

Assessing financial impacts of COVID-19 on tourism and hospitality businesses in Papua New Guinea

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Abstract

This paper provides an analysis of COVID-19 impacts on tourism and hospitality businesses in Papua New Guinea (PNG). The study used quantitative methodology. The data were collected using a self-administered questionnaire utilizing SurveyMonkey, which is a web-based survey tool. The study found that a majority of the businesses experienced an unprecedented cancellation of bookings and lack of customers. This was caused by travel restrictions imposed globally including PNG that has severely affected tourism and hospitality businesses as their main customers are international tourists. In some parts of the world such as Australia, New Zealand and the United States, they offer relief packages to the affected businesses but in PNG there was little or no support from PNG National Government. Based on the study, 73% of the participants indicated that they didn't get any support from the PNG National Government as a relief package. Consequently, businesses were unable to pay their creditors, rentals, wages for their staff and other costs. In order for the businesses to remain in operation, they cut down on expenses and one major strategy was laying off staff. In the study it was found that majority (88%) of the staff were laid off which might cause more social problems for PNG. There is still uncertainty when COVID-19 will be completely eradicated and businesses could return to normal and staff might return to work. One strategy to revive tourism is to promote and market 'staycation' tourism which is a domestic tourism concept to rejuvenate and revive tourism and travel businesses. The study provides a better understanding of COVID-19's impacts on tourism and hospitality businesses in PNG.

Keywords: COVID-19, business, small business, mitigation, impacts, tourism and hospitality

Introduction

The aim of this project was to assess the financial impacts of COVID-19 on the tourism and hospitality industry in PNG. The first case of COVID-19 was reported in Wuhan in the Hubei province of China on December 31st, 2019. From 31st December 2019 to July 25th, 2020 there were 13 countries around the world affected by COVID-19 (WHO, 2020, Sumb, 2020, Hoarau, 2020). To contain the virus from spreading, countries in the world took different measures such as total or partial lock-down, strict limitations on meetings of people in public and private places, limited free mobility of residents and ban public gatherings (Hoarau, 2020). Also, most governments-imposed travel restrictions on public modes of travel such as airplanes, trains, buses and ships. These restrictions affected the tourism and hospitality industry businesses such as the cruises, accommodation, gambling, wellness, beauty and health, sporting activities, concerts and events and tours (Turnsek et al. 2020). According to WTO (2020), it was estimated that tourist arrivals on a global level dropped in 2020 by 20% to 30% when compared with 2019 figures. This in turn affected millions of tourism jobs and many people were laid off and businesses making lose in terms of income. It will take several years to recover from the fall (Turnsek et al. 2020).

PNG National Government imposed strict measures on international travel when the first case of COVID-19 was reported in PNG on the 17th of March involving 45 years old a foreign mine worker in Lae. The country-imposed travel restrictions on international flights, declared State of Emergency (SoE) and orders were put in place restricting the movement of people from the district to district or province to province, shutting down of all schools and non-essential businesses and only vital services such as shops, banks and hospitals remaining open (Sumb, 2020). All international and domestic flights were

grounded during the two weeks lock down. These affected all the tourism and hospitality businesses, and staff were laid off (PNG TPA, 2020).

The specific objectives of the study were: (a) to identify the financial impacts of COVID-19 on tourism and hospitality businesses, (b) to analyse the employability of staff of affected tourism and hospitality businesses, (c) to analyse stimulus packages promised by the government of PNG, and (d) to explore the future strategies of tourism and sustainable practices.

Background

COVID-19 and its impacts on tourism and hospitality sector

The tourism industry is the major contributor to the global Gross Domestic Product (GDP) which created wealth for most countries in the world. This was interrupted by issues such as severe acute respiratory syndrome (SARS) epidemic and the 9/11 terrorist attack on the Twin Towers in the United States (US). This culminated in the global financial crisis in 2007 and 2008. The recovery of these events took time. With COVID-19, the world economy will take time to recover, and it will continue to have negative implications on the tourism industry (Prideaux et al.2020). This is due to the cancellations of international travel and international borders have been closed. For instance, in the US, all citizens from China, Iran and certain European Union (EU) countries are banned from entering. This ban includes anyone who traveled to those countries with the 14 days before their US trip. Similarly, in the United Kingdom (UK) travel ban for all but encourage essential international travel. Further, travel suspensions have also been implemented across Asian and African countries (Nicola et al.2020).

In the Pacific Islands, COVID-19 is not severe as experienced in other countries but the tourism and hospitality businesses were badly affected. The five countries affected are French Polynesia, Guam, Papua New Guinea (PNG), Timor-Leste and Fiji. In French Polynesia, there was an increase between September 2020 and January 2021 from 573 on 1 September 2020 to 18,060 on 31 January 2021. Guam, a territory of the US also experienced an increased in COVID-19 cases between August and November 2020 but were able to contain it (Howes & Surandiran, 2021).

Unfortunately, in 2021 there was surge in COVID-19 cases from 1670 in March 2021 to 16,682 as of 13 June, 2021 (Howes & Surandiran, 2021). However, COVID-19 cases are not spreading as predicted earlier because there was not enough testing and lack of diagnostic facilities in the country. On the other hand, tourism businesses were severely affected by COVID-19. A survey done by PNG TPA in 2020 found that all the bookings for tours, hotels, cruise ships, restaurants, airline companies and hire cars were canceled. It was found that 1606 bookings were canceled between March 2020 to January 2021. Booking cancellations lead to loss of revenue and ultimately threatens the survival of businesses (PNG TPA, 2020).

Timor-Leste, COVID-19 cases increased from 1074 to 8285 between 13 April and 13 June, 2021. The increase was within two months only. Fiji was the recent country that experienced increase in COVID-19 cases, in the last ten days, 13 June 2021 from 536 to 118. Other Pacific countries remain unaffected with just a few cases recorded on the 21 May 2021(Howes & Surandiran, 2021).

Most of these Pacific Island countries have a major restriction being implemented by respective governments within the last few months. They ban international visitors and closing borders. Thus, preventing COVID-19 from spreading within the Island countries such as Samoa, Solomon Islands, Papua New Guinea, Tonga, Vanuatu and Tuvalu. All declared states of emergency and strict measures were taken because most Pacific Islands countries lack quality medical facilities (Gerasimova, 2020).

Booking cancellations on tourism and travel businesses

The impact of COVID-19 on tourism is massive and the industry is currently one of the severely affected industries in the world, with impacts on both travel supply and demand. The World Travel and Tourism Council (WTTC) has predicted that 50 million jobs in the international travel and tourism sector could be at risk. This includes airline companies, tour companies, travel agents, events and other related

businesses (Nicola et al. 2020). For instance, airline companies experiencing an unprecedented wave of cancellations and a significant decrease in the demand among strict government control to implement the social distancing and restriction of unnecessary travel. This resulted in airline companies on the brink of collapse.

“Airlines for America required government support about \$25bn in grants, \$25bn in loans, and significant tax relief to ensure survival. UK airlines have also called for an immediate £7.5bn emergency bailout to prevent a widespread shutdown. The Netherlands has also reported implementing strategies to ensure the continued operation of Air France-KLM and Amsterdam's Schiphol airport, whilst the Italian Government has been said to be closed to taking full control of airline Alitalia”. (Nicola et al. 2020, p.189).

In the Pacific, most governments have quickly reacted by banning international flights and closing national borders (Gerasimova, 2020). These restrictions have affected the airline industry because most airlines have less than three month's liquidity and will not continue an extended period of air transport restrictions (Gössling et al. 2020). Similar, challenges facing the accommodation sector with the decrease of occupancy rates. In March 7 2020 room rates in the United States dropped to 11.6%, on the other hand by the end of January room occupancy rates in China dropped to 89%. Other the United States hotel companies are pursuing almost \$150bn in direct funding support for employees due to an unexpected fall in demand, along with about \$1.5bn loss since mid-February. In Las Vegas, the Massive Gigantic Monstrous (MGM) Resorts International has also revealed that a temporary suspension with its casino and hotel operations starting 16th March 2020.

Furthermore, since March 1 2020 most hotels in European countries such as Germany, hotel occupancy dropped by over 36%. Italian cities including Rome have been severely affected by a current occupancy rate of 6%. However, London remains stable with an occupancy rate of about 47% (Nickola, 2020).

This has been apparent in the hotel industry in PNG, where major hotel chains in Port Moresby and Madang have closed down operations and laid off number their staff during lock downs and reopening but not full operation. This is affecting businesses as it deals directly with a human resource (PNG TPA, 2020). Overall, the COVID-19 crisis has led to the financial crisis with most of the hotels in the world. Some hotels get funding assistance from their respective governments such as the USA, Germany and Italy and others less or no support from the government and laying off staff.

Laying off tourism and hospitality employees

On March 26th, 2020, 90% of the international businesses had laid off their staff and the majority of them from the hotel and travel industry (Gössling et al. 2020). In the United States, approximately 13.4 million jobs from the restaurant companies were laid off (Gössling et al. 2020). Marriott International Hotels laid off almost 174,000 of its staff (Nicola al. 2020). Similarly, Qantas Airlines in Australia has been strongly condemned for tough pay cuts to its staff (Higgins, 2020). This resulted in rising unemployment in tourism and the travel industry (Higgins, 2020). The trend is similar in the Pacific Island countries, majority of the employees from the tourism and hospitality industry were laid off (Gerasimova, 2020). This has affected many families in the Pacific since it's their only source of income (Gerasimova, 2020).

For instance, in PNG, over a thousand staff were laid off (PNG TPA, 2020). It's a huge challenge for the country as PNG has pre-existing social issues due to a lack of job opportunities. In a Melanesian society, one person's income is not only to support his/her own family but an extended family. They all depend on one person's income. Thus, the effects of the loss of income might increase social problems (PNG TPA, 2020). For instance, PNG might see an increase in criminal activities because people have nothing to sustain themselves. This is an ongoing issue in PNG with limited job opportunities for people and low annual income (Sumb, 2020/ 2019/2017).

Leadership in crisis

Leadership is very important in dealing with crises as they play a significant role in responding to crises such as natural disasters and other global issues. Visionary leadership involves identifying emerging threats and challenges, starting to introduce efforts to mitigate the threats and deal with consequences and when the crisis is over, re-establishing a sense of normalcy (Prideaux et al.2020). Some people blame their leaders for not responding to COVID-19 advice from the World Health Organization (WHO). These comments were made against US President Donald Trump, UK Prime Minister Boris Johnson and Indonesian President Joko Widodo (Prideaux et al.2020).

In countries such as New Zealand and Papua New Guinea. Leaders were prompt in responding to WHO's advice and able to contain the spread of infections. This is key to national leaders to consider in such global pandemics (Prideaux et al.2020). It includes making decisions to give priority to health, the economy and the cost of implementing recovery strategies. They also consider long term implications of the responses required (Prideaux et al.2020). Those governments that funded and supported healthcare as the key area experienced fewer deaths and infections than governments that put the needs of the business and politics first (Prideaux et al.2020). Europe also did the same by committing a €1.7tn rescue package to lessen the economic impacts of COVID-19 on the Eurozone with support from all member countries, the UK, as well as countries in the area (Nicola et al. 2020). In Germany, the government through the development bank provided €500bn in loans to support companies affected by COVID-19 which is the biggest post-war aid package. France, Spain and Italy have also committed €345bn, €200bn and €25bn respectively, to help support businesses (Nicola et.al. 2020).

In the Pacific, the government of the Fiji government promised to reimburse the affected employers to continue to pay the staff salaries as normal. These measures were taken to support workers earning less than US 13,000 per year. The government also promised to pay 21 days of sick leave for those who earn less than \$US 13,000 and tested positive. The Reserve Bank of Fiji made \$US26m available to commercial banks at an interest rate of 1%. The commercial banks can then offer loans to small businesses and customers at 5% interest. Those worst affected were workers in the hospitality industry such as chefs, scuba guides, wait staff, housekeeping, tour guides, and receptionists (Gerasimova, 2020). In PNG, the government of Marape and Steven requested to commercial banks to give interest-free loan facilities, advising Nambawan Super and Nasfund to pay members 30% of their contribution if staff were laid off due to COVID-19. Also, advised commercial banks to give interest-free on existing loans for three months (Kero, 2020).

Adaptation and resilience

COVID-19 brings crises and opportunities to influence the industry to make sure it is not only growing but also develops better and robust strategies to maintain sustainability and responsibility in the tourism businesses. This is good for the future of the tourism business to develop resilience and promote sustainability (Higgins, 2020).

According to Nicola et.al (2020) in their study concluded and made a call for resilient and strong leadership in healthcare, business, government, and wider society during this Covid-19 period. They further stated that immediate relief measures need to be implemented with medium and longer-term planning needed to adjust and reenergize the economy after the crisis. A robust and sustainable business concept is needed to develop the economy to flourish. Governments need to reassess and reevaluate to ensure businesses deliver quality (Nicola et.al 2020).

However, Gossling et.al (2020) argued that COVID-19 impact is massive and there is no urgency to return to business as usual when the crisis is over. The challenge now is to learn from this pandemic and promote sustainable tourism (PNG TPA, 2020).

Theoretical framework of the study

The theoretical foundation overarching this study has been influenced by the theories of globalization because there have been vital discoveries in theory in the twenty-first century and the theory of globalization is not new. It was argued that classical theorists such as Max and Weber developed much attention around globalization but lacked the word 'globalization' (Ritzer & Stepnisky, 2014).

In other words, globalization means the theory of economic development among different countries. Globalization has both positive and negative impacts. The positives lead to global competition which helps countries to improve their economic situations in different ways through technology, production and innovation (Shareia, 2015). The innovation in the transport sector has made global travel reliable, fast and effective in terms of speed, convenience and comfort. The developments in the transport include modern jet engines, luxury cruise ships, fast trains, and other forms of transport (Anderson & Westcott, 2020).

On the other hand, negative impacts of globalization could be the rapid spread of the virus such as SARS in 2003 and the COVID-19 in 2019. These are global health issues that are spreading easily from one country to another through the movement of people (Anderson & Westcott, 2020). To stop the virus from spreading, responsible governments stop people from moving from one country to another. This has affected tourism in developing countries because they depend on international tourists from wealthy Western countries (Shareia, 2015). Consequently, as almost all bookings in airlines, accommodations and tours have been canceled (Nicola et al. 2020).

Thus, the major aspects of globalization linked to the paper are: 1. globally travel restrictions, 2. State of Emergency (SoE) in some countries and lockdowns resulted in the cancellation of travel bookings. This has affected the tourism industry and ultimately led to the loss of revenue. The forgoing relationships are shown in Figure 1. *Hypothesis: COVID-19 worsened the financial status of the tourism and hospitality businesses in PNG*

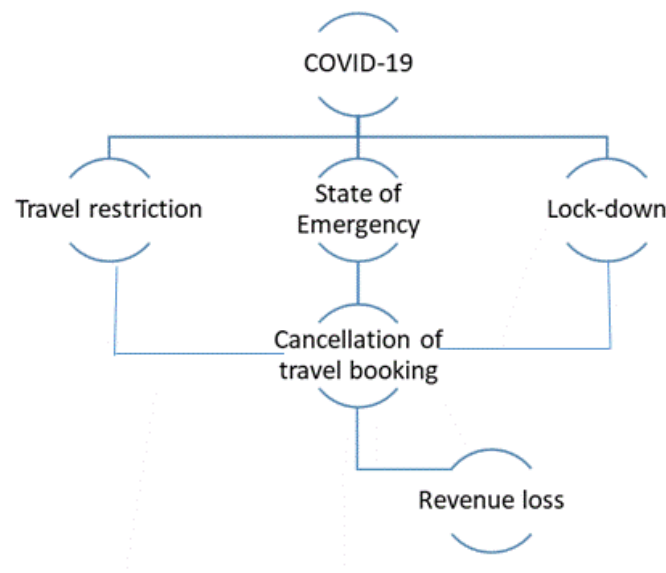


Figure 1 Theoretical Framework on cause and effect of COVID-19 on tourism & hospitality business. Source: Adapted from Anderson & Westcott 2020

Methodology

For the purpose of this research, the researcher employed a quantitative study within the positivist research paradigm. In positivism, the researcher is value-free and its typically deductive approach which starts with theory to observable social reality to develop law-like generalizations. Also, it's highly structured with a large sample size (Bhattacharjee, 2012).

The quantitative data were collected using a self-administered questionnaire utilizing SurveyMonkey which is an online tool for collecting quantitative data. The first part of the questionnaire collected data to produce a profile of the respondents including demographic information. The second part included multiple-choice questions on the types of impact faced by the tourism and hospitality sector, especially concerning revenue loss and staff displacement, government support and adaptation techniques used.

A total of 100 self-administered questionnaires were distributed to tourism and hospitality businesses in PNG through SurveyMonkey. The participants were recruited from airlines, hotels, tour operators, parks and attractions. The study used non-probability sampling which combined convenience and snowball sampling (Bhattacharjee, 2012; Bryman, 2012). These sampling techniques were appropriate for this study as the researcher wrote to PNG Tourism Industry Association Manager (PNG TIA) to send email links to tourism and hospitality businesses that are members of the association, and some emails were sent through individual companies and others to Tourism and Hospitality Small to Medium Business owners.

Of the 100-email links to PNG Tourism Industry Association (PNG TIA) members and others, 40 were completed and data was collected. The descriptive statistics generated by SurveyMonkey software were used to report the results.

For this study, ethics clearance obtained from the Faculty of Business and Informatics Research Committee, Divine Word University, PNG. Participation in the study was voluntary and an informed consent was sought from the respondents to participate in the survey.

Results and discussions

Profile of respondents

Of 40 respondents, 47% of the respondents were male and (53%) were female. Almost half (35%) of the respondents were aged between 25-34 years. Based on the survey, from the four regions of PNG, Southern have (34%) respondents, Highlands have (35%) respondents and Momase and Niugini Islands have (17 %) respondents respectively. This is a fair representation of sample size from all the regions in PNG.

CATEGORY	NO.	%
GENDER		
MALE	19	47%
FEMALE	21	53%
AGE GROUP		
18-24	1	3%
25-34	14	35%
35-44	8	20%
45-54	7	17%
55-64	7	17%
60+	3	8%
REGIONS		
HIGHLANDS	12	30%
MOMASE	7	18%
NEW GUINEA ISLANDS	7	18%
SOUTHERN	14	34%

Table 1 Profile of respondents

Type of business of the respondents

Most (65%) of the businesses that took part in the survey were from the accommodation sector such as hotels, guest houses, lodges, motels and resorts. Just a few (35%) were from other sectors. This is the reflection of the tourism and hospitality businesses in PNG. The hospitality business is booming in PNG (Sumb, 2020). Thus, the majority of the respondents who took part in the survey were from the accommodation sector. For the travel sector, PNG has only two major airline companies which are Air Niugini and PNG Air, just a few inbound tour operations and travel agents. The major employer in the tourism and hospitality industry in PNG is the hospitality sector with (65%) respondents. (See Figure 2)

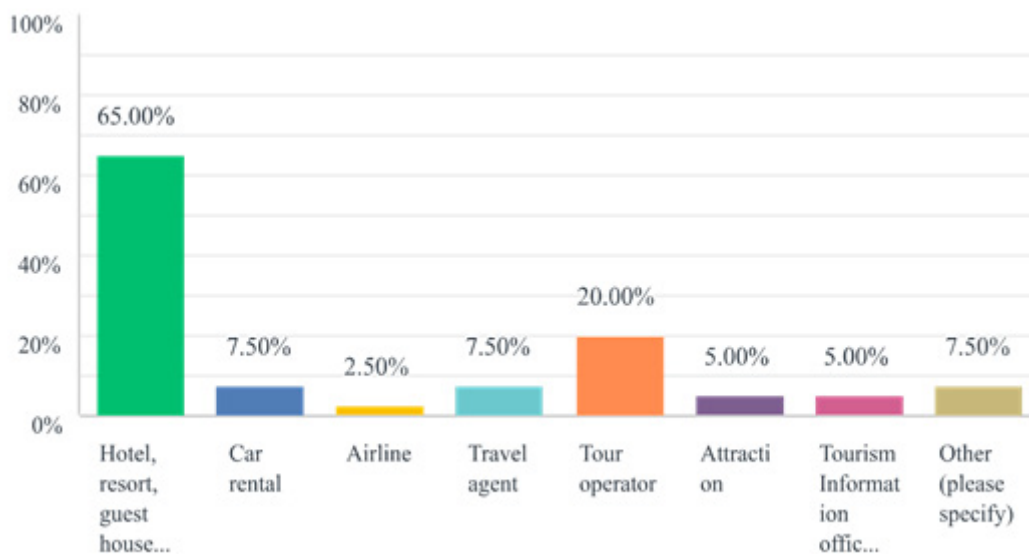


Figure 2 *Types of tourism & hospitality businesses*

What kind of impact your business is experiencing?

Based on the survey, 23% experienced cancellation of bookings, 30% lack of customers and 20% decline in revenue (See Figure 3). The result of booking cancellations and lack of customers results in a decline in revenue. This is the result of several factors. First, most countries in the world-imposed travel restrictions due to COVID-19 since 31st December 2019. These affected inbound tour operators, travel agents and hotels that get booking from international tourists. Thus, bookings were canceled because international travel was restricted. The second factor is that PNG National Government imposed a two-weeks lockdown when the first COVID-19 case was detected on March 17th, 2020. At the same time, PNG National Government imposed travel restrictions on international flights, declared a State of Emergency (SoE) and orders were put in place restricting the movement of people, including lockdown all schools and non-essential businesses for two weeks. Unfortunately, tourism and hospitality businesses were categorized under non-essential businesses were asked to close down operations. This has affected the tourism and hospitality business who target mainly international travelers. When people travel from one location to another, they use the airline companies such as Air Niugini and PNG Air and book the accommodation sector but when there were restrictions in place by the government. There was no or less travel and affected the economy of the country.

The findings of this study are similar to studies conducted in other parts of the world. The worst affected businesses were tourism and hospitality businesses. For instance, airline companies experienced cancellation of travel bookings which is the direct result of the travel ban and lockdowns (Nicola et al. 2020).

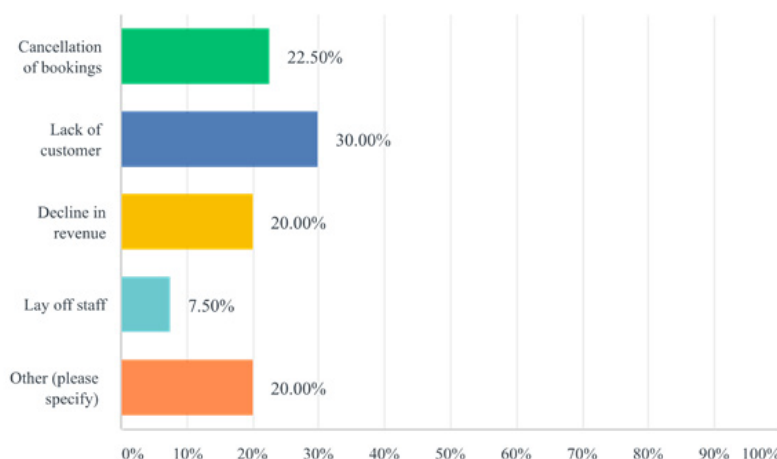


Figure 3 COVID-19 impacts on tourism & hospitality businesses

Due to decline in the revenue of your business, what is one major challenge you're facing now?

Almost half (43%) of the respondents indicated that they were unable to pay their creditors, rentals, staff and other fixed costs (See Figure 4). There could be other challenges but were asked to select only one major challenge.

This is a clear indication that small businesses are struggling in PNG during this time of the COVID-19 pandemic. The financial challenges faced by businesses were not only in one province but nationwide as the survey was conducted in most provinces in PNG. This is a clear scenario that if COVID-19 impacts continue to the next year 2022 and onwards, some of these tourism and hospitality small businesses might close operations because the result of this study confirms that COVID-19 has worsened the financial situations of small to medium tourism and hospitality businesses.

The literature also has similar findings, but tourism and hospitality businesses were well funded in overseas countries. For instance, the US Government provided the recovery packages such as loans and grants, deferral of existing loans (Nicola et al. 2020). European countries also did the same by providing rescue packages to help support businesses (Nicola et al. 2020).

However, these are developed countries that have the financial resources to support their businesses and PNG does not have the same capacity. On the other hand, the Fiji Government, PNG's Pacific neighbor, is supporting the tourism businesses by making available \$26 million to commercial banks at an interest rate of 1% and commercial banks can offer loans to small businesses at 5% interest. This is specifically to the tourism and hospitality businesses that were severely affected by COVID-19 (Gerasimova, 2020).

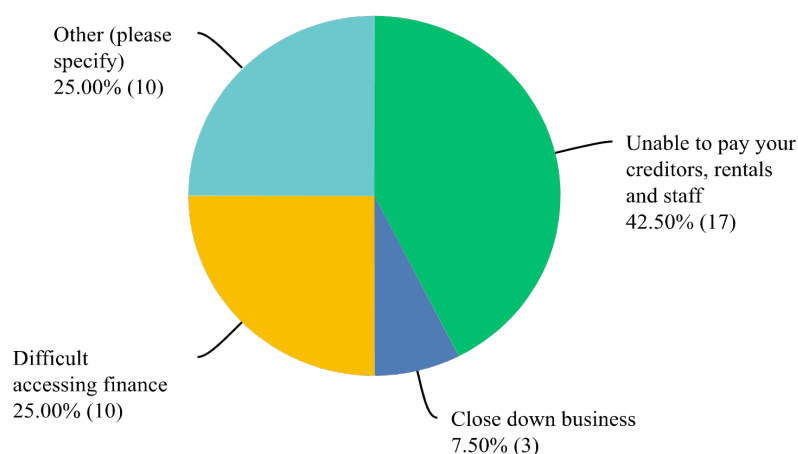


Figure 4 Major challenges faced by tourism & hospitality businesses

Your staff, to what extent you are reducing your staff level?

From the survey, 12.5% of respondents indicated that they maintain their staff during the COVID-19 period, but others (88%) laid off staff (See Figure 5). This means most businesses to some extent reducing staff capability to remain in operation. This is one strategy to remain in business and cut down on expenses, but the challenge is for the staff who have been laid off and their families.

Some businesses laid off staff with half pay but others without pay. This is most likely to contribute to social problems for people who were laid off. The prices of goods and services are increasing and less or no money for families to meet their daily needs. The findings are consistent with the literature. It was reported that in 2020, 90% of businesses had laid off their staff and the majority of them from the hotel and travel industry (Gössling et al., 2020). For instance, in the United States, about 13.4 million jobs from restaurant businesses were laid off (Gössling et al., 2020). Consequently, there was an increase in unemployment in tourism and the travel industry (Higgins, 2020).

In PNG, as per a survey from PNG TPA (2020) over a thousand staff were laid off could result in more social problems as PNG has pre-existing social issues due to a lack of job opportunities (PNG TPA, 2020). However, in other countries staff who were laid off were given some support. For example, in Fiji, their government reimburses affected employers to continue to pay staff salaries as normal. In the US unemployment compensation and other support (Nicola et al. 2020). This is to help the affected staff to help recover from COVID-19. This is not the case in PNG but was advised by the government to withdraw (20%) of their savings from Superannuation Fund if they were laid off from job (Nasfund, 2020). In Melanesian society, one person's income is benefited by several other extended families. Once one is laid off from a job, the extended family members too are affected (PNG TPA, 2020).

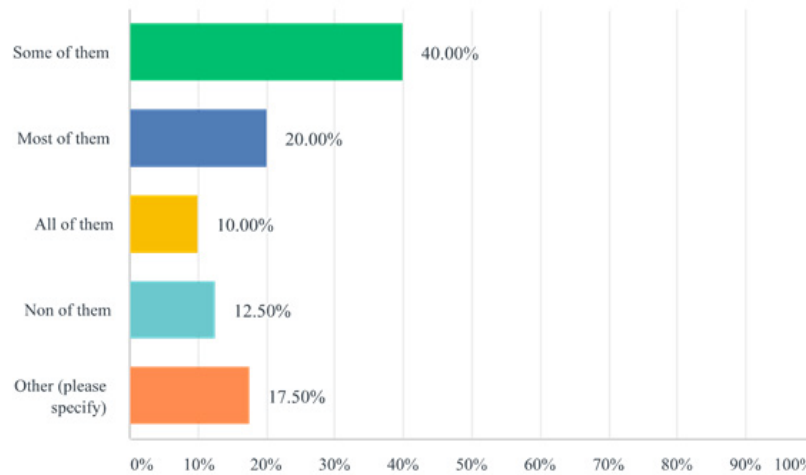


Figure 5 Staff laid off during COVID-19 pandemic

PNG National Government announced stimulus packages for businesses affected by COVID-19 in April 2020, in what way your company benefited?

From the survey, the majority (75%) of the businesses received no government support and only (13%) received government support in terms of wage support, deferred loan repayments and tax relief (See Figure 6). There was an announcement made on April 2nd, 2020, that PNG National Government allocated K5.6 billion stimulus packages for businesses affected by COVID-19 (Kiele, 2020). In the survey, it was indicated that not many tourism and hospitality businesses benefited from the stimulus packages. These are businesses depending on international tourists and when there is a travel ban, the business was severely affected in terms of income. These findings from this study were different from the literature. In the literature, it was identified that tourism and hospitality businesses that were affected by COVID-19 were provided with relief packages such as subsidies financial assistance, offer a low-interest loan, defer loan repayment, tax relief, reimburse employers to continue paying staff even when laid off and other support to businesses (Nicola et al. 2020).

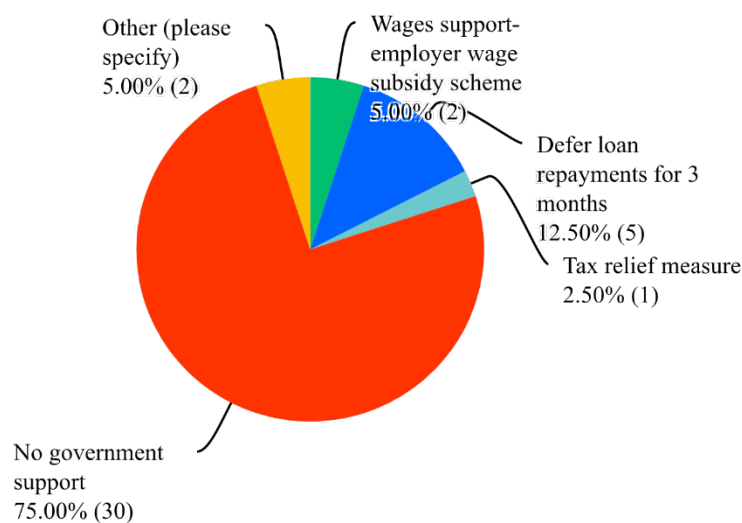


Figure 6 Government subsidy

Additional actions from government- What further actions would you like to see the PNG National Government take that will best support your businesses through the current and expected trading environment under the COVID-19 pandemic?

Based on the survey, almost (40%) indicated that they would like to see PNG National Government offer finance guarantee schemes for tourism businesses and money available for tourism businesses to access to support them through this pandemic. Others (60%) suggested some kind of support in terms of cancelling or postponing existing bank loans, make loans available on low interest and provide financial support (See Figure 7).

Additional actions from government- What further actions would you like to see the PNG National Government take that will BEST support your business through the current COVID-19 pandemic?

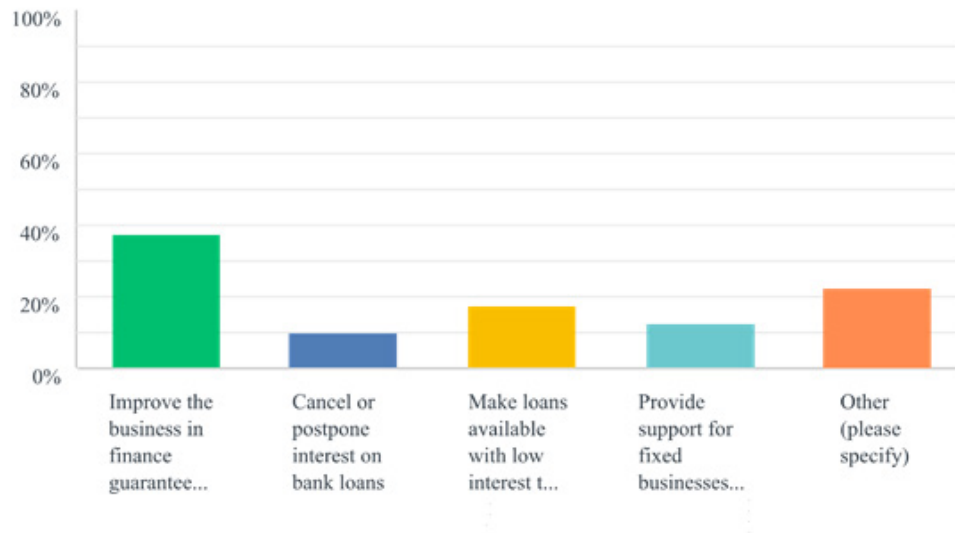


Figure 7 Suggestions for further government support

What mitigating techniques you are taking to survive during this COVID-19 pandemic?

Based on the survey, there are several strategies implemented by tourism and hospitality businesses to continue operating in the business. For instance, 35% of the businesses reduced staff, 27% reduced other costs, 10% utilized government support and others selling assets or renting their facilities (See Figure 8). These are some of the strategies implemented by various tourism and hospitality businesses in the country to remain in operation and provide service to customers during this challenging time. This is also a lesson learned for businesses to plan emergent strategies in the future to mitigate factors such as climate change and other health issues. The opportunity now is to market and promote ‘staycation’ tourism which is promoted in Australia and other countries to revive tourism and hospitality businesses (Higgins, 2020; Tourism Western Australia, 2020).

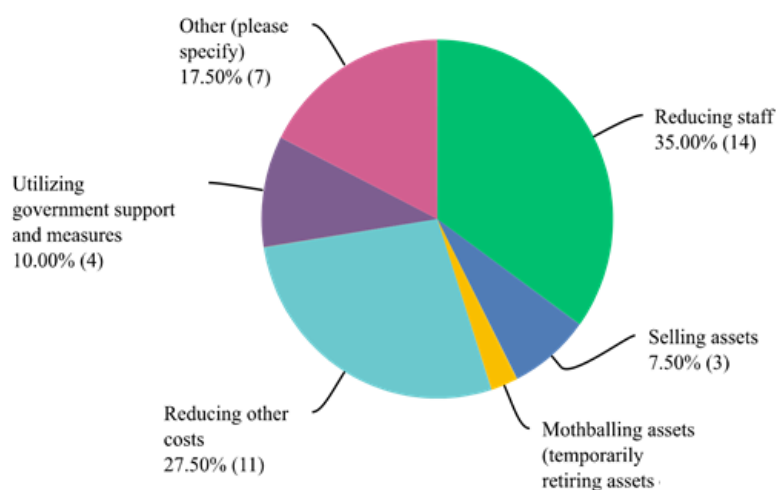


Figure 8 Mitigation and adaptation techniques

Conclusion

The tourism and hospitality industry are the fastest growing industry in the world. This was affected by the severe acute respiratory syndrome (SARS) epidemic and the COVID-19 pandemic. Thus, this study examines the impacts of COVID-19 on tourism and hospitality businesses in PNG. The study found that majority of the respondents were from the accommodation sector which is the growing sector in PNG and employing many Papua New Guineans, both skilled and unskilled labors. Most of these businesses experienced cancellation of bookings and fewer customers which were caused by travel restrictions imposed by countries around the world including PNG.

This severely affected tourism and hospitality businesses not only in PNG but also in other countries in the world. Consequently, millions of dollars in revenue were lost. Some tourism and hospitality businesses were funded by their respective governments in terms of relief packages such as subsidies businesses, by giving them a loan on the very low interest rate, tax-free, deferral of existing loans and other support.

On the other hand, the PNG National Government assured COVID-19 affected businesses that there was 5.6 billion made available as a stimulus package but based on the survey results majority (75%) of the tourism and hospitality businesses stated that they didn't benefit from the stimulus packages provided by the PNG National Government. These are businesses dealing with international travelers and when there are travel restrictions, tourism and hospitality businesses are the worse affected businesses.

This resulted in businesses unable to pay their creditors, pay rentals, wages for their staff and other costs. In order for the businesses to remain in operation, some businesses cut down on expenses and one major strategy was laying off staff and the majority (88%) of the staff were laid off. This might cause more negative implications in the country that has already existing law and order problems.

Thus, the tourism and hospitality businesses owners suggested that the PNG National Government support them so that they can continue to employ staff who were laid off and provide service to domestic tourism. This approach is being used by developed countries to promote tourism within their own country to revive the tourism industry. Other businesses suggested relief packages to tourism and hospitality businesses in terms of funding assistance, tax-free, defer existing loans and give them a loan on low interest. This is done by other countries in the world to revive and rejuvenate struggling businesses. The opportunity now is for businesses to promote and develop 'staycation' tourism. There is still uncertainty when COVID-19 will be completely eradicated, and domestic tourism may open opportunities for businesses (Turnsek et al. 2020).

Thus, the way forward for the tourism industry is to adapt to a ‘new normal’ concept and that is to promote domestic tourism, because most tourism and travel businesses rely on international travelers and with COVID-19 restrictions on travel international tourism is not likely to resume in the short term. A possible and optional tourism would be staycation tourism. This might help the tourism and hospitality industry to continue to survive in businesses during the COVID-19 pandemic and prepare emergent and robust strategies for future pandemics. This study found that COVID-19 worsened the financial situation of tourism and hospitality businesses in PNG. A future qualitative study to expand further on these findings would allow for an in-depth understanding of COVID-19 impacts on tourism and hospitality businesses.

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