut down or drastically limit that amenity offering. In April, a torrent of layoffs and furloughs within the leisure and hospitality industry led the U.S. economy to its worst month of job losses in modern history, with more than 7.7 million industry jobs lost across the country. The pandemic has forced hotels to slash operating costs, including those traditionally thought to be fixed, such as full-time labor (Mark, Kannan and Andy 2020).

Overall, it may be that the nature of hotels and restaurants will change to leaner and more efficient operations, where a balance between smart and skilled labour is sought after. Due to fear, a large part of the labour force is seeing a domestic-mass immigration, which means a majority of the front line staff at hotels will have moved back to their native areas. Temporary work forces will be the first to shrink, after which the impact will be felt by permanent employees as hospitality companies may be hard-pressed to cut costs. This may lead to a large number of people changing their industry to go where the cash flow is quicker. This global exodus could have a severe impact on the talent pool and may not recover until confidence is reinforced by employers and governments alike. Only through a compassionate approach taken by businesses can the workforce be saved. (SukirtDogra 2020)

Past research on pandemics suggests that such diseases significantly affect employee performance and mental health. Occupation uncertainty and the threat of unemployment at the workplace has been directly related to an unexpected low performance level (De Witte, Pienaar, de Cuyper, 2016). This uncertainty and threat increase anxiety, fear, depression, and job burnout among the employees (Ivanov, D. 2020). Studies revealed that employees' impaired mental health affects their attitude and influences the quality of service the employees provide.

In their study, Kang, Li (Townley, J 2012) stated that mental health holds vital importance for employees to function properly at the workplace. They also further stated that families and friends are also affected by employees who face mental issues.

If employees perceive that other organizations are lying off their employees due to the prevailing situation, they become even more sensitive. Organizations need to be more considerate, since the employees become exposed to the treatment they receive from their organization. Employees who fear an employability consider their organizations to be more non-cooperative, and hence, they have a higher level of fear of the economic crisis (Giorgi and Shoss, 2015).Mental health of the workers as an important issue during the pandemic (He and Harris, 2020).

H 2: COVID 19 outbreak has negative and significant effect on hotel employees.

2.3.4. Impact of COVID19 on Sales Revenue of Hotel Industry

Many hotels remained open despite severely diminished cash flows, which in many cases fell into the red and resulted in owners being unable to satisfy debt obligations. Hotel operations have fixed and variable components to their expense line items, with the latter tied to demand levels. From food costs and cost of goods sold to franchise and sales and marketing fees, hotel expenses vary greatly among different hotel types and locations. Many of the traditionally fixed expense components will become more flexible in the future as hotel operators adjust to the “new normal” and learn (by necessity as a result of COVID-19) to operate more efficiently, with certain fixed expenses morphing into variable expenses to aid the bottom line. After thorough analysis of 2019 profit and loss statements in our Trends in the Hotel Industry database, we isolated fixed and variable components as part of key departments to include rooms; food-and-beverage; administrative and general; and sales and marketing (Mark, Kannan and Andy 2020).

Hotel industry metrics realized an unprecedented, sudden, and significant decline, all within just days of all-time highs, and after a ten-year rally. Nearly one year into the COVID crisis the U.S. lodging sector continues to experience negative stress as all segments of travel demand experience a sharp and sustained decline which continues to significantly lag behind pre-pandemic levels. In 2020 major hotel sale transactions totaled \$246 million and included approximately 1,459 hotel rooms with an average sale price per room of \$169,000. By comparison, the 2019 survey identified 35 transactions totaling roughly \$2.6 billion including 9,100 hotel rooms with an average sale price per room of \$286,000. Comparing 2020 with 2019, the number of trades decreased by approximately 83 % while total dollar volume declined roughly 91% and sales price per room dropped by 41% (David H 2020).

H 3: COVID 19 outbreak has negative and significant effect on sales revenue of the hotel industry.

2.3.5. Impact of COVID19 on Hotel Consumer Behaviour

While the hospitality industry is slowly recovering, the COVID-19 crisis continues to exert profound impacts on how hospitality businesses operate. Hospitality businesses are expected to make substantial changes to their operations in the COVID-19 business environment in order to ensure employees' and customers' health and safety, and enhance customers' willingness to patronize their business (Gössling et al., 2020). This pandemic is also likely to have a significant impact on the research agenda of hospitality marketing and management scholars. With unprecedented challenges faced by the hospitality industry in the COVID-10 era, hospitality scholars are expected to shift their research focus to develop solutions for the industry.

The longitudinal study conducted by the editorial team of the Journal of Hospitality Marketing & Management suggest that reopening the sit-down restaurants and easing travel restrictions will not bring customers back immediately (Gursoy et al., 2020). A large portion of individuals (over 50%) are not willing to dine in at a restaurant immediately. The same is true for staying at hotels. Most customers (over 50%) are not willing to travel to a destination and stay at a hotel any time soon.

Only around a quarter of the customers have already dined in a restaurant and only around one-third are willing to travel to a destination and stay at a hotel in the next few months (Gursoy *et al.*,2020). These findings suggest that customers in general still do not feel comfortable to dine in at a sit down restaurant, travel to a destination and stay at a hotel. Since the breakeven point in the hospitality industry is relatively high due to high operating costs, the survival of many hospitality businesses heavily depends on increasing the demand for their services and products. Thus, figuring out what will make customers return is essential and this requires intensive research efforts. The industry and the academia are in urgent need of behavioral and operational hospitality marketing and management research to guide the hospitality operations in the time of COVID-19 pandemic.

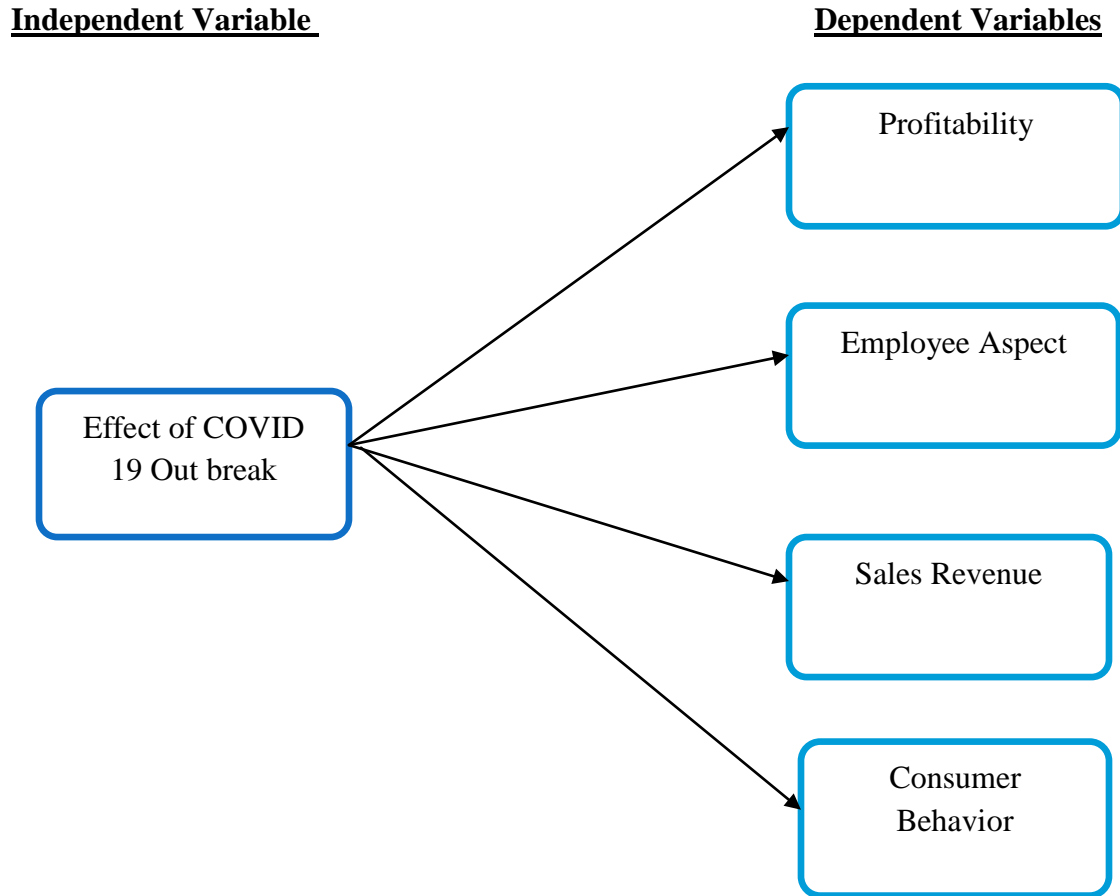
Shin and Kang (Shin, and Kang 2020) purposed that by implementing technological innovations and risk reduction strategies, the hospitality industry can gain the trust back of their customers once the restrictions are removed. In addition to the economic crisis, this pandemic created a wave of job insecurity that led toward mental issues in the employees.

H 4: COVID 19 outbreak has negative and significant effect on hotel consumer behavior

2.4. Conceptual frame work of the study

A conceptual framework is a structure of concepts and theories which are put together as a map for the study and it shows the relationship of research variables (Mugenda, 2003). The conceptual framework is used to explain how the independent variable affect the dependent variables. The independent variable isthe economic impact of COVID 19 outbreak and the dependent variables are; Profitability, Employee Aspect, Sales Revenue and Hotel consumer behavior. These relationships are represented in Figure below.

Figure 1.1. Conceptual Framework



Source: Researcher's own design 2021.

2.5. Identified Literature Gap

Most studies currently focused on the impact of COVID 19 outbreak on hotel industries related with tourism sectors. There are limited studies providing information about the effect of this pandemic in terms of profitability, employee aspect, sales revenue and hotel consumer behavior in Ethiopia. Even if the impact of COVID 19 outbreak is an important issue to all business sectors especially, for hotel industries only few studies are conducted. Since there is no research conducted on the economic impact of COVID 19 outbreak on hotel industries in Ethiopia this study aims to fill the gap in the literature by focusing on factors that COVID 19 outbreak influences on hotel industries.

CHAPTER THREE

Methods of the Study

3.1. General Description of the Study Area

The study was conducted in different areas of Addis Ababa region around, at Intercontinental Hotel, Sarem Hotel, Soramba Hotel, Addis View Hotel and Semen hotel. Addis Ababa is the capital city of Ethiopia and the African Union and is often called the "African Capital" due to its historical, diplomatic, and political significance for the continent, which covers the area of 575km, located in the foot hills of Entoto Mountain and standing 7,726 feet (2,355m) above sea level. The latitude of Addis Ababa, Ethiopia is 9.005401, and the longitude is 38.763611. Addis Ababa, Ethiopia is located at Ethiopia country in the Cities place category with the coordinates of 9° 0' 19.4436" N and 38° 45' 48.9996" E.

Therefore the study was conducted in Megenaga, Addisu Gebeya and Kazanchis area of Addis Ababa. The reason that these area was selected because different Embassy, National Museum of Ethiopia, Abune Petros Memorial, international organizations ,European Union, and African Union of located near to this area. Since most of them are located in the same area the researcher prefer to conduct the study on this selected places in order to assess the economic impact of COVID 19 outbreak on hotels in industry because it will save time as well as money.

3.2. Research Design

The research design is the plan to be followed in order to realize the research objectives or hypotheses. It represents the master plan that specifies the methods and procedures for collecting and analyzing the required information. A framework is developed to address a specific research problem or opportunity (Tustin, Ligthelm, Martins and Van Wyk, 2005).

There are different types of research design from that the study usesdescriptive and explanatory research design. This is because descriptive research and it describes the state of affairs as it exists and interprets what is that (Kothari).

Explanatory designs try to establish cause-and-effect relationships. The primary purpose of explanatory research design is to determine how events occur and which ones may influence particular outcomes (Dawson and Bob 2006). Explanatory studies are characterized by

research hypotheses that specify the nature and direction of the relationships between or among variables being studied.

Therefore the descriptive and explanatory research design was used in this study to enable the researcher to reduce biases and measure the impact of COVID 19 outbreak on hotel industry, in order to give conclusive results among the research variables.

3.3. Research Approach

It is a plan and procedure for research that spans the steps from broad assumption to detailed methods of data collection, analysis and interpretation. There are three types of research approaches namely quantitative, qualitative and mixed approach. Quantitative approaches seek to gather factual data and to study relationships between facts and how such facts and relationships accord with theories and the findings of any research executed previously, where as a Qualitative approaches seek to gain insights and to understand people's perception of "the world" whether as individuals or groups, Fellows & Liu (2008).

The study used mixed method of research approach to assess the economic impact of COVID 19 outbreak on the hotel industry and to incorporate methods of collecting and analyzing data. According to this approach, the researcher begins with distributing questionnaires to the employees and interviewing top level managers that are found in the study area to produce generalized theories and draw conclusion from the research. The reason for occupying mixed approach is to strength study conclusion and to answering research question with heightened knowledge and validity. As outlined by Johnson and Onwuegbuzie (2004), researchers can use the strengths of one method (e.g., the quantitative method) to overcome the weaknesses of the other method (e.g., the qualitative method), or vice versa, when using both methods in a single study.

3.4. Population and Sample Size Determination

3.4.1. Targeted Population

Cooper and Schilndler (2006) define population as the total group of people or entities from which information is required. To collect the data about the impact of COVID 19 on hotel industry the researcher target managers, supervisors and support staff members of the hotel who are found in Addis Ababa. The number of the total employee that are working on the five

selected hotels are **464** from that the sample size was drawn up from this target population and questioners was distributed to the sample size drawn from the target population for the study.

3.4.2. Sampling Method

The study used non probability sampling method which is convenient and quota sampling technique to select respondents in order to develop an initial understanding of a small or under-researched population.

Since the study was conducted in five different selected areas the researcher assumes that to use a convenience sample method, simply it includes the individuals who happen to be most accessible to the researcher. The reason for this sampling technique was used in this study because it is the most easy and inexpensive way to gather initial data to address critical issue arising from the hotel during this pandemic outbreak; therefore the researcher choose members merely based on proximity in order to observe their view points and opinion.

In Quota sampling, the selection of members in this sampling technique happens based on a pre-set standard. In this case, as a sample is formed based on specific attributes, the created sample has the same qualities found in the total population. It is a rapid method of collecting samples. On this study the researcher creates sample involving individuals that represent the population and a quota on their service year was applied. For example 1-3 years, 4 - 9 years, 10 years and more. From this the researcher tends to get information about the impact of COVID 19 outbreaks among the hotel managers.

3.4.3. Sample Size

The sample size is a smaller set of the larger population (Cooper and Schindler, 2006). Determining sample size is a very important issue for collecting an accurate result within a quantitative survey design. One of the real advantages of quantitative methods is their ability to use smaller groups of people to make inferences about larger groups that would be prohibitively expensive to study (Fisher, 2007).

According to Hussey and Hussey (1997) no survey can ever be deemed to be free from error or provide 100% surety and error limits of less than 5% and confidence levels of higher than 95% can be regarded as acceptable.

The determination of sample size is based on Yamane`s (1967) sampling formula with 90

$$n = \frac{N}{1 + N(e)^2}$$

percent confidence level.

Where,

- n: sample size for the researcher use
- N: total number of managers, supervisors and support staffs in hotel = 464
- e: Level of precision or sampling error which is + or – 5%

Using the above formula, the total sample size of the respondents was **215** which are determined as follows:

$$n = \frac{464}{1 + 464(0.05)^2}$$

n = 215

Therefore a sample size of **215** was selected from a total population of **464** employees.

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

$$n_i = n N_i / N$$

i= stratum number, i = 1,2 3,.....

N_i =represents population size of the ith strata

N= represents the population size. N=464; n=215.

Therefore the sample size for each hotel was calculated by using the above formula and the results are listed on the given table.

Table 1. Sample size for each hotel industries

Category	Number of total employee	Sample Size	Percentage
Intercontinental Hotel	125	58	27%
Sarem international Hotel	153	71	33%
Soramba Hotel	86	40	18%
Addis View Hotel	60	28	13%

Semen Hotel	40	18	9%
Total	464	215	100

3.5. Data sources and types

Depending on the type of information required for the study and taking in consideration the purpose of the study, the data gathered were quantitative and qualitative in nature. As such, both primary and secondary data were collected in the study.

- Primary Data Collection Methods: Primary data were collected directly from the participants through the use of self-administered questionnaires and interviews adopted from previous studies relevant to the current study and modified by the researcher.
- Secondary Data Collection Methods: The secondary data were gathered from secondary sources through company annual reports, reviewing both published and unpublished documents such as books, articles and other publication.

3.6. Data Collection Procedure

A questionnaire with close-ended questions was used as data gathering instrument. The questionnaire was adapted from previous studies relevant to the present study and modified by the researcher. The questions in the questionnaire were modified in order to obtain data pertaining to the research objectives (general and specific objective) and the research questions.

A five-point Likert-type scale and rankings was used (ranging from strongly agree to strongly disagree) to reflect the appropriate levels of measurement.

The questionnaire design follows the objectives of the research; with the first part capturing the general information of the respondents. The data was collected using self-administered Amharic questionnaires, by considering English is not the language for all respondents. First the questionnaires was prepared in English then translated in to Amharic.

The questioner was composed of background information and specific questions to collect relevant information on the basis of the economic impact of COVID 19 outbreak on hotel industry.

The questionnaire was split into two sections. The initial section asked questions concerning the general responded information. The second section determines the economic impact of COVID 19 outbreak on hotel industry. The third question established the effect of the COVID 19 outbreak on the profitability of hotel sectors. The fourth section determines the impact of COVID 19 outbreak on employee's aspect of hotel industry. The fifth sections determined to which extent this pandemic affect sales revenue of hotel sectors. The last section examined the impact of COVID 19 outbreak on hotel consumer behavior

In this study face to face interview also used to collect data from managers concerning the economic impact of COVID 19 outbreak on hotel industries. The semi structured interviews are involved asking questions, followed by clarification of unstructured and open ended questions. This technique was suitable for an intensive investigation and useful for tapping information about the attitude that was revealed by a respondent verbal behavior. Therefore interview was conducted from five selected hotel general managers that are found on each hotel industry during the study period.

3.7. Data Analysis Methods

Data analysis is an application of reasoning to understand, clear and interpret the data or information that have been collected through the questionnaires. Zikmund, (2003).

3.7.2. Descriptive Analysis

Descriptive statistics are used to describe the basic features or provide a concise summary of the data in a study. They provide simple summaries about the data numerically or graphically. Together with simple graphics analysis, they form the basis of virtually every quantitative analysis of data. Descriptive statistics are used to present quantitative description and helps us to simplify large amounts of data in a sensible way, reduces lots of data into a simpler summary, and provide a powerful summary that may enable comparisons across. Descriptive statistics used to summarize data by using Statistical Package for the Social Sciences, (SPSS) software. From the most common descriptive statistics this study uses: Frequency distribution, Bar chart, Mean and standard deviation.

3.7.3. Inferential Analysis

Inferential analysis underlying assumption and allows us to draw conclusions from sample data that might not be immediately obvious to the totality of the population. Inferential statistics use a random sample of data taken from a population to describe and make inferences about the population. Inferential statistics are valuable when it is not convenient or possible to examine each member of an entire population. Therefore this study uses the correlation analysis, multiple linear regression analysis, and one way analysis of variance (ANOVA), to suggest explanation for a phenomenon by summarizing the data that has actually been measured, so as to examine the economic impact of covid-19 outbreak hotel industries.

3.8. Validity and Reliability Test

3.8.2. Reliability Test

In statistics, reliability is the consistency of a set of measurements or measuring instruments, often used to describe a test. There are several different reliability coefficients. One of the most commonly used is called Cronbach's Alpha. Cronbach's Alpha is based on the average correlation of items with in a test if the items are standardized. Therefore, the study used the Cronbach's Alpha. Gliem and Gliem (2013) established the Alpha value threshold at 0.7 and more to verify the reliability of each objective. The reliability test was done by correlating each item questionnaire scores with the total score in order to indicate that item are valid.

3.8.3. Validity

Trochim (2006) defines validity as a result of the degree to that a check lives what it's purported to measure. Its miles uncommon, if nearly unfeasible, that questioner tool be 100% valid, therefore validity is usually measured in tears. As a fashion, validation includes assembling and analyzing facts to assess the accuracy of an instrument. To verify validity, the questionnaire was confirmed by the supervisor. The validating tests were on right construction of form and therefore the contents of the questions.

3.9. Ethical Consideration

The researcher disclosed to the respondents that the study is purely meant to satisfy an academic requirement and not for any other reason. Respondents did not write their names in the questionnaires and confidentiality was observed. In this case, Primary information gathered from this five selected hotel industries the respondents information were kept confidentially and will be destroyed after a reasonable period of time.

Confidential files and issues regarding employees' personal data, policies and strategies of the company and other highly classified information that need to be kept confidential are given value and kept confidential. The information was analyzed and used for the purpose of the study only.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND INTERPRETATION

4. Introduction

This section focuses on analysis and interpretation based on the finding 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 which 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 outbreak affect hotel profitability, effect of COVID 19 outbreaks on hotel employment, the effect of COVID 19 outbreak on sales revenue of hotel industry, the extent to which COVID 19 outbreak affect hotel consumer attitude.

4.1. Response Rate

A total of 215 respondents were involved in the study from which 208 of the respondents filled the questionnaire and returned with a percentage rate of 97% whereas 3% 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 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 1. Response Rate

Category	Target Respondents	Response	Response Rate (%)
Intercontinental Hotel	58	58	100
Sarem international Hotel	71	71	100
Soramba Hotel	40	40	100
Addis View Hotel	28	21	84
Semen Hotel	18	18	100
Total	215	208	97

4.2. General Information

The general information for the study comprised of the respondents' gender, age, educational level and service year in the current position.

4.2.1. Respondent's Demographic Profile

Basic information of the questionnaire respondents' gender, Age, education, and service years has been summarized under table 3 that shows Demographic information of respondents. (N=208)

Table2.Demographic profiles of the respondents

Demographic Profile	Item	Frequency	Percent
Gender	Female	73	35.1
	Male	135	64.9
	Total	208	100.0
Age	18-28	39	17.9
	29-39	97	44.5
	40-50	50	22.9
	51 and above	22	10.1
	Total	208	100.0
Educational Level	Below diploma	23	10.6
	Diploma	39	17.9
	Bachelor Degree	135	61.9
	Master's Degree and above	11	5.0
	Total	208	100.0
Service Year	1 – 5 years	55	25.2
	6 – 10 years	82	37.6
	10 years and above	71	32.6
	Total	208	100.0

Source: Analysis of survey data using SPSS data, 2021

Table: 3, item 1 indicates Gender of respondents. Regarding respondents gender 73 (35.1%) were females while 135 (64.9%) were males. This shows that a hotel industry has more males than females

Table: 3, item 2 indicates that Age of respondents. Regarding respondents age 17.9 % are between 18–28, 44.5% between 29 –39, 22.9 % of the respondents there ages is between 40-50 and the rest 10.1% are 51 and above. This result indicates that the majority of respondents are between 29 –39 of age which implies that most of hotel employees are young.

Table: 3, item 3 indicate Educational level of respondents. The majority of the respondents, 135 (61.9%) were qualified with first degree and 11 (5.0%) of the Educational status indicates that they are Master's degree holders. The rest of the respondents, 39 (17.9%) was diploma and 23(10.6%) below diploma. This shows that respondent's educational status that had below diploma, diploma and above Master's degree status was few. Based on the research findings it is interpreted that most of the employees that are found in this 5 selected hotel industry were professionals and able to meet performance target.

Table: 3, item 4 indicate Service year of respondents. Regarding respondents work experience 82(37.6%) of the respondents had served in hotel industry for a period 6 -10 years, 71 (32.6%) for a period of 10 year and above, 55 (25.2%) for a period of 1- 5 years, 27 (21.9%) for a period. This implies that almost all respondents had taken reasonably enough experience to see how COVID 19 affects the hotel economy.

4.3. Descriptive Analysis

4.3.1. COVID 19 Economic Impact on Hotel Profitability

Table3.COVID 19 Economic Impact on Hotel Profitability

Item	Statements	SD	D	N	A	SA	Mean	Std. Deviation
1	The cost of sales rapidly increased during the COVID 19 pandemic, hence, decreases the profitability of the hotel.	38	22	32	54	62	3.38	1.467
		18.3 %	10.6 %	15. 4%	26.0 %	29. 8%		
2	COVID 19 destroyed the demand and makes the hotel revenue and profit low.	22	24	16	92	54	3.63	1.274
		10.6 %	11.5 %	7.7 %	44.2 %	26. 0%		
3	The outbreak of the pandemic likely increase hotel fixed expenses, hence, decrease the profitability of hotel.	34	12	43	49	70	3.52	1.424
		16.3 %	5.8% %	20. 7%	23.6 %	33. 7%		
4	The hotel is unable to meet the threshold such as long-term lease agreement for equipment, property or items during the COVID 19 outbreak.	16	5	14	97	76	4.02	1.108
		7.7% %	2.4% %	6.7 %	46.6 %	36. 5%		
5	Appropriate sanitation measures elevated the hotel's expenses and decrease profitability.	49	12	22	76	49	3.31	1.384
		23.6 %	5.8% %	10. 6%	36.5 %	23. 6%		
6	COVID 19 outbreak decrease hotel gross operating profit available per room.	27	24	11	76	70	3.66	1.384
		13.0 %	11.5 %	5.3 %	36.5 %	3.7 %		

7	Hotels are unable to operate adequately during COVID 19 outbreak.	5	15	32	86	70	3.97	0.999
		2.4%	7.2%	15.4%	41.3%	33.7%		
8	Raw materials are not in supply for hotels or become very expensive during COVID 19 crisis	11	8	38	65	86	4.00	1.110
		5.3%	3.8%	18.3%	31.3%	41.3%		
9	COVID 19 badly affected the hotel's business partners and lowers their demand.	11	8	27	92	70	3.97	1.049
		5.3%	3.8%	13.0%	44.2%	33.7%		
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.	14	12	36	70	76	3.88	1.169
		6.7%	5.8%	17.3%	33.7%	36.5%		
Grand Mean= 3.734								

Source: Analysis of survey data using SPSS data, 2021

The study was intended to investigate the impact of COVID 19 outbreaks on hotel profitability from the respondents involved in the study. The finding indicates that substantial proportion of the respondents suggested that COVID 19 outbreak affect the hotel profitability (M= 4.02). This means indicates that hotels were unable to meet the threshold such as long term lease agreement for equipment, property or items during COVID 19 outbreak. This was followed by a large number of respondents who suggested that there were raw material that are not in supply for hotel or become very expensive during COVID 19 crisis(M= 4.00) this result suggested that hotels are unable to meet their operation because of the item become very expensive to them.

Third, COVID 19 outbreak badly affected the hotels business partners and lowers their demand and they become unable to operate adequately during COVID-19 outbreak respondents agree on this statement with the mean value of (M=3.97). Fourth the respondents mentioned that pandemic outbreak negatively affects the overall financial performance and its result make the

net profit to decline at (M = 3.88).Fifth, a number of respondents suggested that COVID 19 outbreak decrease hotel operating profit available per room at (M= 3.66). This means that hotel profit from different operation items become diminished on this outbreak. Sixth the respondent suggested that COVID-19 outbreak destroyed the demand and makes the hotel profit very lower (M= 3.63).Quit some of respondents agreed on that the outbreak of pandemic likely increase hotel fixed expensive at (M= 3.52)

The result respondent suggested that COVID 19 outbreak increases the cost of sales at (M= 3.38) even though the appropriate sanitation measures elevated the hotel expenses and decrease profitability (M=3.31).

The interview result revealed that COVID -19 outbreaks has unprecedented impact on the hotel industry. All of the general managers mentioned that travel restrictions and social distancing has a dramatic effect on hotel industry, especially hotels income available per room declined by 30.5% as it compared with the previous year. Hotels recorded decline in booking due to health care and they are restricted to offer only delivery services. Since hotel operates with fresh food products which are difficult to keep it in the stocks, so the demand fluctuates and they are incurred to loss their return from investment. On the other hand hotels income from cultural events, meetings, sporting events was totally shut down during this pandemic outbreak, based on this reason hotels market price is highly affected.

As we can see from the annual report of hotels on table 5 the result indicates that all of them their liquidity and profitability drops down on (2019 - 2020) as it compared with (2017- 2018), this shows that how much hotel industries is being affected during the outbreak this pandemic.

Table 4.The Data Summary of five Quoted hotel industries before and during COVID-19 Pandemic Period.

Before COVID -19 outbreak PandemicPeriod (2017- 2018)					During COVID -19 outbreak Pandemic Period (2019- 2020)		
S/ N	Company	Year	Liquidity	Profitability (ROE)	Year	Liquidity	Profitability (ROE)
1	Intercontinental Hotel	2017	1.37	0.51	2019	1.39	0.21
		2018	2.34	0.19	2020	1.39	0.17
2	Sarem Hotel	2017	1.12	0.11	2019	1.48	0.07
		2018	1.06	0.09	2020	1.10	0.06
3	Soramba Hotel	2017	0.73	0.21	2019	1.25	0.01
		2018	0.62	0.16	2020	0.94	0.17
4	Addis View Hotel	2017	0.40	4.81	2019	0.56	0.70
		2018	0.54	0.75	2020	0.87	0.29
5	Semen Hotel	2017	1.21	0.04	2019	0.90	0.06
		2018	1.28	0.17	2020	0.89	0.08

Source: Compiled from the hotel Annual Reports for the year ended 2017-2020.

4.3.2. Economic Impact of COVID 19 on Employee Aspect

Table 5. Economic Impact of COVID 19 on Employee Aspect

Item	Statements	SD	D	N	A	SA	Mean	Std. Deviation
1	There is high level of unemployment because of COVID 19 outbreak.	11	19	43	70	66	3.76	1.145
		5.3%	9.1%	20.7%	33.7%	31.7%		
2	The hotel layoff some of the employee because of inability to maintain their employees during COVID 19 outbreak	22	35	54	65	32	3.24	1.212
		10.6%	16.8%	26.0%	31.3%	15.4%		
3	Hotel owners face challenge in navigating employee insurance associated with business interruption because of COVID 19 outbreak.	11	13	49	86	49	3.72	1.059
		5.3%	6.3%	23.6%	41.3%	23.6%		
4	Job insecurity due to COVID 19 outbreak affects the employee confidence in the work place.	11	13	22	92	70	3.95	1.082
		5.3%	6.3%	10.6%	44.2%	33.7%		
5	The hotel forced the staff to take early retirement and reduce employee salary due to COVID 19 outbreak.	16	8	76	76	32	3.48	1.049
		7.7%	3.8%	36.5%	36.5%	15.4%		
6	Hotels are unable to meet their demand because of employees are	16	16	65	49	62	3.60	1.208

	absent from workplaces for two weeks due to COVID illness.	7.7%	7.7%	31.3%	23.6%	29.8%		
7	COVID 19 reduces or completely freezes hotels recruitment of a new staff.	11	19	43	86	49	3.69	1.092
		5.3%	9.1%	20.7%	41.3%	23.6%		
8	Pandemic outbreak forces hotels to take cost cutting measures such as reduce staff development cost and costs related with maintaining physical asset.	16	16	22	92	62	3.81	1.172
		7.7	7.7	10.6	44.2	29.8		
9	Reducing the number of hotel employees affect the production capacity of hotel industry during COVID 19 outbreak.	15	24	50	65	54	3.57	1.198
Grand Mean = 3.6								

Source: Analysis of survey data using SPSS data, 2021

The study intended to investigate the effects of COVID 19 outbreaks on employee aspect from the respondent involved in the study. The finding indicates that job insecurity due to COVID 19 outbreak affect the employee confidence in the work place (M= 3.95) which implies that hotels it has high rating as it compared with the other values. This was followed by a number of respondent who mentioned that pandemic out break forces hotels to take cost cutting measure such as reducing their cost and related with maintained physical assets at(M= 3.81).Third, number of the respondent mentioned that there is high level of unemployment at (M= 3.76). Further hotel owners face challenge in navigating employee insurance associated with business interruption because of COVID 19 outbreak at (M= 3.72).Fifth, respondents agreed that COVID 19 reduces or freezes hotels recruitment of a new staff at (M=3.69). This indicates that hotels capacity of high ring new employees become decreased during COVID19 outbreak.

Other respondents replied that hotels are unable to meet their demand because employees are absent from work place due to COVID19 illness at (M=3.60).Quit a few number of respondents agreed on that hotels are layoff some of the employee because of inability to maintain them at (M=3.24).

The interview result indicates that all of them reduce the number of employees that they already have as it compared with the previous years which is before the occurrence of COVID 19 outbreak. During the outbreak of this pandemic hotels are facing on temporary suspension of normal operations which results estimated loss of jobs because of this reason hotels occupancy rate and operating capacity decreased. Because of border closures and quarantine measures many workers cannot come to their work places to carry out their jobs so that the hotel incomes drops down and they are forced to reduce the number of employee that are working on hotel industry, therefore it creates uncertainty and fear to the employee who are work on hotel industries, so that hotels operating capacity is significantly affected during the outbreak of this pandemic.

Over all respondents result indicates that COVID19 outbreak have a big impact on hotels employee which might lead to lower their operating capacity and decrease their income.

4.3.3. Economic Impact of COVID 19 on Hotel Sales Revenue

Table 6.Economic Impact of COVID 19 on Hotel Sales Revenue.

Item	Statements	SD	D	N	A	SA	Mean	Std. Deviation
1	The predicted business sales of the hotel industry drop during COVID 19 outbreak.	13	17	32	81	65	3.81	1.151
		6.3%	8.2%	15.4%	38.9%	31.3%		
2	Hotel room sale are diminished because of COVID 19 pandemic outbreak.		11	59	76	62	3.91	0.888
			5.3%	28.4%	36.5%	29.8%		
3	Hotels fixed cost disappear due to COVID 19 outbreak which	16	22	54	62	54	3.56	1.202

	negatively affects sales revenue.	7.7	10.6	26.0	29.8	26.0		
4	Due to pandemic outbreak hotels loss their sales revenue available per room, meal etc.	18	17	43	54	76	3.74	1.271
		8.7%	8.2%	20.7%	26.0%	36.5%		
5	Hotels are facing operating pressure due to COVID 19 outbreak and negatively affect hotel economy in terms of sales revenue.	16	9	43	70	70	3.81	1.175
		7.7%	4.3%	20.7%	33.7%	33.7%		
6	COVID 19 outbreak affects overall budgets of hotel industry and negatively affects the hotel economy in terms sales revenue.	5	3	38	92	70	4.05	0.891
		2.4%	1.4%	18.3%	44.2%	33.7%		
7	The outbreak of this pandemic affects the supply and demand of hotels which ended up decreasing the amount of sale volume.	11	8	39	80	70	3.91	1.073
		5.3%	3.8%	18.8%	38.5%	33.7%		
8	Hotels sales volume decrease because of consumption pattern of customers decreases due to COVID 19.	5	14	32	92	65	3.95	0.977
		5.3%	3.8%	18.8%	38.5%	33.7%		
9	Hotels are facing cash flow shortage due to delayed payment during COVID 19 outbreaks which have a negative impact on hotel economy in terms of sales revenue.	3	5	43	76	81	4.09	0.904
		3.9%	6.0%	20.7%	36.5%	38.9%		
10	COVID 19 outbreak affects the overall sale performance of hotel	3	7	36	81	83	4.11	0.905

	industry.	1.4%	3.4%	17.3%	38.9%	39%		
11	Hotel sales revenue decrease due to suspension of production and operations during COVID 19 outbreak.	8	11	32	76	81	4.01	1.052
		3.8%	5.3%	15.4%	36.5%	38.9%		
Grand Mean=3.9								

Source: Analysis of survey data using SPSS data, 2021

This section intended to determine the impact of COVID 19 outbreak on hotel sales revenue. The finding indicates that substantial proportion of the respondents claimed that they agreed on hotels are facing shortage of cash flow due to delayed payment during COVID19 outbreak at (M= 4.09), at the same time respondents replied that COVID19 outbreak affect the overall sales performance of hotel industry at (M= 4.11). They also agreed that to the statement of hotel sales revenue decrease due to suspension of production and operations during COVID 19 outbreak at (M = 4.01). COVID 19 outbreak affects overall budgets of hotel industry and negatively affects the hotel economy in terms sales revenue for this statement most of respondents agreed with the (mean value of 4.05).

This was followed by hotels sales volume decrease because consumption pattern of consumers decreased at (M= 3.95). Further the outbreak of this pandemic affect the supply and demand of hotels and hotel room sale are diminished because of COVID 19 pandemic outbreak at (M = 3.91). On the other hand a lot of respondents agreed that hotels are facing operating pressure due to this reason their predicted business sales also decrease during this pandemic outbreak at (M= 3.81) .Quit most respondents agreed on that hotels loss their sales revenue available per room and meal at(M= 3.74) and the rest respondents indicates that hotels fixed cost disappear due to this pandemic outbreak (M= 3.56).

The interview result indicates that hotels sales revenue was affected by the presence of COVID – 19 outbreaks. All of the managers who were participated on this interview mentioned that revenue available per room drops down during this period. From the total of all hotels rooms the average hotel occupancy rate is 90%, but after the occurrence of COVID 19 outbreak revenue

available per room drops down by 40%.Which means that RevPAR is 50 % because customers do not book hotels room as previous years due to fear of high risk of contamination.

As we can see from below table , hotels occupancy rate, available per room and per room guest spending rate in 2020 as it compared with 2019, this result indicates that hotels income per decreased because of fear of COVID 19 outbreak which indicated that this pandemic creates massive financial impact and affects sale volume of hotel industry.

Table 7.The following table presents hotel annual statistics

S/ N	Company	Year	Occupancy	Available Room Nights (inthousands)	Per Room Guest Spending
1	Intercontinental Hotel	2019	90%	11,114	\$367
		2020	43%	10,030	\$353
2	Sarem Hotel	2019	88%	7,645	\$356
		2020	41%	3,673	\$345
3	Soramba Hotel	2019	81%	4,477	\$316
		2020	35%	1,172	\$312
4	Addis View Hotel	2019	85%	9,386	\$ 209
		2020	50%	(8,540)	\$216
5	Semen Hotel	2019	85%	2,768	\$240
		2020	40%	2,115	\$204

Source: Compiled from the hotel Annual Reports for the year ended 2019-2020.

4.3.4. Economic impact of COVID 19 on Hotel Consumer Behavior

Table 8. Economic impact of COVID 19 on Hotel Consumer Behavior.

Item	Statements	SD	D	N	A	SA	Mean	Std. Deviation
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.	15	7	11	56	119	4.24	1.166
		7.2 %	3.4%	5.3%	26.9%	57.2 %		
2	COVID 19 outbreak reduces consumer confidence and their attitude on hotel delivery.	9	11	59	70	59	3.76	1.057
		4.3 %	5.3%	28.4 %	33.7%	28.4 %		
3	Social distancing and limiting the number of customer's measures reduces the hotel income.	5	7	39	76	81	4.06	0.964
		2.4 %	3.4%	18.8 %	38.5%	38.9 %		
4	Guests do not book hotel rooms because of fear of COVID 19 outbreaks.	22	24	5	81	76	3.79	1.330
		10.6%	11.6 %	2.4%	38.9%	36.5 %		
5	COVID 19 outbreak put hotel in a high demand or cost in order to attract customers and to regain their trust.	10	14	49	81	54	3.75	1.067
		4.8 %	6.7%	23.6 %	38.9%	26.0 %		

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.	6	13	48	92	49	3.79	0.968
		2.9 %	6.3%	23.1 %	44.2%	23.6 %		
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.	17	30	38	62	61	3.58	1.272
		8.2 %	14.4 %	18.3 %	29.8%	29.3 %		
Grand Mean = 3.8								

Source: Analysis of survey data using SPSS data, 2021

The study intended to find out the impact of COVID 19 outbreak hotel consumer behaviors. The finding indicates that, majority of respondents agreed that increased cancellation of travel booking reduces the number of consumer who is visited the hotels at (M= 4.24).

This was followed by the number of respondent who mentioned guests do not book hotel rooms and because of this pandemic outbreak hotels are forced to increase their cost at (M= 3.79). This means that consumer have fear to consume hotel products and they are not will to pay the add costs to the hotels due to COVID19 outbreak safety protocols.

Respondents agreed on that COVID 19 outbreak reduce consumers' confidence and affects their attitude on hotel delivery at (M = 3.76). This is followed by the pandemic outbreak put the hotels in high demand to attract more customers and to regain their trust (M= 3.75). Quit a few number of respondents mentioned that legal restriction related to COVID19 outbreak reduce the number of consumers visiting hotel industries (M= 3.58).

The interview result revealed that most of managers agreed to the statement of COVID 19 outbreak have significant impact on hotel consumer behavior. Consumers are now much

concerned about their health and infection risk, so that hotel companies should place hygiene at the forefront of their business model and they are ended up to new demand.

Hotels are also facing challenges during this pandemic outbreak in order to regains consumers trust and to show them hotels are taking necessarily steps to protect customer's health. They also mentioned that business travels, meeting and events are the main source of income for hotel industry but after this pandemic outbreak hotel income from this services become decreased as it compared with the past few years, so that COVID – 19 outbreak has a strong negative impact on business abilities and has resulted in a high change in product offering.

Overall as we can see from questionnaire and interview results revealed that consumer behavior is affected by the presence of COVID - 19 outbreaks and they are not confident to consume hotel products even if hotels are applying all COVID -19 protocols measures.

4.3.5. COVID 19 outbreak Economic Impact

Table9.COVID 19 outbreak Economic Impact (N = 208)

Item	Statements	SD	D	N	A	SA	Mean	Std. Deviation
1	Following the COVID 19 precaution negatively affected the hotel economy in terms of profitability.	11	5	40	76	76	3.97	1.065
		5.3%	2.4%	19.2%	36.5%	36.5%		
2	Social distancing requirements and limitation of group gathering minimize the hotel income.	7	7	27	97	70	4.04	0.952
		3.4%	3.4%	13.0%	46.6%	33.7%		
3	Applying disinfectant in each room after the guests leave put the hotel in to a new demand (cost)	22	24	54	76	32	3.35	1.186
		10.6%	11.5%	26.0%	36.5%	15.4%		

4	Providing mask during COVID 19 to staff members and guests affects hotel economy.	2	1	49	113	43	3.93	0.739
		1%	0.5%	23.6%	54.3%	20.7%		
5	Hotels are forced to limit or suspend their operations because of COVID 19 outbreak.	26	17	50	74	41	3.42	1.248
		12.5%	8.2%	24%	35.6%	19.7%		
6	Legal restriction decrease the number of tourists arrivals which results in minimizing hotel income.	12	5	38	97	56	4.01	0.881
		5.8%	2.4%	18.3%	52.4%	26.9%		
7	Legal restrictions reduce the number of consumer visit the hotel which affects the hotel economy.	17	30	38	62	61	3.58	1.272
		8.2%	14.4%	18.3%	29.8%	29.3%		
8	COVID 19 legal measures affect hotels routine demand and supply chains.	32	8	65	54	49	3.38	1.310
		15.4%	3.8%	31.3%	26.0%	23.6%		
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).	12	12	38	65	81	3.92	1.150
		5.8%	5.8%	18.3%	31.3%	38.9%		
10	Quarantine measures reduce the income rate of hotel industries.	22	2	28	86	70	3.87	1.204
		10.6%	1%	13.5%	41.3%	33.7%		

11	Applying all COVID 19 protocols increase the cost of hotel, which results in reduction of employee salary.	10	19	38	65	76	3.86	1.154
		4.8%	9.1%	18.3%	31.3%	36.5%		
12	Legal restriction related with COVID 19 outbreak creates job insecurity among hotel employees.	3	22	27	70	86	4.03	1.049
		1.4%	10.6%	13.0%	33.7%	41.3%		
13	Hotels are forced to postpone their capital expenditure due to COVID 19 outbreak.	24	19	40	82	43	3.49	1.243
		11.5%	9.1%	19.2%	39.4%	20.9%		
Grand Mean = 3.75								

Source: Analysis of survey data using SPSS data, 2021

The respondents result indicates that legal restriction related with COVID 19 outbreak creates job insecurity among hotel employees (M=4.03). This is followed by social distancing requirements and limitation of group gathering minimize the hotel income (M=4.04). Second, a number of respondents agreed that legal restrictions that arise due to COVID19 outbreak decrease the number of tourist arrivals which result minimizing hotel income (M=4.01).

Third, number of respondents agreed that following COVID 19 precaution negatively affected the hotel economy in terms of profitability at (M=3.97). This is followed by number of respondents agreed on that providing mask during COVID19 outbreak to the staff members also negatively affect hotel economy at (M=3.93). Fourth respondents also mentioned providing employees to get training about COVID 19 protocols measures affect hotel economy (M=3.92). Respondents also agreed to the statement of legal restriction reduces the number of consumer visiting hotels at (M=3.58).Fifth hotels are forced to limit or suspend their operation due to COVID 19 outbreak respondents agreed with the (mean value of 3.42).Quit few respondents mentioned that applying disinfectant in each room after guests leave put the hotels in to new demand at (M= 3.35). This followed by COVID19 legal measures negatively affected hotels

routine demand and supply chains (M= 3.38).In general the above statements indicates COVID = 19 outbreak has significant impact on hotel industry in terms of profitability, employment aspect, sales revenue and hotel consumer behavior.

4.4. Grand Mean value

The grand mean is a set of samples is the total of all the data values divided by the total sample size. In other way it tells about the average of the sample mean.

Table10.Grand Mean Value

Variables	Grand mean value	Rating
Profitability	3.7	3
Employee Aspect	3.6	4
Sales Revenue	3.9	1
Hotel Consumer Behavior	3.8	2

Source: Analysis of survey data using SPSS data, 2021

As it was indicated from the above table COVID 19 outbreak has a greater influential impact on hotels sales revenue as it compared with the other variables. This is followed by hotel consumer behavior. Next to this respondents agreed that the pandemic outbreak affects the hotel profitability at third level. Quite some of respondents indicates that COVID 19 outbreak affect the hotel economy in terms of employee aspect .From the above table we can understand that most of the grand mean values are near to each other and all of results are above 3.5 which means all of the variables affected by the presence of this pandemic outbreak.

4.5. Analysis of Measures

4.5.1. Reliability Test

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

Table 11. Cronbach's *Alpha Coefficient values*

No	Constructs	Cronbach's Alpha	N of Items
1	Profitability	0.81	10
2	Employee Aspect	0.766	9
3	Sales Revenue	0.852	11
4	Consumer Behavior	0.850	7
5	Economic impact of COVID 19 outbreak	0.891	13

Source: Analysis of survey data using SPSS data, 2021

As it is indicated table 12, 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. 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.

Table12. Correlations

Correlations (N=208)						
		Profitability	Employee Aspect	Sales revenue	Consumer Behavior	COVID 19 economic impact
Profitability	Pearson Correlation	1				
	Sig. (2-tailed)					
Employee Aspect	Pearson Correlation	.664**	1			
	Sig. (2-tailed)	.000				
Sales revenue	Pearson Correlation	.339**	.405**	1		
	Sig. (2-tailed)	.000	.000			
Consumer Behavior	Pearson Correlation	.750**	.710**	.282**	1	
	Sig. (2-tailed)	.000	.000	.000		
COVID 19 economic impact	Pearson Correlation	.607**	.461**	.648**	.590**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

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

Source: Analysis of survey data using SPSS data, 2021

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 ($r=0.648$, $p<0.01$).

4.6.2. Regression Assumptions

4.6.2.1. Assumption #1: Multi Collinearity Testing

In regression analysis there are many assumptions about the model, multi collinearity, 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 collinearity 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 collinearity (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 13. Multicollinearity Testing

Model		Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Tolerance	Statistics VIF
		B	Std. Error	Beta				
1	(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. Independent Variable: Economic impact of COVID 19 outbreak								

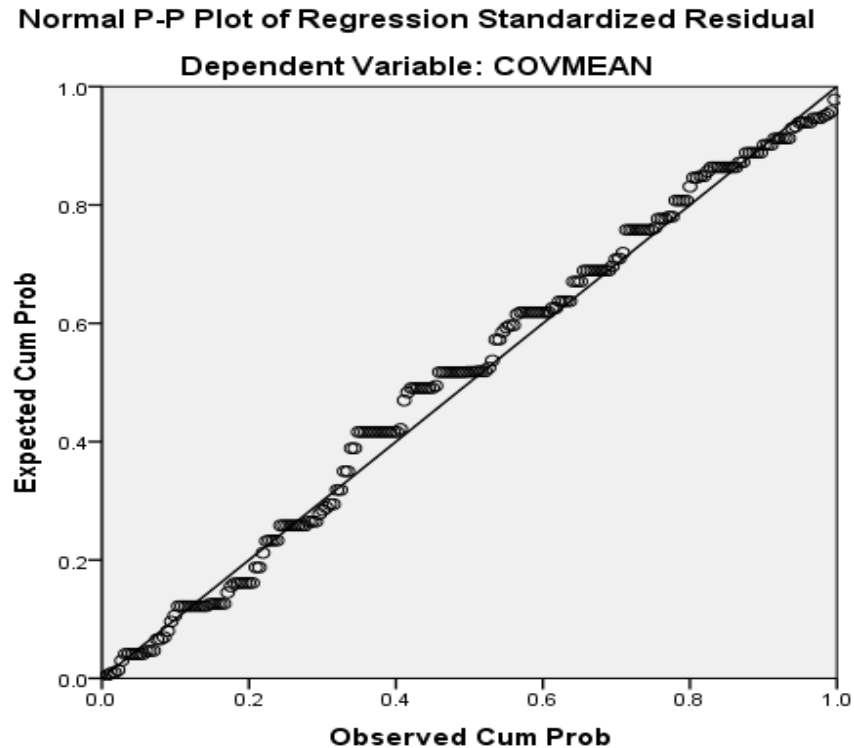
Source: Analysis of survey data using SPSS data, 2021

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.

4.6.2.2. Assumption #2: 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.

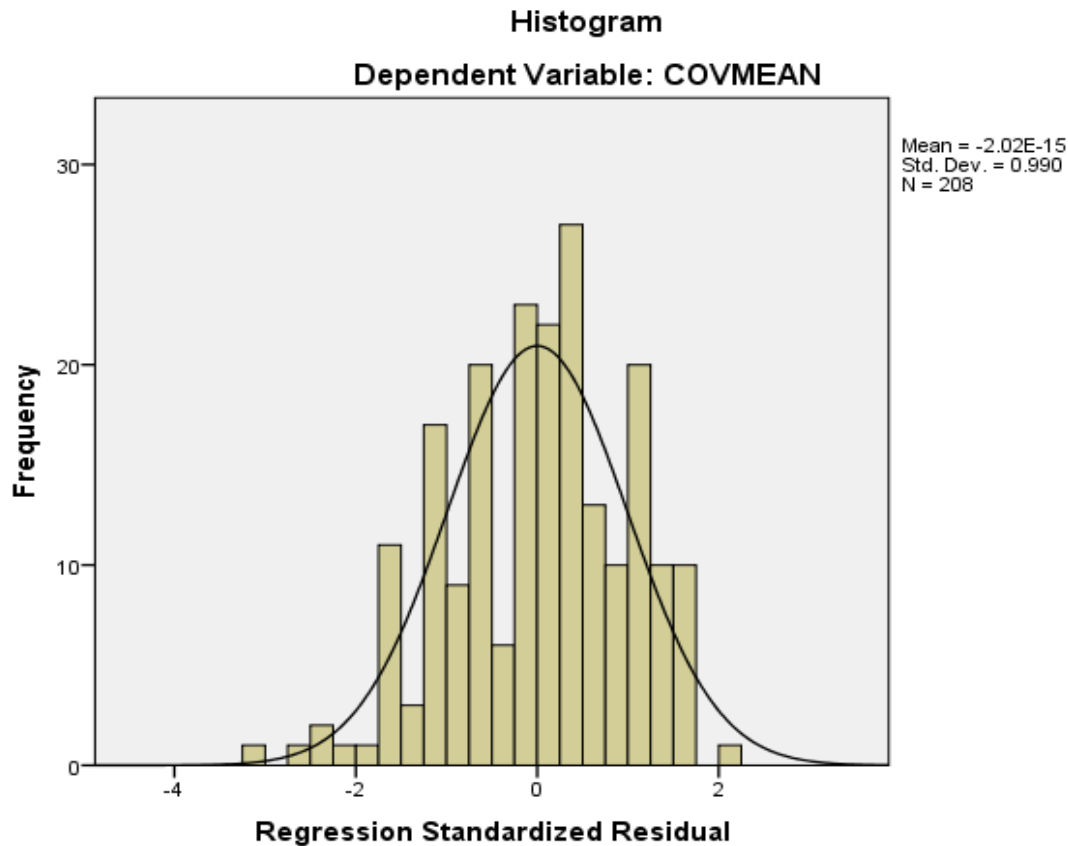
Figure 1.2.P – Plot Graph



4.6.2.3. Assumption #3: Normality Test

Normality test are used to determine if a data set is well- modeled by a normal distribution and to compute how likely it is for random variable underlying the data set to be normally distributed and category of distributions with the representations of many real-life situations .There are various methods available to test normality of continuous data, out of them most popular methods histogram is the one which is used in this study. Histogram is an estimate of the probability distribution of a continuous variable. If the graph is approximately bell shaped and symmetric about the mean, we can assume that the data is distributed normally (Barton & Peat, 2014).

Figure 1.3.Histogram



As it can be seen from the above figure 4.2 it forms bell shape but from that there are variables that becomes beyond the normal shape by looking the majority are in the bell curved so that we can conclude that the data is well modeled by normal distribution.

4.6.2.4. Assumption #4: 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 *et al.*, 2016).

The Durbin Watson always produces a test number range from 0 and 4. A value 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 15. Autocorrelation

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	.801 ^a	0.642	0.635	0.29744	2.145
a. Predictors: (Constant), Economic impact of COVID 19 outbreak					
b. Dependent Variable: Profitability, Employee Aspect, Sales Revenue and Hotel Consumer					

Source: Analysis of survey data using SPSS data, 2021

4.6.2.5. 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 15 a.ANOVA

ANOVA ^a						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	32.216	4	8.054	91.039	.000 ^b
	Residual	17.959	204	0.088		
	Total	50.176	208			
a. Dependent Variable: Hotel consumer, Sales Revenue, Employee Aspect, Profitability						
b. Predictor: (Constant), Economic impact of COVID 19 outbreak						

Source: Analysis of survey data using SPSS data, 2021

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 15 b. Regression Model

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.801 ^a	.642	.635	.29744
a. Predictor: (Constant), COVID19 Economic impact				
b. Dependent Variable: Profitability, Employee Aspect, Sales Revenue, Hotel consumer				

Source: Analysis of survey data using SPSS data, 2021

R-squared that represent 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 15 c. Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(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. Independent Variable: COVID 19 outbreak economic impact						

Source: Analysis of survey data using SPSS data, 2021

As we can see from the above table COVID 19 outbreak has a 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 outbreak increase by 1%, profitability increases by 17%, sales revenue increase by 43% and hotel consumer increases by 25%.

4.6.3. Hypothesis Test

Hypothesis test is based on statistical significance are another way of expressing confidence interval (more precisely, confidence sets). In other words every hypothesis test is based on significance can be obtained via confidence interval and every confidence interval can be obtained via hypothesis test based on significance (Rice & John, 2007).

To evaluate the null hypothesis, typically denoted with H_0 . The null is not rejected unless the hypothesis test shows otherwise. The null statement must always contain some form of equality ($=, \geq$ or \leq).

The alternative analysis typically denoted with H_a or H_1 , using less than, greater than, or not equal symbols, i.e., ($\neq, <$ or $>$). Therefore the hypothesis test is made due to the above coefficient table 14.c.

- The coefficient results provide sufficient evidence to reject the null hypothesis (H_0) since p value is less than the significant level (.05). The rejection of null hypothesis means corona pandemic has significant but positive impact on hotel profitability which means H_1 is accepted.
- Test results provide enough evidence to reject the null hypothesis (H_0) since p value is less than the significant level (.05). The rejection of null hypothesis means corona pandemic significant but positive impact on employee aspect.
- Since p value is less than the significant level (.05) so, the null hypothesis is rejected which means corona pandemic have significant and negative impact on hotel sales revenue.
- Coefficient test results provide enough evidence to reject the null hypothesis since p value is less than the significant level (.05). The rejection of null hypothesis means corona pandemic significant but positive impact on hotel consumer behavior.

CHAPTER FIVE

FINDING, CONCLUSION AND RECOMMENDATION

5. Introduction

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

5.1. Summary

The general objective of the study was to assess the economic impacts COVID 19 outbreak on star rated hotel industry. The study was guided by the following specific objectives: to identify the extent of COVID 19 outbreak on hotel industry, to identify how COVID 19 outbreaks affect hotel employment aspects, to identify the effect of COVID 19 outbreak on hotel sales revenue and to identify the effect of COVID 19 outbreak on hotel consumer behavior.

The study adopted a descriptive and explanatory research design. The population of interest consists of all 434 employees of star rated hotels. A sample size of 208 was selected using convenient sampling method. Data was collection using structured questionnaires. The data was analyzed using the Statistical Package for Social Sciences (SPSS) into frequency distribution, percentages and Pearson correlations. The data was presented using tables and figures.

5.2. Major Findings

5.2.1. 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 indicates that most of respondents agreed on COVID 19 outbreak negatively affected the hotel economy in terms of profitability they believe that following the COVID 19 precaution (such as washing hands, use sanitizer and wearing mask) and social distancing requirements and limitation of group gathering minimize hotel profitability because this factors

keep the hotel not get more income rather than that it will put them in to a new a demand. According to (David,2020) COVID-19 plunged a knife in the collective heart of the global hotel industry and in one fell swoop destroyed demand, sending revenue and profit to historically low levels. This global pandemic is the most harrowing event to ever besiege the hospitality industry. On other hand respondents replied that hotel incomes from guest room, spa and gym decrease as it compared with the previous year. Some of the respondents even mention that the hotel income from this activities were totally destroyed, even if some of consumers uses services the hotels needs to use highly disinfectant chemicals in order to clean the surface area.

The study revealed that a number of the respondents mentioned that providing mask during COVID 19 outbreak to staff members and guests which negatively affects hotel economy and due to this reason hotels are forced to limit or suspend their operations because it will put them in high demand and to cover their cost they might have the cost of each items due to this reason consumers might not visit the hotel industries.

The respondent also assumes that legal restriction that are made due to COVID 19 pandemic outbreak highly affected the hotel economy by limiting the number tourists travelling to different countries. According to (Gursoy *et al.*,2020) findings suggest that customers in general still do not feel comfortable to dine in at a sit down restaurant, travel to a destination and stay at a hotel. Overall applying all COVID 19 protocols such as, providing trainings for employee, quarantine measures create unexpected challenge on hotel economy.

5.2.2.The effect of COVID 19 outbreak on hotel Employee Aspect:

It is clearly stated in the study that hotel are facing big challenge while keeping the number of employees and it creates a great impact on the production capacity of hotel industry and even though hotels are facing challenge in hiring new staff because of fear of the pandemic outbreak, even they were unable to navigating employees insurance so that they are forced to lay off and give early retirement to their employees. Due to this reason there is high level of unemployment level on hotel industry and some of them even mentioned the total number of employees working on hotel industry is decreased as it compared with the last year.

Many limited-service hotels are cutting staff by more than 70 percent, maintaining fewer than five full-time employees on payroll. From observations within different markets, some of the key positions that remain actively working are the general manager and either a housekeeping,

security, and/or front-desk supervisor. Similarly, full-service hotels are operating with limited personnel and amenities (Mark, Kannan and Andy 2020).

5.2.3. The effect of COVID 19 outbreak on Sales Revenue:

According to the survey data, most of the respondents agreed that predicted business sales of the hotel industry drop during COVID 19 outbreak. This is due to hotels loss their sales revenue available per room, meal and it affects the supply and demand chain of hotels which ended up decreasing the amount of sale volume. Because of this reason they ended up suspension of operation at the same time it reduces the consumption pattern of customers during COVID 19 outbreak.

Many hotels remained open despite severely diminished cash flows, which in many cases fell into the red and resulted in owners being unable to satisfy debt obligations. Hotel operations have fixed and variable components to their expense line items, with the latter tied to demand levels. From food costs and cost of goods sold to franchise and sales and marketing fees, hotel expenses vary greatly among different hotel types and locations (Mark, Kannan and Andy 2020).

5.2.4. The effect of COVID 19 outbreak on Hotel consumer behavior:

The finding of the research indicates that majority of respondents are agreed that the outbreak COVID 19 reduces consumer confidence and their attitude on hotel delivery because of this reasons guests have a fear to book hotel rooms. On the other hand they also agreed that outbreak put hotel in a high demand or cost in order to attract customers and to regain their trust.

The findings also revealed that respondents agreed that after COVID 19 outbreak hotels have a high demand or cost in order to attract customers and to regain their trust during COVID 19 outbreak. After the pandemic outbreak consumers have a fear to consume hotel products so that they are required to use all COVID 19 precaution measures so it will affect their income.

5.3. Conclusion

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

Presently, this unprecedented public health crisis has become a catastrophic economic crisis to the entire globe and for hotel industry. The recovery has to be gradual parallel to the recovery of other sectors, combatting the outbreak and regaining economic performances. 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 to rebuild the positive image in the mind-set 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 COVID-19 pandemic on hotel 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 decline the international arrival that loss the revenue. This outbreak and spread of covid-19 disease show the rapid negative impact on the country hotel industry. Some of the impacts of covid-19 on hotel include increased cancellations of hotels and travel bookings and increased cancellation and rescheduling of events in the entertainment industry, resulting in billion dollar revenue loss and millions of job loss. It is feared that the volume of revenue loss may affect the ability of most of the industries and businesses in the hotel industry to return back to normal operations after the covid-19 pandemic without appreciable financial support from the government.

5.4. Recommendation

Based on the findings of this review, the following recommendations are made: There is no doubt, that this pandemic situation has brought lot of impacts to the Ethiopia hotel industry.

- Maintaining the safety and security of employees and guests is clearly the highest priority. That includes setting up a secure remote working environment. While there will inevitably be some loss of productivity as employees work away from the office, companies need to ensure that employees are engaged and productive in the new operating environment.
- Availability of cash: keeping cash on hand via liquidity management strategies, such as maximizing one-time revenue opportunities, realigning and reducing costs, employing working capital crisis management techniques and deferring capital expenditures.
- Further, promoting flexible rates and allowing guests to move a booking to a new date is another key strategy to promote hotel business in compensation for emergency cancellations. Further, making some timely-modifications to existing hotel policies are also vital, such as flexible cancellation policies, flexible rates for all services, ensuring strict hygiene policies should be some of the key areas of concerns.
- At the same time, it is also recommended to promote flexi-services instead of promoting value-added services. Because of the pandemic situation people are very much concern about their health and safety. Thus, taking some additional time for cleaning the entire hotel is essential. These strategies will positively impact on ensuring hygienically clean safety and secure environment for guest stay.
- Practicing E-marketing and Electronic transaction strategy with suppliers to prevent the spread of the pandemic and safe the frustration of customers and employees.
- In addition, hotel companies need to have plans in place to quickly recover once the worst of the pandemic has passed. In the face of potential hotel closures, companies will have to assess their employee retention and operational policies.
- Hoteliers, travel agents and other service providers should be continuously keep in touch with key customer base during the outbreak (check their safety maintaining a strong linkage).

- Since hospitality sector was the backbone of the country on generating foreign currency, as a result of this crisis the government will support this sector in a various ways to retain their employees and to prevent the owners from bankruptcy and closure hotels in the country. By, Tax suspension, dealing with private and government bank to decrease or to cease interests, giving loans and decreasing rate of interest for those previously on loan. If the virus persists the government should allocate extra budget for this sector.
- Finally, it is recommended to initiate collaborative strategies among the public and private sector. Specially, government could initiate tax reduction schemes (for certain period of time) for both micro and macro level business owners could think of introducing interest-free capital loan schemes and job guarantees for permanent carder employees.

5.5. Suggestion for future study

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

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APPENDIX - 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 Addis Ababa, 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 confidentiality.

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

Kind regards; Tsion Yigletu

Email; mahletb774@gmail.com

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
4. 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					

an impact on hotel economy in terms of employment rate.					
11. Applying all COVID 19 protocols increase the cost of hotel, which results in reduction of employee salary and affect hotel economy.					
12. Legal restriction related with COVID 19 outbreak creates job insecurity among hotel employees which also affect hotel economy.					
13. Hotels are forced to postpone their capital expenditure due to COVID 19 outbreak which affects hotel economy.					

1. State any effects of COVID 19 outbreak on 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. COVID 19 badly affected the hotel's business partners and lowers their demand which negatively affects profitability.					
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.					

2. State any possible effects of COVID 19 on the profitability of the hotel industry?

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. Reducing the number of hotel employees affect the overall production capacity of hotel industry during COVID 19 outbreak.					

3. State any possible effects of COVID 19 on the employee aspects of the hotel industry?

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. The predicted business sales of the hotel industry drop during COVID 19 outbreak.					
2. Hotel room sale are diminished because of COVID 19 pandemic outbreak.					
3. Hotels fixed cost disappear due to COVID 19 outbreak which negatively affects sales revenue.					
4. Due to pandemic outbreak hotels loss their sales revenue available per room, meal etc...					
5. Hotels are facing operating pressure due to COVID 19 outbreak and negatively affect hotel economy in terms of sales revenue.					
6. COVID 19 outbreak affects overall budgets of hotel industry and negatively affects the hotel economy in terms sales revenue.					
7. The outbreak of this pandemic affects the supply and demand of hotels which ended up decreasing the amount of sale volume.					
8. Hotels sales volume decrease because of consumption pattern of customers decreases due to COVID 19.					
9. Hotels are facing cash flow shortage due to delayed payment during COVID 19 outbreaks which have a negative impact on hotel economy in terms of sales revenue.					

10. COVID 19 outbreak affects the overall sale performance of hotel industry.					
11. Hotel sales revenue decrease due to suspension of production and operations during COVID 19 outbreak.					

4. List any possible effects of COVID 19 on the sales revenue of hotel industry?

Section VI: Questions related with the effect of COVID 19 outbreak on hotel consumers.

1. The effect of COVID 19 outbreak on hotel consumer's consumption 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.					

5. List out the possible effects of COVID 19 outbreak on hotel consumers?

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?