

Looking into Ethiopian government's policy responses towards COVID-19 in the eyes of tourism entrepreneurs

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Abstract

The tourism and hospitality industry falls under the category of services which were the hardest hit economic sectors to COVID-19 globally. COVID-19 has drastically altered the tourism and hospitality landscape in Ethiopia. Nonetheless, there is a scarcity of studies examining the government's policy responses to support tourism and hospitality businesses in Ethiopia during the pandemic. The aim of this study is twofold: (1) to assess the effects of COVID-19 on tourism and hospitality businesses in Ethiopia from the owners' perspective and (2) to examine the opinion of tourism entrepreneurs on the enactment of the policy responses of the Ethiopian government. Data were collected from the owner-managers and presidents of the respective associations of these businesses and experts through in-depth interviews and focus group discussions. The results reveal that the fiscal and monetary measures introduced by the government to mitigate the pandemic's impact were not implemented and thus remained ineffective. The study discusses how and why these fiscal measures, such as postponement and cancellation of tax payments and getting loans from banks at lower interest rates, were not implemented. It also discusses the reasons why the pledged government grants remained ineffectual. The study adds new insight on the enactment of government's policy measures during the pandemic and thus has academic implications. The study has also policy implications since it should spark discussions among tourism scholars and

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practitioners on the reliance of businesses on the government support alone during such a crisis, particularly in the context of developing countries, where resources are scarce and government bureaucracies are inefficient.

Keywords: *tourism, hospitality, COVID-19, policy response, fiscal measures, monetary measures, crisis management, Ethiopia*

1. Introduction

The COVID-19 outbreak has presented impactful circumstances worldwide. Tourism and hospitality sectors are among the most affected by the pandemic, with effects on economies, public services, and livelihoods globally (WTO, 2020a). The negative effects this unprecedented health crisis placed on tourism and hospitality sector has attracted the attention of scholars in the field. Several studies have been published since the outbreak of the pandemic in early 2020.

Prior studies focusing on COVID-19 in tourism and hospitality research covered varied research themes, ranging from understanding the pandemic, crisis management and adapting and coping mechanisms (Paraskevas and Quek, 2019). Nonetheless, as Zencker and Kock (2020) noted, the studies tend to focus on “COVID-19 research gap spotting” and called for more “deliberateness and rigor in research about the coronavirus (COVID-19) pandemic” (Zencker and Kock 2020: 3). In their bibliometric review of 177 articles published about COVID-19 within tourism and hospitality, Utkarsh and Sigala (2021) also noted that prior studies about COVID-19 tended to be “descriptive, pre-mature and theoretical” and thus, called for “thorough, critical and in-depth investigations” (Utkarsh and Sigala (2021: 11).

In their meta-review of 512 studies on crisis management over 36 years (1985-2020), Wut, Xu and Wong (2021) reveal that health-related crises, social media, and political instability and terrorism are dominant research themes in the domains of tourism. Interestingly, 79 of the reviewed studies (15.4%) focused on COVID-19, which

testifies that the threat posed by the pandemic emerged as a hot research theme in the field.

Notwithstanding its relevance and timely research theme, the prior studies focusing on COVID-19 have dominantly been conducted in the Western context. In extant literature, there is limited evidence coming from a context of developing countries, notably an African context. For instance, among the 31 articles published on *Tourism Management Journal* on 07 August 2021 following its special call on COVID-19 theme, only one study from an African context examined the mitigating role of government in Egypt (Salem *et al* 2021). In another study conducted in Africa, the pandemic's impact and implications for building resilience in the eco-tourism sector of Ghana were examined (Soliku *et al* 2021).

Even though these two studies conducted in an African context shed some light on the measures government took in mitigating the pandemic's effect on the hotel industry (i.e. Egypt case), and resilience building in an eco-tourism sector in Ghana, both studies overlooked the effects on varied businesses including tour operating, hotel, activities of meetings, incentives, conferences and events (MICE), and small tourism enterprises. It is, therefore, imperative to provide some evidence from other African countries such as Ethiopia regarding enactment of a government policy response to mitigate the pandemic's effects in tourism and hospitality sector.

As far as COVID-19 research theme in tourism and hospitality sectors in Ethiopia are concerned, there are only a few studies conducted (CCTI 2020, AHA 2020). Nonetheless, these prior studies, which were mainly conducted by professional associations (AHA 2020) or group of tourism professionals (CCTI 2020) or by graduate students as a fulfilment to obtain master's degree (some of which the lead author has supervised), are unpublished. One published study by Mekonnen, Shimekit and Wubishet (2020) had the aim "to assess the effect of COVID-19 on tourism sector in the country [Ethiopia]" using

summative assessment of results of sub-sectors (Mekonnen *et al*, 2020 2020). It was an early attempt during the outbreak of the pandemic and gives some general figures in terms of the pandemic's early effect on the tourism sector, this study heavily depended on secondary data, mainly unpublished reports and data from interviews published on newspapers.

By the time of the writing of the current article, the effects of the pandemic are fading away. The WHO declared on 04 May 2023 that COVID-19 is “*now an established and an ongoing health issue which no longer constitute a public health emergency of international concern (PHEIC)*” (WHO, 2023). Despite this declaration, the effect it had left behind needs a thorough examination. The response measures governments have taken to mitigate its economic effects, especially on service sectors such as tourism and hospitality, is worth examining to draw lessons for the future. Hence, the main research question of the study is “how do tourism and hospitality businesses owners in Ethiopia perceive the enactment of the government's policy response to mitigate the pandemic's effects?”

The article has two-fold aims: (1) to assess the effects of COVID-19 on tourism and hospitality businesses in Ethiopia from the owners' perspective and (2) to examine the opinion of tourism entrepreneurs on the enactment of the policy response the Ethiopian government has taken. The novel aspect of this study is that primary data were collected from the owner-managers of such business and the presidents of their respective associations. The study thus sheds some lights in examining the implementation of the fiscal and monetary measures introduced during crisis in an African context (Ethiopia) where resources are scarce and bureaucracies are inefficient.

2. Literature Review

2.1. Tourism and Hospitality Business in Ethiopia: An overview of pre-COVID 19 Status

The tourism and hospitality industry has been one of the engines for economic development in many developing countries including Ethiopia. The sector proved to be a major source of foreign exchange earnings, creating jobs and employment opportunities and investment opportunities for over a decade (Eyana, Masurel and Paas, 2020) until abated by COVID-19 in 2020. In 2019, for instance, the sector's direct contribution to the total economy was \$3.6045 billion, which represented 6.7% of Ethiopia's GDP and 49.5% of the total export. According to the WTTC's 2020 report, the total contribution of the sector to the national economy was 6.0044 billion USD and represented 8.3% of total GDP. The sector created a total of 2,149,500 jobs, of which 1,957,500 jobs (i.e. 91.1%) were direct contributions and the remaining 8.9% were indirect contributions to employment in 2019. The sector's direct employment contribution was 7.0% and accounted for 8.3% of the total employment in 2019 (WTTC 2020a). The contribution of the sector to the national economy in terms of, foreign currency generation, employment and export share over the last ten years is presented in Table 1 below.

Table 1. The contribution of tourism and travel to Ethiopian GDP and Employment (2010-2019)

Year	Output contribution			Employment		
	<i>Revenue (USD Million)</i>	<i>Annual change %</i>	<i>Export %</i>	<i>Total jobs</i>	<i>Annual change (%)</i>	<i>National job share</i>
2010	1434.0	-	30.88	1,972,100	31.46	10.3
2011	1998.0	28.23	34.26	2,179,900	10.54	10.9
2012	1980.0	-0.91	33.03	1,901,700	-12.76	9.1
2013	2236.0	11.45	36.56	1,986,600	4.46	9.1
2014	2107.0	-6.12	33.00	1,772,400	-10.78	7.8
2015	2279.0	7.55	37.94	1,679,100	-5.26	7.1
2016	2138.0	-6.59	36.20	1,499,800	-10.68	6.2
2017	2505.0	14.65	37.74	1,622,100	8.15	6.4
2018	3548.0	29.40	46.54	2,186,200	34.78	8.3
2019	3604.5	1.57	49.50	2,149,500	-1.68	7.9
Average	2382.95		37.57	1,894,940		8.31

Source: Compiled from annual reports of the World Travel and Tourism Council (WTTC)

The year 2018 was exceptional in the history of the sector's contribution to the national economy. Ethiopia received a total of 7.4 billion USD in 2018 and the sector represented 9.4% of the country's total output. A significant proportion of this revenue (79%) was generated from leisure or international travelers. It supported 2.2 million jobs and represented 8.3% of total employment. Ethiopia registered the largest growth rate (48.6%) in travel and tourism sector in the world in 2018 (WTTC, 2019). This growth rate significantly exceeded the 3.9% global growth rate and the 5.6% African growth rate in 2018.

The WTTC President & CEO, Gloria Guevara, expressed her appreciation on the success of the sector in 2018 as "one of the great success stories of 2018". She added that the "Travel & Tourism in

Ethiopia now accounts for one in every eleven dollars in the entire economy and one in 12 of all jobs. She attributed this success to two reasons: (1) the performance of aviation in the country and the development of Addis Ababa as a dynamic and growing regional hub and (2) commitment of the government. She acknowledged the work of the Ethiopian Government and the country's commitment to the power of Travel & Tourism to drive economic growth, job creation and social enhancement (WTTC, 2019). In a nutshell, the tourism and hospitality sector has been consecutively growing until abated in 2020 due to COVID-19. Despite its significant contributions to the Ethiopian economy over decades, the sector's growth has been limited by several challenges and barriers, one of which has been the COVID-19 pandemic. The next section presents the response measures the government has taken to mitigate the pandemic's impact on the sector following the theoretical framework of the study.

2.2. Theoretical framework of the study

This study is grounded on two theories: the stakeholder theory and institutional theory. The stakeholder theory was applied in another study in an African context (Egypt). In their study that investigated the effect of government support on hotel employee support, Salem *et al* (2021) based their conceptual framework on the stakeholder theory and the organizational support theory (OST). This study shares the stakeholder theory. Nonetheless, unlike Salem *et al* (2021), this study is based on institutional theory rather than the OST due to a difference on the research themes. The institutional theory is found to be vital since this study examines the enactment of government policy responses during the pandemic, which were dependent on the implementing institutions.

The stakeholder theory recognizes that firms have stakeholders who have a legal interest in the substantive and procedural aspects of the firm. In tourism and hospitality sector of Ethiopia, the stakeholders include the tourism business owner-managers (entrepreneurs), the

government, the tourists, local communities, NGOs etc. The government's support to tourism and hospitality businesses during the pandemic is for being one of the stakeholders. Wright (2020: 2) asserts that "the tourism industry needs government stimulus packages and interventions to reduce the harmful effects of COVID-19 on jobs and the economy". Hence, the policy responses of the Ethiopian government should be seen in this lens.

According to Young and Morgan (2011), the institutional theory (IT) is primarily concerned with relationship of firms with the institutional environment. The institutional theory recognizes that firms are not autonomous and thus are susceptible to institutional influences and changes, particularly in transitional economies. Young and Morgan (2011) argue that in such context "the business environment is composed of market and non-market components" and thus any approach to strategy formulation or policy implementation must integrate both market and non-market considerations. Accordingly, the implementation of the Ethiopian government's policy response to mitigate the COVID-19 effect on tourism and hospitality sector must consider both the market and non-market environment. In a nutshell, drawing on the stakeholder theory and institutional theory, this study assesses the effects of government support to mitigate the COVID-19 effect on tourism and hospitality businesses from the perspective of tourism entrepreneurs or owner-managers of such businesses.

2.3. Ethiopian government's measures towards economy recovery and mitigating COVID-19 effect in tourism and hospitality sector

The Ethiopian government has taken prompt actions not only in health aspects but also in minimizing the pandemic's socio-economic effects. This section presents the various monetary and fiscal measures different government offices have taken to mitigate the effects of COVID-19 in Ethiopia in tourism and hospitality sectors in particular.

2.3.1. Tax cancellation and postponement measures

The Ethiopian Revenue and Custom Authority (ERCA), later renamed Ministry of Revenue (MoR) in 2022, has issued a directive, which consists of cancelling overdue taxes (1997-2007 EC or 2005-2015) estimated at about 8.1 billion birr, as well as restructuring of tax requirements for the years 2008-2011 EC (2015/16-2018/19) and the like. In response to the pandemic, in its June 2020 circular, the National Bank of Ethiopia (NBE) availed short term financing facility through Development Bank of Ethiopia (DBE) for the microfinance sector and also temporarily relaxed some of the regulatory requirements to enable Micro-Finance Institutions (MFIs) to help their borrowers in managing their debt, including restructuring or rescheduling of loans and advances for sectors that have been hardly hit, introducing flexible loan provisioning, relaxation on the maximum loan size for a borrower, etc. These benefits are also meant for tourism and hospitality businesses.

2.3.2. Fiscal and Monetary Measures to mitigate COVID-19 effects in Ethiopia

In its fiscal measures, the government of Ethiopia injected 3.3 Billion birr (about \$98 million) in early May 2020 to support tourism and hotel businesses to cope-up with COVID-19 hardships (New Business Ethiopia 2020). This was the first sector specific financial support from the Ethiopian government. The government's fiscal measures are also supported by international and regional institutions, such as the African Development Bank (AfDB) and the International Monetary Fund (IMF). For instance, the board of Directors of the AfDB approved a grant of \$165.08 million to support Ethiopia's response to the health and economic impacts of the pandemic on 03 July 2020 (AfDB 2020). This grant includes financial supports to ease fiscal pressure on the economy and off set unplanned government expenditures, protect small businesses and preserve 26, 000 jobs, address macro-fiscal imbalances and strengthen the private sector. Tourism and hospitality sector is one of the private sectors included in

this grant package (AfDB 2020). Similarly, the IMF approved \$411 million in emergency assistance to Ethiopia to address the COVID-19 pandemic on 30 April 2020 (IMF 2020). Nonetheless, as discussed in detail below, this assistance has not reached the tourism and hospitality businesses nor have the government's fiscal measures been implemented effectively as discussed below.

The government's monetary policy measures include the provision of 15 billion birr (about \$445 million) to the private banks and 33 billion birr (about \$963 million) to the government owned Commercial Bank of Ethiopia (CBE) to ease liquidity and help them ease the burden of their customers in paying loans and making available additional capital for loans. The National Bank of Ethiopia (NBE) also allowed commercial banks to renegotiate, refinance and reschedule of loans and advances. (EIC, 2020). . Nonetheless, these monetary measures were not implemented for various reasons as discussed below.

3. Research Methodology

3.1. The research setting

This study was conducted among tourism and hospitality businesses of Ethiopia operating in Addis Ababa city administration for two main reasons. First, there was a travel restriction following the outbreak of the pandemic in Ethiopia, which made field visits to other tourist destination areas of the country difficult. Second, Addis Ababa plays a significant role in the tourism and hospitality business activities and takes the central place in tourism value chain of the country. Addis Ababa is the gateway to the country as international tourists visiting Ethiopia enter and depart through the Bole International Airport in Addis Ababa, and often stay in the city at least for two nights. Subsequently, for being the capital city of Ethiopia, the city is the seat of several international organizations, such as the United Nations Economic Commission for Africa (UNECA) and the African Union, European Union and for many diplomatic missions, which places the city in a third rank next to New York and Geneva. Hence, the city

hosts many businesses travelers and visitors. Further, many of the tourism services providers, such as star rated and brand hotels, tour operating firms, souvenir shops, event organizers and other auxiliary tourism businesses, are found in Addis Ababa. Finally, the city has several attraction sites, such as the National Museum with its collection of artefacts including the famous skeleton of “Lucy”, monuments and recently opened parks and zoos (e.g. Unity Park and Entoto park), souvenir and gift shops, convention centers and event organizers and night clubs (both modern and cultural) to mention few. Hence, urban tourism has emerged as a prominent activity in the city. All of these tourism businesses have been disrupted in the city due to the pandemic.

The number of tourism businesses found in Addis Ababa was collected from their respective associations during the time of the study. There were 141 star-rated hotels and 11 event organizers. The tour operators were organized under two associations, namely Ethiopian Tour Operators Association (ETOA) and *Talak* Ethiopia Tour Operators Association. There were 241 and 29 tour operators under both associations, respectively, nonetheless, not all the tour operators were members of these two associations. As checked, the MoCT listed 467 tour operators on its website during the pandemic, and this number has remained the same during the time of the writing of this article (MoCT 2022).

3.2. Research design and approach

A cross-sectional research design was employed in this study, with data collection occurring between December 2020 and January 2021. A qualitative research approach was used to collect primary data and analyze the results. This approach was preferred for collecting in-depth information from a limited number of key informants as it was difficult to collect data from a large sample size and analyze

quantitatively due to the restrictions following the declaration of state of emergency to cope with the pandemic, which coincided with the data gathering time.

3.3. Subjects of the study

The target population of this study were tourism and hospitality businesses found in Addis Ababa. The subjects were the owner-managers of these businesses drawn from three major tourism and hospitality sectors (i.e. tour operators, hotels, and MICE industry). Government officials from the then Ministry of Culture and Tourism (MoCT) and experts working at Tourism Ethiopia, which was a quasi-government agency, also participated in this study.

3.4. Data collection methods and procedures

Both primary and secondary data sources were used in this study. The secondary data were collected from government reports and unpublished research works. Primary data were collected using in-depth interviews with key informants (i.e. tourism and hospitality business owner-managers, presidents of trade and sectoral associations, higher officials at the Ministry of Culture and Tourism). Two Focus Group Discussion (FGD) were also held with the tourism experts working at the quasi-government office Tourism Ethiopia, which later merged under the Ministry of Tourism) and government officials at the then MoCT. Table 2 presents a description of research participants along with the interview date.

Table 2: Description of key informants interviewed during field work

<i>No</i>	<i>Code</i>	<i>Interview date</i>	<i>Sector type</i>	<i>Position</i>
1	R01	15 Dec 2020	Hotel	President of Addis Ababa Hotel Employers Association (AHA)

No	Code	Interview date		Sector type	Position
2	R02	04	Dec 2020	Tour operator	President of <i>Talak</i> Ethiopia Tour Operators Association
3	R03	11	Dec 2020	MICE tourism	President of Ethiopian Event Organizers Association
4	R04	07	Dec 2020	Hotel	Vice President of Ethiopia Hotel Owners Federation
5	R05	01	Dec 2020	Tour operator	Owner-manager of Vacation Ethiopia Tour & Travel
6	R06	02	Dec 2020	Tour operator	Owner-manager of Visit Ethiopia Tour & Travel
7	R07	15	Dec 2020	Official	Advisor to the State minister of the MoCT
8	R08	15	Dec 2020	Official	Directorate of Destination Development at MoCT
9	FGD I	11	January 2021	Experts	8 experts in tourism area (MICE, marketing, & research)
10	FGD II	15	January 2021	Experts	Four officials (two directors & advisers to the state minister) at the MoCT

Source: Field work (01 December 2020-15 January 2021)

The nine interview items were prepared *a priori* based on the objectives of the study. These items mainly focused on the effects of the pandemic and the government's response measures. One of the items, for instance, reads that "what kind of support has the [hotel industry] received from the government?". The questions were posed for the respondents a ways that were fitted to the specific sector type.

The key informants were purposely identified and selected for this study based on their experiences in tourism and hospitality businesses and their knowledge about the effects of the pandemic on the sector and the mitigation strategies put in place by the government. Once they were selected, a call was made to ask their willingness to take part in the interview after the purpose of the study was explained to them by the researcher. The interviews were conducted both virtually and face-to-face based on the preference of the respondents. The two Focus Group Discussions (FGDs) were conducted at the work place of the participants with all COVID-19 protocols put in place. The researcher led the sessions by posing pre-prepared guiding questions. All the interviews and the FGD sessions were conducted in Amharic, the widely spoken and working language of the Ethiopian federal government. The interviews were recorded with the permission of the participants. The researcher has also taken notes during the interview and FGD sessions.

3.5. Data analysis and presentation

A qualitative data analyses technique was employed in this study. The responses were categorized in themes manually as the number of respondents was manageable. Results are presented based on these themes including the effects of the pandemic on respective businesses, opinions on the government's policy responses and the like. Each respondent was given a code, as shown in the above table, and responses were analyzed by referring to the codes. At first mention, the nature of the respondent is also provided. The next section presents the major findings of the study.

4. Results and Discussions

4.1. COVID-19 effects on tourism and hospitality sector in Addis Ababa

The COVID-19 pandemic brought an unprecedented challenge to the tourism and hospitality sector in the world. The restrictions in movement and border closure in many countries affected the behavior of travelers. For instance, 90% of the global population adjusted their lifestyle during the pandemic to live under travel restrictions or stay at home orders in fear of the virus itself (WTTC 2020b). It is inevitable such a life style change affected the number of international tourists to Ethiopia. Table 3 below compares the number of travelers to Ethiopia in 2019 and 2020 for the first five months for which data are available.

Table 3. Trends in tourist arrivals to Ethiopia: A comparison between 2019 and 2020

<i>Months</i>	<i>2019</i>	<i>2020</i>	<i>Difference</i>	<i>% change</i>
January	86,686	86,857	171	0.20
February	81,164	72,743	-8,421	-11.58
March	77,002	23,885	-53,117	-222.39
April	86,903	1,531	-85,372	-5576.22
May	78,738	2,550	-76,188	-2987.76

Source: MoCT Statistics Directorate (MoCT 2020) (unpublished report)

There was no meaningful difference between January 2019 and January 2020 in the number of visitors to Ethiopia. Then WHO declared COVID-19 as pandemic on 30 January 2020 (WHO 2020). Following this, there was a decline of 11.58% in February 2020. This decline trend doubled in March 2020. In Ethiopia, a state of Emergency was declared for five months on 11 April 2020 due to COVID-19 (ENA 2020). Consequently, the number of tourists drastically declined in subsequent months. For instance, compared to the total visitors of 86,903 in April 2019, the number of visitors in April 2020 was only 1,531 (MoCT 2020). The decline in number of tourists was also reported by other sources. For instance, the New Business Ethiopia, an online magazine reported that the number of

tourists who arrived in February 2020 decreased by 47,758 compared to January 2020 (New Business Ethiopia 2020).

The drastic decline in the number of visitors to Ethiopia in 2020 following COVID-19 inevitably affected the tourism and hospitality sector in Addis Ababa city and other tourist destinations². For instance, due to travel bans, Ethiopian Airlines, the country's largest foreign exchange generator, lost over \$550 million between January and April 2020 (Mimi 2020). Unable to find travelers to Ethiopia or restrictions of flights by many countries, the Ethiopian Airlines shifted towards a cargo transport to more than 70 destinations (African News and AP 2020).

Notwithstanding the pandemic's unprecedented effects on the service sectors of the country in general, there is hardly any available actual data or figure to include in this study about the effects of COVID-19 on each sector of tourism and hospitality businesses in the city. There existed only a single official letter written by the Addis Ababa Arts, Culture and Tourism Bureau to the MoCT on *Ginbot* 07/2012 (i.e., 14 May 2020) that showed financial losses following the outbreak of COVID-19. This bureau reported an estimated loss of 1,124,508,400 birr (\$37 million) in a single month alone in tourism and related businesses in the city (MoCT 2020). If we extend this figure for the next six months until the end of the emergency period and the re-opening of the tourism sector on 01 October 2020, tourism related businesses in the city had lost about 6.6 billion birr (\$222 million). However, this rough estimation should be taken cautiously since sales vary monthly. The effects of COVID-19 by tourism business types is presented below based on available secondary data and interview results.

4.1.1. Effects on Hotel industry

The pandemic brought unprecedented crisis to the hotel industry and its effect is more noticeable in Addis Ababa. The main customers of the star rated hotels in Addis Ababa have been business travelers and international tourists. For being Africa's political capital, Addis Ababa would host international conferences. The MICE tourism, which accounts for 50% of the hotel customers and generate large amount of revenue, suffered as the most hit business segment amid COVID-19 period as R01 remarked (interview conducted with the president of Addis Ababa Hotel Employers Association (AHA) on 15 December 2020). The report by Addis Ababa Hotel Owners Trade Sectoral Association (AHA) showed that 88% of the hotels in Addis Ababa were either fully (56%) or partially (32%) closed in April 2020 and more than 15, 000 of the labor force were estimated to be at risk (AHA, 2020). Many of the 12% that were operational, of the hotels were used for quarantine purposes. The AHA also reported that hotels in the city lost \$37 million in a single month alone (i.e. April 2020). As a result, many of the city's hotel owners were unable to pay bank debts and cover their operational costs according to the AHA president.

The decline in occupancy rate for three months in 2020 (March, April and May), as compared with the same months in 2019, was 60.0% for the city's hotels (CTTI, 2020). This figure was higher (i.e. 71.5%) for five-star hotels. The subsequent reductions in revenues from accommodation and foods and beverages was 65.86% and 61.71%, respectively, in these months (CTTI 2020). There were also revenue reductions in other economic attributes of hotels, such as non-accommodation and foods revenues (62.78%), events, meetings and conferences (66.77%), income tax (24.10%) and VAT collected by hoteliers (65.44%) (CTTI 2020). It is inevitable that such reductions affect employment, investments in infrastructure and related supply chains including supply of food items such as vegetables, fruits, meat and dairy products. The FGD participants also underscored such

exacerbated effects of the COVID-19 on the hotels' revenue and foreign exchange earnings. During the FGD session, an advisor to the minister of the MoCT emphasized that *"the study they [MoCT] commissioned and conducted by CTTI revealed a decline in hotels occupancy rate and eventual decline in their revenue due to the pandemic"*.

4.1.2. Effects on tour and travel businesses

The tour and travel firms play a crucial role in tourism sector. They play an intermediary role by linking tourism customers (i.e. visitors) and suppliers that provide services such as accommodation and transportation in local destinations. Tour operators too were forced to either cancel or postpone previous bookings, which had been planned prior to the restriction measures taken in Ethiopia and restrictions in international flights in many countries. Thus, the tour and travel sector faced an unprecedented crisis. The tour operators were unable to refund already made payments due to shortage of foreign exchange in banks, which then would affect the loyalty of tour operators, as key informant R02(President of *Talak Ethiopia Tour Operators Association*) indicated by saying: *"we found ourselves in a difficult situation on how to explain this to our customers"* (interview conducted on 04 December 2020). Only one key informant (R06) attested that the impact was less felt in 2012 EC (2019/20) since the pandemic happened after the winter peak season at the end of 2019 was over.

4.1.3. Effects on MICE industry

Tourism activities related with meetings, incentives, conferences and event, i.e., MICE tourism, has emerged as an important segment in Addis Ababa. The city hosts annual and biannual meetings of regional organizations (e.g. African Union), conferences of sectoral offices and NGOs, trade fairs and festivals. This segment, which has been creating jobs for many young adults in pre COVID-19, completely

ceased functioning due to restrictions in flight, rescheduling of events, conferences and meetings. For instance, R03(President of Ethiopian Event Organizers Association) had organized 108 events in 2018/19, but only ten in 2020. Besides, this segment has been contributing more than half of the revenue of the city's hotel as respondent R01 emphasized. In sum, the MICE (business) tourism was directly affected as several conferences and events were either cancelled, postponed or moved to online format in amid the COVID-19 era.

4.1.4. Effects on other related businesses

The tourism sector is interconnected with other several businesses and activities due to its nature. For instance, hotels rely on local suppliers to get agricultural products. A nearby farmer from surrounding Oromia region who supplies dairy products, for instance, is directly affected when the demand diminishes from the hotel industry. A local supplier of utilities, sanitary items and the like to the hotels has also been affected. Tour guides, drivers, cooks at camp sites, who are involved in the tourism value chain are all affected as respondent R02 remarked. Among the SMEs in the city, the souvenir and gift shops are also affected since their customers are tourists and businesses travellers, as R06, who has also friends in this business, highlighted.

4.2. Enactment of Government's response measures from the perspective of tourism and hospitality business owners

The Ethiopian government's fiscal and monetary measures are presented in Section 2.3. International organizations, such as the IMF and AfDB also granted loans and emergency assistances to Ethiopia to address the pandemic's impact on small businesses and private sectors. The owners of tourism and hospitality businesses in Ethiopia were asked about the effectiveness of the government's fiscal and monetary measures and other supports.

Key informants underscored that these measures had not been implemented. Tour operators have heard on media that 11% of the injected money (i.e. about 300 million birr or \$8.75 million) would be available to tour companies as an additional working capital. However, none of the tour companies in the city had benefited from this incentive, as the president of the tour operators' association (R02) emphasized. This financial grant was supposed to be channeled through commercial banks. However, the tour operators have found this supposedly available loan with low interest rate (i.e. 5% only) without any collateral request remained similar with the previous common loan process, which discouraged them to get into it.

A respondent from the hotel sector (R04) confirmed the tour operator's remark that *"the brand hotels in Addis Ababa, such as Sheraton and Hilton, might have benefited but not all hotels"*. The president of AHA (R01) also indicated that the routine procedures and the short return period (i.e. six months) discouraged many hoteliers to exploit the government's fiscal and monetary measures. He added that the

"Banks were expected to reclaim the loan money they grant to the hotel sector from the National Bank including the 5% interest rate. Their administrative cost was not even covered in this scheme. They were supposed to channel the loan process. Thus, the commercial banks were reluctant to facilitate the available additional loan in the fiscal measure".

While asked about the grant from IMF and AfDB, respondent R01 emphasized that *"Ethiopia cannot afford grant, which is equivalent with a bailout in developed countries during the 2007/2008 financial crisis"*.

The government issued a decree that “laying off employees and cancellation of contracts” is prohibited during the COVID-19 era. This decree also applies to the tourism and hospitality sector (WTO 2020b). In concurrent with its decree and thus to help businesses keep their employees, the Ministry of Revenue announced incentive measures that include tax reduction, extension of tax collection period and use of value added taxes to cover employees’ salary (EIC 2020).

Key informants underscored that there has been no any change in their tax payment modalities. The officials at the city’s revenue bureau were either unaware of such measures by the Ministry of Revenue or not communicated well about the pledged tax reductions. Due to the difficult bureaucracies, the hoteliers never pursued this pledge. They have sustained their employees, however. One key informant (R04) emphasized that *“today’s salary payment is an investment on them [employees] and we are providing further trainings to them so that we will be able to get them back once things improve”*. The tour operators also indicated similar reasons not to lay off their employees. Respondent R05 emphasized that *“sharing burdens together and morally unfair to lay off employees in such difficult time”*.

The only positive response pertaining to incentives from the revenue bureau has come from R06, owner of a tour operating firm. His process to import a duty-free car, a previously available scheme for tour operators, has been easily facilitated this time, which could have taken a longer time before. The other two key informants from tour operating firms (R02 and R05) indicated that the request of tour companies to use the previously imported duty-free cars, which they have imported before and should strictly be used only for tourism activity, for local transportation has taken six months (the interview time) due to bureaucracies. This request was not entertained during the pandemic. In their view, this relaxation could have assisted them at least to pay salaries, as president of the tour companies emphasized.

In a nutshell, from the key informants' responses, it can be concluded that the government's mitigation measures remained only token, at least in the tourism and hospitality sector in Addis Ababa. Hence, it is recommended the government revisit the implementation of its mitigation measures since pandemics such as COVID-19 occur spontaneously.

5. Discussion and implications

5.1. Discussion

This study has looked into the enactment of Ethiopia's government policy response measures during the COVID-19 era to mitigate the pandemic's effects on the tourism and hospitality sectors. The pandemic, like in other countries, negatively affected the sector in Ethiopia. The pandemic's effect was more notable on tourism and hospitality businesses found in Addis Ababa, such as star-rated hotels, tour operating firms, event organizers and small businesses that sell and supply souvenir and gift items to international tourists. Coupled with this has also been the internal conflict that erupted in end of 2020 in the northern part of the country and has nearly completely collapsed tourism and hospitality businesses in Ethiopia. After the peace deal signed in Pretoria on 02 November 2022, the revival of the tourism business has not been yet realized even though the global effect of the pandemic has faded away and the receipt of the international tourism is expected to reach to the pre pandemic period of 2019 level in end of 2023 as the WTTC predicted (WTTC 2023).

To return to the pre pandemic level, the MoCT (now renamed Ministry of Tourism) put in place safety protocols that the tourism and hospitality businesses should strictly observe. The government also issued decrees that prohibit laying off employees amid COVID 19. The Ethiopian government introduced fiscal and monetary measures to rescue businesses amid COVID 19. The tourism and hotel

businesses were among the top listed beneficiaries of loans, tax exemptions and cancellations. Nonetheless, these pledged grants were not implemented due to inefficient bureaucracies. Despite their observance of the government's decree and directives, the fiscal and monetary measures of the government as well as the pledges of the revenue ministry to either cancel taxations or extend the payment modalities all remained nominal. As a result, some businesses in tourism and hospitality sector were forced to remain in such difficult situations.

Notwithstanding the resumption of operations by hoteliers, the tour operating firms remained not fully operational due to the exacerbated situation by the internal conflicts in the north and political instabilities in other areas. This study looked into the enactment of the government's response measures introduced during the COVID-19 era. In doing so, the study sheds some light in this regard by showing that the measures remained ineffective and nominal.

In a nutshell, the findings of the study revealed that Ethiopian government's monetary and fiscal measures were not properly implemented. Hence, it can be concluded that government's response measures to mitigate the negative effects of the pandemic remained ineffective in this context where resources are limited and bureaucracies are inefficient. It is highly recommended to put in place directives that harness implementation of government's emergency response measures to rescue vulnerable business sectors affected during health crisis.

5.2. Implications of the study

5.2.1. Theoretical implications

The study has four academic implications. First, the study has provided first-hand evidence by examining the opinion of owner-

managers of tourism and hospitality businesses and the presidents of their respective associations. Hence, the study adds new insight and knowledge in researching the effects of unprecedented crisis, such as COVID-19, on tourism and hospitality businesses. Second, previous studies on COVID 19 in tourism field were descriptive with a focus on the assessment of the pandemic's effect dominate (Zenker & Kock, 2020). By examining the enactment of government's mitigation measures, this study extends the research agenda about COVID 19 in tourism field looking into enactment of government's response measures and mitigating strategies. Third, previous studies about COVID 19 were skewed towards advanced economies and only few studies are available from emerging economies. This study conducted in an African context (Ethiopia) adds new knowledge to extant literature from an emerging economy context in researching health crisis such as COVID 19 in tourism. Fourth, there have been scholarly calls to fine tune 'theory-context-method' suggested by Wut *et al* (2021) as "a new conceptual framework for future research agenda of crisis management in the hospitality and tourism industry". This study sparks discussions among tourism scholars about crisis management research while examining government's support and grant in a resource constraint environment and the bureaucracies are inefficient.

5.2.2. Practical implications

The current study has some practical implications for businesses and policy makers in the context of Ethiopia. First, the study revealed that the government's fiscal and monetary measures were not implemented and remained only nominal. The Ethiopian government can draw lessons from the study that the measures and mitigation strategies it has introduced during health crisis to support tourism and hospitality businesses may not be implemented due to inefficient bureaucracies or unwillingness of the implementers at middle and lower levels. This would erode the reputation of the government and the trustworthiness of its future emergency pledges unless corrective measures are put in

place to support the tourism and hospitality sectors, particularly in such difficult situation the sector has been through since tourism has not yet fully recovered to the pre-pandemic period due to the lingering impacts of the internal conflicts after the pandemic. This is vital given the sector's contribution to the national economy in generating foreign exchange. The owner-managers of such businesses should design some mechanisms (e.g. press release) to bring the undelivered publicly made promises due to unnecessary bureaucratic barriers put in place by commercial banks, government agencies (e.g. tax and revenue authority) back to the policy makers. Besides, the pledge of Ethiopia's ministry of revenue for tax cancellation or postponement were not implemented due to inefficient bureaucracies. Hence, the government should revisit the practicality of its pledges and decrees at lower levels.

Finally, the tour operating firms faced difficulty to use their duty-free imported cars for local transportation in such a difficult time. Instead of observing its strict rules, the Ministry of Revenue should relax the use of such cars for tourism purposes only, so that these firms can sustain their businesses during a health crisis such as COVID 19.

5.3. Limitations and Recommendations for Future Research

Notwithstanding its academic and practical implications, the study has some limitations. First, it lacks external validity. The study was conducted by collecting data from a few respondents and analyzed qualitatively. Even though a qualitative study enables to provide an in-depth analysis on the subject matter or researched theme, it does not lead to making generalizations. Hence, similar future research should employ a quantitative approach by collecting data from large samples to make generalizations. Second, this study was limited in its geographic scope, focusing on respondents from the capital city alone. Even though Addis Ababa plays a vital role in the tourism and

hospitalist business, how similar businesses in other tourist destinations survive amid the COVID-19 needs to be examined. This will be an avenue for future researchers. Third, this study is limited in time. It has examined the early stages of the pandemic's negative effects and the government's response measures. Such businesses should have gained some knowledge on adapting to the "new normal" situation amid internal conflicts, which calls for a follow-up study. This is paramount since the health crisis has been coupled with political disturbances due to the ongoing conflicts since November 2020, which has almost halted the travel of international tourists to the country, notably to the historic north. Hence, coupled with the pandemic, the subsequently erupted internal conflict in the north at the end of 2020 further exacerbated the effects on the tour operating companies. Hence, a tracer study needs to be conducted to assess the number of the companies which are still active or left the business due to this coupled effect of the pandemic and the internal conflict. It is suggested that a similar tracer study in the other tourism businesses as well.

Fourth, the study revealed that the government's policy response was not implemented partly due to inefficient bureaucracies. Hence, the author recommends for a capacity building to officials at lower level who are supposed to follow the proper implementation of such policies. Besides, the banks remained reluctant to lend the injected money to the tourism businesses since overhead costs were not included in it. Hence, a clear communication channel and a proper implementation guideline from the NBE when it injects liquidity money to banks in such situations.

Finally, this study has examined the government's response measures from the perspective of the business owner managers only. This was because data were collected amid the pandemic and most government

offices had restricted access and visit. Unable to collect first hand data from government side may give an impression that it is a one-sided study. During the review process, per recommendation of one of the two anonymous reviewers, an attempt was made to collect retrospective data from major issuing and implementing government's monetary and fiscal policies. An utmost effort was made to conduct interviews with concerned offices at the National Bank of Ethiopia (NBE), Commercial bank of Ethiopia (CBE) and Ministry of Revenue (MoR). Unfortunately, the author was unable to get additional information, which is one of the difficulties of collecting data retrospectively. In a nutshell, for its being a one-sided study, the author acknowledges that this study is not complete. It is believed that this limitation of the study will be an avenue for future researchers to fill in this gap by collecting firsthand information from the NBE, CBE and MoR.

Moreover, this study has not investigated the public private partnership to sustain businesses amid COVID-19. Nonetheless, the lack of commitment and reluctance of financial institutions and tax administrators, as the findings of this study reveal, in an emerging economies context remain an avenue for future studies in researching private-public partnership for a sustainable tourism development though this is identified as one of the measures in global organizations such as the WTTC to sustain tourism and hospitality businesses amid COVID-19.

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Authors' Contribution

The author contributed solely to the article.

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End Notes

¹ Birr is the currency in Ethiopia. In mid-December 2020, during data collection, 1 USD=34.27 birr.

²The Ethiopian government prioritized this sector in its policy response measures to mitigate the pandemic's economic impacts, as presented in section 2.3 above.