

# The interplay of the COVID-19 pandemic: Analyzing the dual impacts on tourism dynamics and economic growth



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**Abstract** The tourism sector is one of the industries that has been hit the hardest by the Covid-19 pandemic crisis. The crisis caused by Covid-19 in the world but also in the countries of the region, has mostly affected the tourism sector, as well as other sectors related to tourism, namely, the hotel industry, crafts and transport but also investments in construction and numerous other projects, both in the public and private sectors. The purpose of this paper is to see the impact of the Covid-19 pandemic on the tourism sector and economic growth. Since tourism was one of the most affected sectors and almost all tourist centers were closed, the impact on this sector is very large, causing high losses. Meanwhile, the transformative potential and the implications for sustainable policies in the development of the tourism sector have also been presented. For this research, two data sources were used, primary and secondary. Primary data was collected through the questionnaire, which was designed for this purpose. Meanwhile, secondary data have been collected through various reports of credible institutions such as the Kosovo Statistics Agency, scientific articles and other sources that have conducted research relevant to our paper. After collecting the necessary data through concrete analysis, the role and importance of each value was examined. The research with secondary data was carried out during the pandemic period, while 100 respondents participated in the questionnaire. The findings from the analysis of the research show that in 2021 there is a large decrease in tourists in Kosovo from all countries, but that the Republic of Kosovo with the development and application of its policies, especially for the gastronomy sector by easing taxes, offering subsidies for employee salaries, rents, etc. The Republic of Kosovo achieves a recovery of the industry sector, thus significantly increasing the number of tourists throughout the year 2022. Meanwhile, from the results of the research, we saw that the businesses with a tourist character in Kosovo are quite affected by the pandemic, but they hope for help in the form of different from the government to overcome this challenge as easily as possible. The findings from the regression analysis show that in cases where the government has applied measures to limit travel and close borders for tourists, the impact on economic growth has been negative.

**Keywords:** tourism, pandemic, crisis, recovery

## 1. Introduction

As a result of the global and regional impacts of the COVID-19 pandemic, the tourism industry and related industries, such as hospitality, arts and crafts and transportation, have taken the greatest hit. The crisis caused by Covid-19 not only worldwide but also in the countries of the region has mostly affected the tourism sector, as well as other sectors related to tourism, namely, the hotel industry, crafts and transport, as well as investments in construction and in many other projects, both in the public and private sectors. Economic growth and development are driven mainly by tourism, which is one of the fastest growing economic sectors. Due to the problems caused in the health, social and economic sectors around the world by the COVID-19 pandemic, the travel and tourism industry is among the hardest hit (Rajaonson & Tanguay, 2022).

Damage to international tourism due to the pandemic has caused a loss of more than 4 trillion dollars in gross domestic product globally for the years 2020 and 2021, according to a report published on June 30 by the Conference of Nations United for Trade and Development. The losses are estimated to be the result of the direct effect that the pandemic has had on tourism and related sectors (UNCTAD, 2022).

The food service industry has been hit particularly hard by government policies and is also one of the industries that will lose the most as a result of the decline in tourism. All but essential services have been closed as a result of the government's steps to maintain physical distancing. Currently, the industry contributes approximately 1.3% of Kosovo's GDP, or 90 million euros. Daily losses are equal to daily contributions, which amount to €247,000 (ASK, 2022).



The COVID-19 pandemic has had a significant impact on the tourism industry. Many countries have implemented travel restrictions and quarantine measures to control the spread of the virus, leading to a decline in international travel. Additionally, many businesses in the tourism industry, such as hotels and restaurants, have been forced to close or operate at reduced capacity. The pandemic has also led to a shift in travel preferences, with more people opting for domestic travel and outdoor activities. The industry is expected to recover gradually as more people are vaccinated and restrictions are lifted, but it will likely take some time to return to prepandemic levels.

The purpose of this paper is to determine the impact of the COVID-19 pandemic on the tourism sector and economic growth. Since tourism was one of the sectors that was affected to a greater extent and almost all tourist centers were closed, the impact on this sector is very large, causing high losses. Moreover, the transformative potential and implications for sustainable policies in the development of the tourism sector have also been presented. Therefore, this research focuses on the potential for recovery and return to the state as it was before the pandemic. However, the movement restrictions and other limitations that hinder the gastronomy sector are still characterized by a decline due to the increase in prices related to the pandemic.

Research Question of paper:

1. What are the policies that the Republic of Kosovo has developed to help the tourism sector prevent losses? caused by COVID-19
2. What are the losses caused by COVID-19 in Kosovo's tourism?
3. What is the potential of tourism in Kosovo for recovery in the post-COVID period?

The objectives of the research are as follows:

Analysis of state policies for managing the situation during the pandemic.

Analysis on the losses caused by the pandemic in the tourism sector and Kosovo's potential for recovery.

The research hypotheses are as follows:

H1: The Government of the Republic of Kosovo has developed adequate policies for protection of the tourism sector and has sufficient funds for recovery of the tourism industry.

H2: The COVID-19 pandemic has had a negative impact on economic growth.

The paper is structured as follows in five parts, where the following part presents the review of the literature, which contains scientific publications important for our research the findings of others authors, who have theoretically and empirically examined the effect of the pandemic on tourism and development economic. The third part of the study contains the methodology, the The fourth section presents the empirical results. The fifth section includes the conclusions drawn from the results.

## 2. Literature review

In the paper by the authors Gagnon, Kamin and Kearns (2023) whose purpose was to investigate the consequences of the COVID-19 pandemic on global GDP growth. The authors attempt to distinguish between the roles played by domestic factors and international trade in the spread of the economic consequences of COVID-19. The researchers use panel data regressions covering 90 countries from the first quarter of 2020 to the fourth quarter of 2021. The study concludes that the number of deaths from COVID-19 had a relatively small impact on the growth of aggregate real GDP across countries in their overall sample. However, the severity of the lockdown measures implemented by governments to curb the spread of the virus is emerging as a major factor affecting GDP trends. In particular, the economic effects of the pandemic showed disparities between wealthier and less wealthy nations. In advanced economies, deaths from COVID-19 had a somewhat greater impact on GDP, although this difference did not reach statistical significance. In contrast, strict lockdown restrictions have been proven to be more damaging to economic activity in developing and emerging economies.

A scientific publication carried out by the author Ababas (2021) defines the stages to observe the mechanism proposed in the formulation of recovery strategies for the travel and leisure industry. The current COVID-19 pandemic has resulted in global challenges and economic and healthcare crises and has had widespread impacts on global industries, including tourism and travel, which are the main contributors to the service industry worldwide. The tourism and leisure industry has faced the most negative impacts from tourism and is among the most damaged industries worldwide. Leisure and domestic tourism showed a steep decline amounting to US\$2.86 trillion, which accounted for more than 50% of the loss in revenue. In the first step, the study explores the consequences and environments of the COVID-19 pandemic and how innovation and change can contribute to the revival of the tourism industry to the next normality. Thus, this study determines that tourism enterprises and researchers should consider and change the basic principles, main assumptions and organizational situations related to the framework of research and practice through the reconstruction and creation of the tourism sector. In the second step, the study discusses the direct impacts of Covid-19-related tourism, attitudes and practices on the growth and recovery of the leisure industry. In the third phase, the study proposes observing the characteristics and

tourism consequences of Covid-19 in travel and tourism research. The findings provide insight into the recovery of operational activities in the tourism industry and useful suggestions for government officials, researchers and tourism firms to reinvest in the tourism industry to return it to a normal position.

The authors of Jaipuria (2021) reported on COVID-19 is one of its humanitarian disasters, has affected people and businesses around the world, causing a global economic crisis. In this respect, the tourism sector has experienced a large decline. The pandemic has not only affected foreigners exchange earnings but has also affects various regional development and employment opportunities, thus disrupting local areas communities as a whole. The The author analyzed the impact of COVID-19 based on four scenarios considering, with and without a blockade in terms of foreign countries exchange loss and gain from tourist payments. Finally, the results obtained will help policy makers to make the necessary, strategic and operational decisions, along with maximizing the profit from foreign exchange.

Travel is essential to tourism activity; therefore, any factor that affects travel can have a profound impact on this factor tourism industry. This includes pandemics such as COVID-19. Therefore, it is important to think through tourism crisis and disaster management to mitigate the impact and help postcrisis recovery. The study conducted by the Yesh (2021) used a qualitative research method to examine disaster management during the current crisis. The interviews were conducted and transcribed text-based data analyzed using SPSS Modeler 14.1 and results are discussed. The result shows that open communication is A key to successfully government-sponsored loans is essential for the survival of the tourism industry.

The paper by Skare (2021) is among those of these authors the first to measure the potential effects of the COVID-19 pandemic the tourism industry. Using panel structural vector automatic regression (PSVAR) on data from 1995 to 2019 in 185 countries and dynamic system modeling (real-time data parameters related to Covid-19): The authors estimate the impact of the pandemic crisis on the tourism industry worldwide. Past pandemic crises operated mainly through the channels of separate shocks, exposing domestic tourism sectors to large negative shocks. After the internal shocks stopped (zero cases of infection), inbound arrivals immediately revived. However, the COVID-19 pandemic has had different effects on the recovery of the The tourism industry worldwide will take longer than the expected average recovery period of 10 months. Private and public support should be coordinated to ensure capacity building and operational sustainability of the travel tourism sector during 2020-2021. COVID-19 that the pandemic has spread have a much more devastating impact on travel and tourism industry than they were previously studies indicate. Tourism managers must carefully assess the effects of epidemics on business and develop new risk management methods to address the crisis. Furthermore, from 2021–2022, private and public policy were implemented support should be coordinated to support pre-COVID-19 operational levels and travel sector.

The research carried out by the author Sinulingga (2021) the problems presented by COVID-19 in terms of tourism. To date, the tourism industry has not made any effort to solve the problem of COVID-19 government is expected to deal with it. The study showed that the main indicators in measuring the impact of COVID-19 tourism are economic impact, social impact, environmental impact, time evaluation, change, and quality tourism. A new finding is that the impact Tourism can also be assessed through time, change, and quality. These data are used qualitative methods through in-depth interviews with four main actors of the tourism industry; management of tourist destinations, travel agencies, accommodation and transport services. The results of this study illustrated the chronology of tourism activities in the tourism zero situation, from the four the main stakeholders, which charge of transport services and the tourist agency were the most affected parties and could not operate the COVID-19 pandemic. The results of the study can be a formula in the formulation of a strategy tourism management policy during the outbreak, until the tourist activity was normal again.

COVID-19 pandemic has dramatically affects tourism and leisure activities worldwide, particularly in the hospitality sector. The paper published by the Duro (2021) has a conceptual basis and empirical motivation based on two objectives. First, it identifies some of the key factors behind tourism's vulnerability to Covid-19 (tourism dependence, market structure, rural supply and health incidence of the pandemic). Second, index of vulnerability to COVID-19 was established using Spain and its 50 provinces as a case study. The main results obtained show that tourism in the Balearic Islands, the Canary Islands, the provinces of the Mediterranean coast and Madrid, in which the state capital is located, has greater vulnerability Covid-19 but with different underlying factors. The methodology and results used are of interest to policy makers short- and medium-term terms strategic policies that can be used for mitigation current and future shocks.

The publication carried out. Pramana (2022) aimed to investigate the various impacts of the COVID-19 pandemic on the tourism industry, as it and its supporting sectors are the most affected by the COVID-19 pandemic worldwide. Grouping the provinces to understand the specific impacts. Several data sources were used to study the different impacts of the pandemic on the two most popular tourist provinces, Bali and Yogyakarta. A number of tourists. Indicators such as the number of international arrivals and the ROR. The data from Indonesia's BPS were combined with the statistical data Google mobility index, Google Trend, flight tracker and reviews from Tripadvisor and Booking.com are presented. COVID-19 pandemic has significantly affected the tourism industry and its support sectors throughout Indonesia. However, this study explains the different patterns of influence different provinces. Furthermore, this study proves that the big data sources are shown to be a good proxy ascertain the impact of the pandemic on tourism.

The paper by author Jones (2020) explores this topic some of the relationships between tourism styles and sustainable development through the lens of the COVID-19 crisis. The paper provides and an overview of the COVID-19 crisis and explores some of the relationships between tourism and sustainable development by the COVID-19 crisis. The paper suggests that the COVID-19 crisis not only presented a number of major challenges to tourism industry, but that it has also signaled some environmental changes that may be essential for the transition to a more sustainable environment future, highlighting some of the contradictions inherent and complexities within the concept of sustainable development and suggested some radical solutions to sustainability challenges. This is not an empirical paper, rather it reiterates some of the arguments regarding the relationship between the tourism industry and sustainability and is based on the views and opinions of a range of authorities on sustainable development within the industry. As such, the paper provides an accessible overview of some of the relationships between tourism and sustainability development at a very testing time for the industry.

Tourism is a phenomenon that has seen rapid growth and multifold growth since the mid-twentieth century. For host communities and countries, the development of tourism has brought many advantages, as well as some important challenges. In recent decades, awareness has been strengthened because tourism must be developed following the concept of sustainable development. This approach eliminates or significantly reduces the negative impacts of tourism growth and sets the stage for long-term enjoyment of the benefits. In the field of tourism, sustainable Development translates into two important categories of considerations: conservation of the natural environment and conservation of resources. The design of sustainable tourism development strategies be done in a collaborative effort by the state, businesses and local communities. Strategies should focus on maximizing positive potential and eliminating or minimizing potential negative impacts. Mechanisms should be established for monitoring and evaluating impacts, including the identification of performance indicators. When tourism growth results from a carefully designed and implemented strategy, tourism is documented to contribute to the generation of foreign exchange earnings and the creation of employment income, and the stimulation of domestic consumption. Research has shown that are smaller, developing countries specializing in tourism experience more economic growth compared to countries without a significant tourism industry. Contemporary economic and statistical methods ensure that the contribution of tourism to the national level economies is accurate and easily measured, which in itself can be used as an indicator in the assessment the impact and effects of tourism growth (Tahiri & Kovaci, 2017).

According to the research carried out by Meyer (2015), the purpose of this study was to determine what role tourism plays in the economic development of local regions. Secondary data were obtained from the Global Insight database. Global Insight is one of the world's largest sources of global financial, economic and sector data. The results showed that travel steadily increased from 2001 to 2013. Within the Emfuleni Municipal Area, business tourism has shown rapid growth—8.36% per year—while leisure tourism has grown at a relatively slower rate. slow by 3.31 percent. At the global level, the contribution of tourism is between 8 and 10 percent of GDP. As a low-skill and labor-intensive industry, tourism has many benefits for local regions, including poverty alleviation and serving as a key sector for local economic development.

### 3. Methodology

For the purpose of this research, two sources of data were used: primary and secondary. The primary data were collected via a questionnaire, which was designed for this purpose. Moreover, secondary data were collected through various reports of credible institutions, the Kosovo statistics agency, scientific articles and other sources that have conducted relevant research. The methodology used is quantitative. The research was carried out with people who lead businesses in the field of tourism to obtain their opinion on the impact of the pandemic on this industry, and questionnaires were developed with policy makers to obtain information on policies and on the protection and recovery of the tourism sector. In total, 100 people were surveyed. Since the number of businesses with a tourist character is significantly lower than that of businesses without a tourist character, a sample of 100 people who represent 100 tourist businesses is considered sufficient for the representation of the population.

The respondents who participated in the research before completing the questionnaire were told the necessary things, and their consent was obtained for completion by informing them that the data would remain completely confidential and would serve only academic purposes—namely, the finalization of the master's topic.

The collected data are horizontal or cross-sectional data. These data refer to data that are collected at a single point in time from a group of individuals or entities. They are used to describe the characteristics of a population at a particular point in time and can be used to identify patterns and trends within the population. Data collection was the first step in starting the research. After the data collection, the questionnaire was coded, and the data were prepared in the appropriate format for further analysis.

The data were collected using the Statistical Package for Social Science (SPSS) statistical software. The analysis of the results from these two programs included tabular and visual presentations, ranging from descriptive statistics to more in-depth analysis and various comparisons using t tests, chi-square tests, and analyses of the ratios between variables using correlation coefficients. The presentation of the research results begins with a description of the characteristics of the

research participants presented in frequencies and percentages, continuing with the analysis of the questions related to the research topic. The questionnaire questions were compared on different demographic bases of the students, thus revealing statistically significant differences between the categories.

The econometric model used for secondary data analysis was as follows:

$$GDP = a + B1(NOT) + B2(IFT) + B3(LCD) + U_i \tag{1}$$

The dependent variable of the study is economic growth (GDP), while the independent variables are the number of tourists (NOT), income from tourists (IFT) and lockdown (LCD). Other parameters, such as B and a, are estimated coefficients, while  $U_i$  represents the standard error term.

### 3.1. Data collection instrument

The research was cross-sectional, and the participants were 100 random citizens who had businesses with a touristic character. The instrument used to collect these data was the questionnaire, which was designed for the purpose of this research. The questionnaire was designed on the Google Forms questionnaire creation platform, which is used by most of the authors who carry out the research. The designed questionnaire was divided into two main parts. The first part of the questionnaire contained questions about the demographic data of the research respondents, such as gender, age, place of residence, and employment status; the second part of the questionnaire was designed in the form of statements to obtain and evaluate their attitudes toward the statements presented. Five Likert scales were used to evaluate respondents' attitudes: 1) I do not agree at all; 2) I do not agree; 3) Neutral; 4) Agree; and 5) I completely agree. The questionnaire was formulated by the author himself, taking as a basis some questionnaires that other authors have used in the scientific publications that have dealt with work relevant to the work dealt with in this paper.

**Table 1** Reliability analysis.

		N	%
Cases	Valid	100	100.0
	Excluded <sup>a</sup>	0	.0
	Total	100	100.0
Cronbach's Alpha			N of Items
.884			8

The table above shows the results of the Cronbach's alpha test for testing the reliability of the questions in the questionnaire and measuring consistency. Based on the result of this test ( $P=0.884$ ), we believe that the data are highly reliable.

### 3.2. Research sample

The size of the research sample is 100 citizens who represent the businesses where they work or lead businesses that are touristic in nature. Throughout the entire research process, research ethics were respected, and the questionnaires were anonymous, thus creating greater trust and more honest answers. Before completing the questionnaire, the respondents were informed about the purpose of the research and were assured that the data were and would remain completely confidential. Regarding the selection of the sample, there was selective randomness; that is, only businesses with a touristic character were selected.

The table 2 above presents the demographic data of the individuals included in the study. From these data, we conclude that the majority of the participants were male (65 participants or 65% of the sample) and were aged 31-40 years (45%). The respondents who participated in this research were mainly from rural residences (57 or 57%), while regarding education, the respondents were mainly from those with a bachelor's degree (55 respondents or 55%).

## 4. Empirical data and analysis

### 4.1. Results from primary data

In this part of this subchapter, the results of the research, with primary data collected through questionnaires and processed with SPSS, are presented. First, we present the percentage frequencies based on the residences of the respondents and the significant differences. Then, we present the Cronbach's alpha test for the reliability of the questionnaire. Finally, we present the statistical tests for testing the hypotheses.

In the table 3 above, the summarized results regarding the impact of the pandemic on the tourism sector are presented. The results are presented as frequencies according to the place of residence, and the chi-square test was also applied to determine the significant differences. According to the P value of this test, there were no significant differences among the three questions presented since the P value was greater than 0.05.



**Table 2** Characteristics of the research sample.

Question	Frequency	Percent
Gender	N	%
Female	35	35
Male	65	65
Age Group	N	%
18-30	3	3
31-40	45	45
41-50	31	31
51-60	13	13
+60	8	8
Residence	N	%
Rural	57	57
Urban	43	43
Education	N	%
Secondary Education	16	16
Bachelor	55	55
Master	26	26
PhD	3	3

**Table 3** Impact of the pandemic on the tourism sector.

Question	Rural	Urban	Significant differences
<b>The pandemic has had the effect of reducing the number of tourists in our business</b>	Frequency	Frequency	Chi-square
I do not agree at all	1	1	P=0.386
I do not agree	2	2	
Neutral	1	1	
Agree	9	11	
I completely agree	44	28	
<b>During the pandemic period, our tourist business has been closed several times</b>	Frequency	Frequency	Chi-square
I do not agree at all	4	0	P=0.154
I do not agree	2	2	
Neutral	7	2	
Agree	32	35	
I completely agree	12	4	
<b>Due to the recommendations of the government (anti-covid actions), we have been forced to reduce the number of customers within the business space</b>	Frequency	Frequency	Chi-square
I do not agree at all	3	0	P=0.094
I do not agree	2	1	
Neutral	9	12	
Agree	23	17	
I completely agree	20	13	

According to the statement "The pandemic has caused the number of tourists in our business to decrease", 92 respondents from the two settlements agreed, while the remaining 8 respondents did not share the same opinion.

In the second statement, "During the period of the pandemic, our tourist business has been closed several times", 83 respondents in both settlements were compatible, while the remaining 8 respondents did not follow the same opinion.

The respondents were also presented with the statement "Through the recommendations of the government (anticovid measures), we have been forced to reduce the number of customers within the business space", where the results show that 73 respondents in both settlements have complied.

The table 4 above presents the summarized results regarding the potential of Kosovo for recovering from the tourism sector. The results are presented as frequencies according to the place of residence, and the chi-square test was also applied to determine the significant differences. According to the P value of this test, there were no significant differences among the three questions presented since the P value was greater than 0.05. According to the statement "The Republic of Kosovo has potential for the sustainable recovery of the tourism industry sector", 82 respondents from the two settlements agree, while the remaining 18 respondents do not share the same attitude. In the second statement, "Allocating a fund for the tourism sector would recover this sector faster", 77 respondents from both settlements were compatible, while the remaining 23 respondents did not share the same opinion. The respondents were also presented with the statement "Financial support



from tourism businesses would help them recover from the tourism industry faster", where the results show that 76 respondents from both settlements agree with the statement presented.

**Table 4** Kosovo's potential for tourism sector recovery.

Question	Rural	Urban	Significant differences
<b>The Republic of Kosovo has potential for sustainable recovery of the tourism industry sector</b>	Frequency	Frequency	Chi-square
I do not agree at all	1	2	P=0.401
I do not agree	4	3	
Neutral	4	4	
Agree	31	24	
I completely agree	17	10	
<b>Allocating a fund for the tourism sector would recover this sector faster</b>	Frequency	Frequency	Chi-square
I do not agree at all	2	2	P=0.709
I do not agree	5	4	
Neutral	5	5	
Agree	18	15	
I completely agree	27	17	
<b>The financial support of tourism businesses would recover the tourism industry faster</b>	Frequency	Frequency	Chi-square
I do not agree at all	2	1	P=0.509
I do not agree	7	5	
Neutral	5	4	
Agree	25	16	
I completely agree	18	17	

In the table 5 above, the results of policies for the recovery of the tourism sector are presented. The results are divided into frequencies according to residence, and the chi-square test was also applied to determine significant differences. Based on the P value of this test, we detected significant differences based on residence in the second question: "Thus far the Republic of Kosovo has allocated sufficient funds for the recovery of tourism" since this question has a P value lower than 0.05 ( $P = 0.012 < 0.05$ ); however, in the second question, there were no significant differences. In the statement "Until now, the Republic of Kosovo has developed sufficient policies for the recovery of tourism", 70 respondents from the two settlements agreed, while the remaining 30 respondents did not share the same attitude. In the second statement submitted, "Thus far the Republic of Kosovo has allocated sufficient funds for the recovery of tourism", only 47 respondents in both settlements are compatible, while the remaining 53 respondents do not share the same opinion.

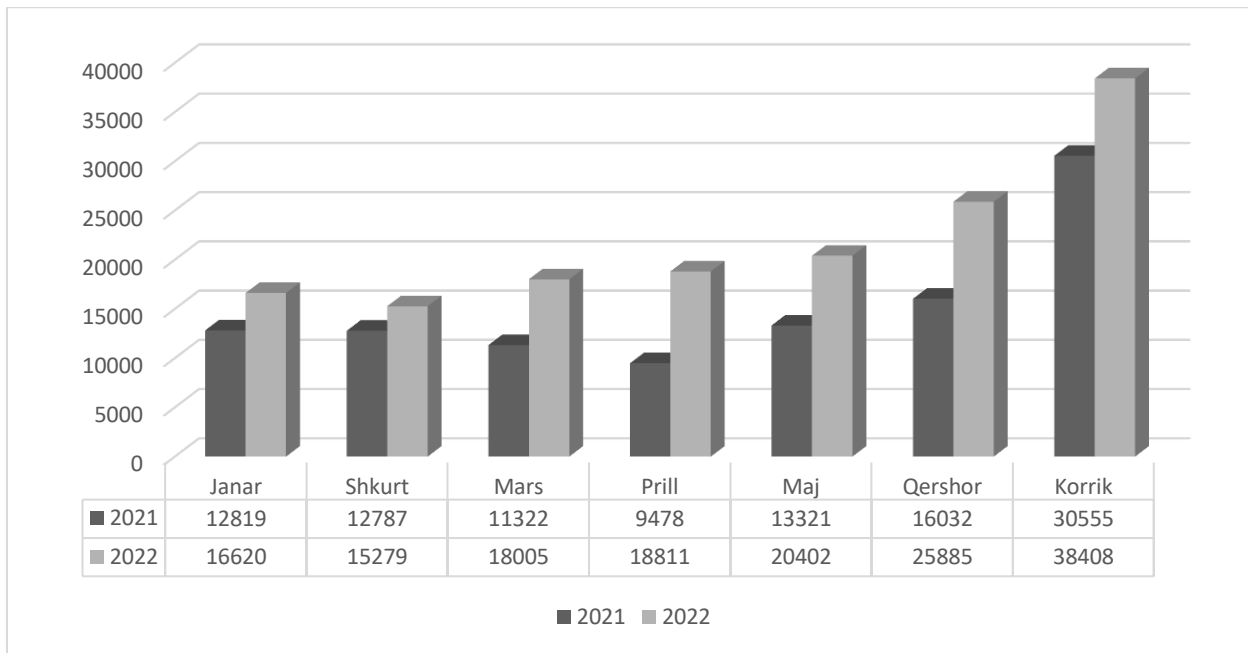
**Table 5** Policies for the recovery of the tourism sector.

Question	Rural	Urban	Significant differences
<b>The Republic of Kosovo has developed sufficient policies for the recovery of tourism</b>	Frequency	Frequency	Chi-square
I do not agree at all	5	2	P=0.168
I do not agree	8	5	
Neutral	2	8	
Agree	29	9	
I completely agree	13	19	
<b>The Republic of Kosovo has allocated sufficient funds for the recovery of tourism</b>	Frequency	Frequency	Chi-square
I do not agree at all	11	10	P=0.012
I do not agree	6	10	
Neutral	3	7	
Agree	8	7	
I completely agree	23	9	

**4.2. Results from secondary data**

After the presentation of the results from the primary data, the results of the secondary data are presented. First, some descriptive statistics sourced from the Kosovo Statistics Agency are presented, and then, the empirical analysis is presented, presenting the correlation and regression analysis.





**Figure 1** Comparison of tourists in the first 7 months of 2021 and 2022.

The figure 1 above shows the number of visitors in the first 7 months in 2021 and 2022. According to the data presented, the highest number of visitors is expected to occur in 2022, when the state started recovering from the tourism sector after the COVID-19 crisis. Moreover, the month with the most visitors or tourists is July, with 30555 visitors in 2021 and 38408 visitors in 2022. For the lowest number of visitors, in 2021, the lowest number was in April, with 9478 people, while in 2022, the lowest number was during the month of February, with 15,279 people. The data on the countries of origin of the tourists are presented below.

**Table 6** Correlation analysis.

Variables	(1)	(2)	(3)	(4)
(1) GDP	1.000			
(2) NOT	0.661	1.000		
(3) IFT	0.409	-0.468	1.000	
(4) LCD	-0.873	-0.581	0.296	1.000

Based on the correlation analysis presented above, we consider that the number of tourists ( $r=0.66$ ) and the revenues generated by tourists ( $r=0.40$ ) have a positive relationship with economic growth in Kosovo, while quarantine during the pandemic has a negative relationship ( $r=-0.87$ ) with economic growth.

**Table 7** Regression analysis.

GDP	Coef.	St.Err.	t value	p value	[95% Conf	Interval]	Sig
NOT	.37	0.06	6.616	0.000	0.057	0.044	***
IOT	.22	0.05	4.40	0.003	0.001	0.001	***
LCD	-1.59	0.51	-3.11	0.026	-15.012	7.823	**
Constant	6.259	2.151	2.91	0.211	-21.077	33.596	**
Mean dependent var			3.4		SD dependent var		1.673
R-squared			0.943		Number of obs		55
F test			6.494		Prob > F		0.002
Akaike crit. (AIC)			11.916		Bayesian crit. (BIC)		10.354

\*\*\*  $p < .01$ , \*\*  $p < .05$ , \*  $p < .1$

The higher regression reached an explanatory power of 94.3%, which was statistically significant ( $F=6.49$  and  $P=0.002$ ). According to the presented regression results, the number of tourists has a positive impact on economic growth ( $B=0.37$ ), and the revenues generated by tourists also have a positive impact on economic growth ( $B=0.22$ ). Therefore, an increase in the number of tourists by 1% has a positive impact on economic growth of 0.37% on average, and an increase in income from tourists by 1% has a positive impact on economic growth of 0.22% on average. On the other hand, compared with periods when there were no restrictions on movement, lockdowns had a negative impact on economic growth ( $B=-1.59$ ); that is, economic growth was lower by 1.59% when there was quarantine and border closure for tourists.



## 5. Conclusions

The tourism sector is very important for the economies of countries around the world. For host cities, tourism has a number of benefits. Through tourism, a country's infrastructure is improved, its income is increased, and a sense of cultural exchange between residents and visitors is fostered. In many countries, tourism generates a significant number of jobs. These positions can be found in the agriculture, communication, health or education sectors, in addition to the tourism industry. Many tourists travel to experience the gastronomy, culture and other aspects of the host country. Local shops, malls and restaurants benefit greatly from this approach.

Governments that depend heavily on tourism for revenue make significant investments in the country's infrastructure. They need safe and modern facilities because they want more and more tourists to come to their country. This has resulted in the development of new roads and highways, parks and public spaces, as well as new airports and possibly improved schools and hospitals. Securing and modern infrastructures enable the efficient delivery of goods and services. Natives also have the opportunity to improve their economic and educational status. Cultural exchanges between visitors and locals are facilitated by tourism. Exhibitions, conferences and events often attract visitors from abroad. In addition, visitors from other countries also bring about cultural diversity.

Before COVID-19, travel and tourism became among the most important economic sectors in the world, contributing 10% of the global GDP and supporting more than 320 million jobs. By 2019, that number had grown to 1.5 billion, and the travel and tourism industry had expanded to the point where many economies were almost too dependent on it to fail. According to the United Nations World Tourism Organization, the global pandemic, the first of its extension into a new era of interconnectedness, has put 100 million jobs at risk—many in micro, small- and medium-sized businesses—that employ a portion of the high workforce, which makes up 54% of the workforce in the tourism industry.

From the empirical analysis presented in this paper, we saw that tourism businesses, both those located in urban settlements and those that operate in rural settlements, do not experience significant differences in relation to loss and recovery from the pandemic.

The results presented in the paper show that the measures taken by the government to close gastronomy businesses and restrict the movement of citizens have had a great impact on losses and reduce the number of tourists. Moreover, for certain periods of time, even though there was no restriction on movement, there was a certain closing time for the premises. Of course, these measures taken by the government were aimed at preserving the public health of citizens, but their negative impact on businesses in the tourism sector was quite large.

Based on our analysis of primary and secondary data, we have reached conclusions that provide support for the two hypotheses raised in our research. For the first hypothesis, the results show that most of the leaders of tourism businesses in Kosovo estimate that the Government of the Republic of Kosovo has undertaken appropriate policies for the protection of the tourism sector during the pandemic, and this has been accompanied by sufficient funds for the recovery of this industry. For the second hypothesis, the correlation and regression analysis showed that when the Government of Kosovo applied harsh measures such as quarantine and border closure for tourists, we observed a negative impact on economic growth. These results provide statistical support for both hypotheses, suggesting that the policies and measures taken during the pandemic have had a significant impact on the tourism sector and the economy of Kosovo.

This paper aimed to analyze the transformative potential for sustainable recovery of the tourism industry in Kosovo. According to the data presented in this paper, in 2021, a large decrease in tourists to Kosovo from all countries was observed, but the Republic of Kosovo developed and applied its policies, especially for the gastronomy sector, by easing them in taxes by offering subsidies for employee salaries, rents, etc. The Republic of Kosovo achieved recovery of the industry sector, thus significantly increasing the number of tourists throughout the year 2022. Moreover, from the results of the research, we saw that businesses with a tourist character in Kosovo are quite affected by the pandemic, but they hope for help in various forms by the government to overcome this challenge as easily as possible.

This study provides valuable insights into the impact of the COVID-19 pandemic on the tourism sector in Kosovo and the potential for recovery. The findings suggest that the pandemic has significantly affected the tourism industry, with a consensus among respondents on decreased tourist numbers, temporary closures of tourist businesses, and the implementation of government-recommended measures leading to a reduction in customer numbers. Despite these challenges, the study provides an optimistic outlook on the recovery of the tourism sector in Kosovo. A majority of respondents believe in the potential for sustainable recovery, with support for initiatives such as allocating funds for the tourism sector and providing financial assistance to businesses.

Moreover, the study employs statistical analyses, including chi-square tests and regression analysis, to assess the significance of various factors influencing economic growth. The results highlight a positive relationship between the number of tourists, the revenues generated by tourists, and economic growth in Kosovo. However, the negative correlation with quarantine measures during the pandemic underscores the adverse impact of lockdowns on economic growth. These findings emphasize the importance of targeted policies and financial support for the tourism sector in facilitating its recovery and, subsequently, contributing to overall economic growth in Kosovo. Policymakers may use these insights to formulate

strategies that prioritize investment in tourism, taking into account the identified challenges and opportunities outlined in the study.

The recommendations given based on the presentation of the theoretical material and statistical analysis in this paper are as follows:

- I. It is recommended that the government of Kosovo allocate a special fund for the recovery of the tourism industry and draft a commission to identify the best and most appropriate ways to help the sector achieve sustainable recovery.
- II. Tourist businesses are encouraged to draft and compile their requests to the government so that they are aware of the problems of this sector. In this way, plans can be drawn up with concrete assistance in this direction. Additionally, stock market value trades have a positive impact on economic growth, while stock price volatility and pension fund assets have a negative impact. These findings differ from those of several previous studies.

### Ethical considerations

I confirm that I have obtained all the consent required by the applicable law to publish any personal details or images of the patients, research subjects, or other individuals used.

### Conflict of interest

The authors declare no conflicts of interest.

### Funding

This research did not receive any financial support.

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