After Corona (COVID-19) impacts on global poverty and recovery of tourism based service economies: An appraisal

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Abstract

The Covid-19 pandemic has created dramatic challenges reversing the growth in many economies, reaching the most devastating economical breakdown, converting millions of people with anxiety and depths of poverty that enforce a continuous threat to the most sensitive economies, making them vulnerable, resulting zero income that experienced a worse depression in the diverse sectors. The economic battle has insights on the tangible and intangible service economies that accelerated the negative consequences, specifically, in the tourism sector, which, immersed in the crisis without a potential cure that reverse the flow of economic functioning in the world. The depicted review will elaborate a picture of the global economy in 2020 with the Covid-19 pandemic and possible impact on reaching significant goals of 2030 agenda for sustainable development. Mainly, this paper has concentrated deeper on global poverty which is a peril in the attempts of development strictly affected by the crisis that emphasize income and consumption shortfalls with real aspects of human well-being in the world. Foremost, the review will summit the short run and long run service economic impacts on the global poverty and attempts for the rebirth of tourism service economy, assuring the economic recovery, while injecting and fostering investments and strategies that accelerate and restore the lost demand that protect the resilience of a service economy to combat poverty in order to recover the destructions caused during this global pandemic.

Keywords: Covid-19 pandemic, Global poverty, Service economies, Tourism industry, Economic immunity

1. Introduction

Covid-19 or Novel Corona outbreak has taken over almost all countries in the world and influenced the day-to-day lives of billions of people globally. The medical experts have confirmed that the average number of new infections generated by a single infected person is over five times as compared to the seasonal flu. Thus, the Novel Corona outbreak has influenced the normal function of an individual, household, village, city, province, country, region and that of the entire
globe as at present. Thus, following the strict measures taken by the Chinese government in closing down Wuhan until the outbreak is controlled, all most all the countries have taken varying measures to restrict movements, continuous curfew, total lockdown, travel restrictions, and suspending air travel operations, etc. to control the pandemic (Ranasinghe et al., 2020). The consequences of these measures have begun to emerge immediately in every corner of the world (Ranasinghe, 2020). The severe impact is on daily wage employees who are struggling to meet their hand to mouth existence, and millions of employees are at risk of being fired from their employment. Manufacturers, distributors, producers, and sellers are struggling to function their organizations, paying salaries, maintaining properties and so forth. The economic loss globally is estimated to be 3-6 trillion USD by the ADB (2020).

Thus, as usual the impact has addressed immediately the poor whose food security is at the lowest level and then the middle income earners. A potential cure, control or vaccine is far beyond imagination and the time period with the present situation to continue is unpredictable as yet. Thus, a month, three months, or six months lock down and disturbed economic activities in different countries will result different outcomes. Yet it is clear that billions of people across the world will run into poverty as a result of the ongoing halt of economic activities. Specially, service economies which are mainly based on intangible economic activities such as outsourcing, financing, tourism and hospitality are predicted to be rigorously affected. Thus, tourism economies mainly island economies with low or almost no other industry and agricultural economic activities are at grave ebb since international exchange is disturbed while their main income source is at halt for a minimum period of a year. Thailand, Maldives, Seashells, Caribbean islands, Cambodia, Laos and many more Island economies are at risk due to the continues impact of the pandemic.

2. Tourism based service economies

With disruptions to global travel and restrictions issued to some countries due to the pandemic outbreak, Sri Lanka’s tourism industry will be significantly affected. Based on the Sri Lanka Tourist Development Authority Data, tourist arrivals fell below over 30%, during the first quarter of 2020, compared to the previous year and it will continue to fall and reach almost zero since the international arrivals are halt over a month. We will see a further impact from April onwards as the Sri Lanka closed its borders for non-essential passenger travel and domestic travel restrictions have also caused a virtual standstill in the tourism industry. According to ADB estimates as at May 1, 2020, the decline in tourism revenues for Sri Lanka could range from USD 200 MN – USD 420 MN. However, this will likely to be greater if the public health measures continue. The GoSL has taken action to provide a six-month debt moratorium to support the sector. However, in the long run, the recovery of the industry will entirely depend on how fast the confidence in global travel normalizes. The sociocultural impact of the above is far beyond the calculation since the entire population depended on tourism (over 03 million) are affected. Moreover, other income sources of communities at tourist destinations are almost at zero for almost over two months at present.

3. An overview of global poverty

As at present over 821 million of global population is going to bed with an empty stomach regularly. Of that over 100 million people suffer from acute hunger due to various reasons largely man-made. On top of these conflicts, a natural disaster or a global pandemic have influenced global functions tremendously where millions more have been added to the previous number. Countries such as Afghanistan, Nepal, Bhutan in South Asia, many countries in the African continent, Armenia and Tajikistan of Central Asia, Bolivia, Haiti, Peru in Latin America are at risk of trade restrictions. Significant disturbances are evident for the food security of the people of these countries and will further their economic conditions due to the emerging consequences of Novel Corona pandemic.

“Global poverty is a serious issue that puts breaks on human development. It also challenges human dignity and world peace” (Hanjra et al., 2012). According to Bourguignon and Chakravarty (2003), poverty is a dynamic approach that does not only emphasize income or consumption shortfalls, but other vast dimensions that measure the real aspects of human well-being as, lack of access to education, healthcare, water and sanitation services, equitable access to services for men and women, effective participation into decision making, voice and political freedoms, and social justice are also important dimensions of poverty. Hanjra et al. (2012) emphasize the fact that, although more dimensions are related to poverty issues, it cannot be adequately captured or measured with any available poverty indicator or an analysis method. Also, he has highlighted that, poverty measurement methods were always based on consumption or income comparison only, and due to that fact, poverty does not generate an adequate definition in its dimensions that has led to a debatable topic in the world. “Poverty is widely measured and reported. Yet the definition and measurement of poverty still pose significant challenges” (Hanjra et al., 2012).

However, United Nations world summit on development in 1995 has emerged with a definition for poverty as, “a condition characterized by sever depreciation of basic human needs including food, safe, drinking water, sanitation,
health, shelter, education, and information”, while The World Bank derived their own definition on poverty as, “Poverty is pronounced deprivation in well-being, and comprise many dimensions. It includes low income and the inability to acquire the basic goods and services necessary for survival with dignity. Poverty also encompasses a low level of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice and insufficient capacity and opportunity to better one’s life”.

Consequently, United Nations Organization suggested that “.... poverty could be defined in diverse aspects that consist with each intensive point to highlight in each scenario”. Social definition on poverty emphasize the facts related to lack of essential needs of the humans like food and well-being while the statistical definition could access the real measuring values of poverty in the world, that was the most commonly used feature in poverty where only the consumption that laid on income was compared in its bases. The statistical definition contains two different aspects as relative poverty that measured the extent of poverty in individual countries, which the entire population is ranked in order of income per capita and depend on the result, the bottom 10% will be considered as poor. The other is the absolute poverty that sets the poverty line at certain income or consumption amount per year based on the estimated value of the basket of goods (food, shelter, water) necessary for proper living. In general, this estimation is used in developing countries where majority survives with the bare minimum or loss. The real values of poverty were measured as such where the global poverty line was first created in 1990 and that was set as if the income reaches $2 per day or less that group known to consider as poor or aligned to poverty, while if income lies as $1 or less, that category were known to be extremely poor as the global poverty measures in world.

Although, common sense illustrate that poverty is all about lack of income and consumption measures, it does not only entail in the economic productive resources of income deciders, but also in aspects that ensure a sustainable wellbeing for humans in the world. The United Nations Organization predicted that, around 10% of the world population is living in extreme poverty and struggling to fulfill the most basic needs like health, education, and access to water and sanitation, where they proved with the facts that, there are 122 women aged 25 to 34 living in poverty for every 100 men of the same age group, and more than 160 million children are at risk of continuing to live in extreme poverty by 2030.

4. Essential facts on global poverty

- Around 736 million people lived below the international poverty line of $1.90 a day in 2015.
- In 2018, almost 8% of the world’s workers and their families lived on less than $1.90 per person per day.
- Most people living below the poverty line belong to two regions: Southern Asia and Sub-Saharan Africa.
- High poverty rates are often found in small, fragile and conflict-affected countries.
- As of 2018, 55% of the world’s population has no access to at least one social protection cash benefit.


Further to the facts derived by United Nations and World Bank, it is recorded that, among the world’s 736 million extremely poor category, 368 million (a half of the volume) is scattered just in five countries. The highest numbers of extremely poor countries are listed as, India, Nigeria, Democratic Republic of Congo, Ethiopia, and Bangladesh. They locate to be the countries in South Asia and Sub-Saharan Africa, where the two regions together accounts to create 85% of the world’s poor.

It is a crucial target for the world to approach with poverty alleviation steps with these areas where the regions are always subject to conflicts that does not retain to look to an end even in political or environmental aspects. Further, there are various countries bound by poverty, and it deals with the level of growth they earn within their economy with, related to the growth rate and per capita income of individuals. Specifically, it is a widespread crisis that least developed countries, Small Island developing states, some middle-income countries, and countries in situations of conflict and post-conflict too suffer in persisting poverty in their economies.

There are countries with the highest poverty rates that are known to be fragile and conflict-affected situations (FCS) handling countries, where their economies face an intensive fragility and conflict in economic battle which the real data on poverty does not predict or estimated in any durations in the world economy. The monetary power they have is at bottoms where other welfare accessibility is also at a devastative level, such as lack of access to good schools, health care, electricity, safe water, and other critical services remains elusive for many people, where often the benefits gained by individuals also are determined by socioeconomic status, gender, ethnicity, and geography. The world has projections further by the fact that even though poverty is reduced to an extent in the extreme poor areas, it would not be an easy target to eradicate poverty in the Sub-Saharan region and it is a great challenge for the whole world at present. But still,
the Poverty and Shared Prosperity Report in 2018 has focused to relocate the global poverty rate to below 3% and make sure that all wealth and economic benefits of economic development will be shared between all people in the world that is free from poverty even to a certain liner.

Initially, the 2030 Agenda for Sustainable Development proposed to the world with 17 Sustainable Development Goals (SDGs) strictly monitored the eradication of global poverty with a strategic plan in combating the prevailing crisis of global poverty as its very first goal. The SDGs’ main reference to combating poverty is made in target 1. A: “Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular Least Developed Countries, to implement programs and policies to end poverty in all its dimensions” (United Nations Organization). According to the above desired policy framework which covers national and regional bases of world, the strategies are developed to ensure that pro poor and gender sensitive mechanisms are protected in a way every men and women have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

The 2030 agenda for Sustainable Development further emphasize that, in meeting the above challenging goals, it is important to contribute towards sustainable, equitable and supportive economic growth, full employment and decent work life that increase social integration, gender equality, productivity and favorable environment, that will uplift and intensify the ability of reaching the foremost goal of ending poverty in the world, even though it is challenging and hard. In the 2030 Agenda, “Goal 1 recognizes that ending poverty in all its forms everywhere is the greatest global challenge facing the world today and an indispensable requirement for sustainable development” (UN, 2019).

According to United Nations system, the Department of Economic and Social Affairs (DESA) acts as a Focal Point for the United Nations Decade for the Eradication of Poverty and undertakes activities that assist and facilitate governments in more effective implementation of the commitments and policies adopted in the Copenhagen Declaration (UN, 2018). The Assembly even adapted 17th October as the International Day for the Eradication of Poverty in the world. “Over a hundred thousand people gathered at the Trocadéro in Paris, where the Universal Declaration of Human Rights was signed in 1948, to honor the victims of extreme poverty, violence and hunger. They proclaimed that poverty is a violation of human rights and affirmed the need to come together to ensure that these rights are respected” (UN, 2018).

However, with the ongoing attempts of the world, it was decided to reduce poverty by 2030 and achieve even a closer approach to the desired aims of eradication of all means of poverty from the world. However, it is unfortunate that, in a period where the world struggles to reach its goals of eradicating poverty, the sudden attack of Covid-19 crisis as well as the oil price drop, would probably reverse the trend in 2020, where the world started to shake its strong economic roots with inappropriate impacts on mostly poor’s with diversified negative impacts on each and every economy in the world at present.

Source: Oxfam (2020)
5. Novel corona (Covid-19) impacts on global poverty

The global economy will experience its worst depression during this year with the fallout in many countries with the unexpected lockdown resulted from the ongoing pandemic of Covid-19. The impact of this pandemic has attacked more than 207 countries in the world, whereas more people living close to the international poverty line from low- and middle-income countries will suffer the greatest consequences in terms of extreme poverty. The economic shock formed has extensively made, it difficult for people who often live in fragile countries and remote areas. The majority of the global poor lives in rural areas and is poorly educated, employed in the agricultural sector, and under 18 years of age (World Bank, 2020).

The economic growth rate has become too slow all over the world including USA and China. Gerszon et al. (2020) has highlighted that the India (12 million), Nigeria (5 million) and the Democratic Republic of Congo (2 million) as the three countries with the largest change in the number of poor are estimated to be in country level as a result of corona pandemic. Consequently, countries such as Indonesia, South Africa, and China are also forecasted to have more than one million people pushed into extreme poverty as a consequence of Covid-19. According to the World Economic Outlook (2020), the impact of the pandemic on higher poverty lines is severe. It is expected that more than 100 million people will be pushed into poverty as a result of this pandemic.

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<tr>
<th>Region/Country</th>
<th>Percentage</th>
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<tr>
<td>East Asia and Pacific</td>
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<td>Europe and Central Asia</td>
<td>0.9</td>
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<tr>
<td>Latin America and Caribbean</td>
<td>2.7</td>
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<td>Middle East and North Africa</td>
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<td>North America</td>
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<td>South Asia</td>
<td>15.6</td>
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<td>Sub-Saharan Africa</td>
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Source: Gerszon et al. (2020)
The World Economic Outlook has estimated the growth rate of the global economy to be −3.0 in the year 2020 with −6.1 economic growth rate in advanced economies and −1.0 in emerging markets and developing economies. In most parts of the world, growth rates have become too slow, and investment is too subdued to increase median incomes compared to the pre-virus patterns.

In this circumstance, emerging and developing economies are even more severely hit with tough financial conditions persisted in the countries as well as the fallout of businesses and extended unemployment. Consequently, for many nations, poverty reduction has slowed or even reversed. Quarantine, lock down and social distancing have appeared as the crucial challenges for informal sectors and emerging economic activities, whereas essential services are prioritized and funded by the governments. In this circumstance, the Covid-19 outbreak will mark a factual challenge in terms of achieving the UNSDGs of ending poverty by 2030 for the reason that global poverty possibly will increase for the first time since 1990. This will lead to increase the global poverty more extremely. The impact of Covid-19 outbreak on poverty should be broadly studied in the short run as well as long run and can be narrowed down into four categories as:

- Impact on household income or consumption.
- Impact on labor.
- Impact on services and distribution.
- Impact on non-monetary indicators.

6. Impacts in the short run

The economic waves of the Covid-19 outbreak can be quite uneven from the previous pandemics such as SARS, Avian Influenza, and MERS, which made direct injury to livestock sectors, leading to food shortages and food price hikes in affected areas. During this four months period passed through after confirming the first case of the virus has reported, no severe food shortages resulted from the outbreak. In contrast, the morbidity and mortality are quite low compared to the pandemics like Spanish flu of 1918, which was brutally affected young people, including many in rural communities. The Covid-19 has harshly vulnerable for older people with poor immunity, the majority are not in the workforce. However, the healthcare expense of the countries has immensely risen and the active labor in manufacturing and service sectors are dropped.

The impact of this deadly virus on the women is forgotten by many. The infected number of women has remained lower compared to the men. However, the majority of women around the world work in low-paid positions, the informal
economy, or in agriculture jobs with lower protections (Karunarathne, 2015). Unfortunately, these sectors are hit the worst; millions are left in poverty. On the other hand, women and girls face a significant risk of infection with their type of engagement in the workforce; i.e. Women make up over 70% of the global health and social workforces.

A significant impact on the global economy is visible with the social distancing and lock down decisions in many countries. Close down the eat-out locations, travel restrictions, limitations on customer service operations and outside gatherings have reduced the circulation of wealth in the economy. The agriculture sector is operating continuously in many countries; however, the productivity is not as during the pre-virus condition. There is a visible shock on the labor productivity since the workers are unable to perform their jobs which implies an average decline in labor productivity of 1.4% and a drop in 1.4% of labor supply during 2020. Millions of business operations are not operating around the world. Subsequently, the interruptions on the supply chain make difficulties on providing sufficient inputs and services, which might lead to down the production. Firms have extended labor downsizing policies and reduced monthly wages due to the unseen profit. Key foreign exchange sources of least developed countries such as foreign remittance and export income has significantly reduced. Most of the income generating possibilities are on-hold. This will negatively impact on income, wages, and key commodity prices across countries. An informal sector of the economy is not functioning in many sectors. This has led to reduce the household income and it implies sensitivity on the consumption patterns, will result lower commodity prices (Ranasinghe and Sugandhika, 2018).

7. Impacts in the long run

The Covid-19 also will seriously hit the non-monetary indicators in the developing economies such as infant and maternal mortality, under-nutrition and malnourishment, and educational achievement. Reduced demand for labor in urban service sectors may push workers to return to agriculture sector and it will significantly contribute to raise the domestic food production. Still the individual income may remain lower.

The World Food Programme (WFP) has warned that 265 million people could be pushed into acute food insecurity by Covid-19 pandemic, almost doubling last year’s total, is based on a complex combination of factors. The most acute challenges the world has in 2019 was food insecurity (77 million), climate change (34 million) and economic crises (24 million people); the coronavirus has made it seriously complicated those crises and threatens to worsen others. The majority of operations in firms are transformed to digitalized platforms and virtual operations with promoting ‘work from home’ as a need of maintaining the social distancing, might reduce the operational cost. This also reasoning to reduce the use of some facilities in businesses and will lower the income of some service organizations such as cleaning, security, transport, electricity, etc.

The shortage of imported raw materials (i.e., from China), the distractions of the supply chain will affect many less developed countries. Travel and tourism sector has been dramatically challenged for next few years due to the threat of virus infection. UNESCO estimates that 1.25 billion students are affected, posing a serious challenge to the attainment of SDGs Goal 4 (Quality Education); and the International Labour Organization (ILO) estimates some 25 million people could lose their jobs, with those in informal employment suffering most from lack of social protection. With the reduced imports, many industries are affected short run, as well as long run. However, the countries will start to produce their own supplies using the existing resources. The governments should protect these sectors and must encourage such increase the inventions and innovations with necessary supports.

8. Intangible vs tangible economy

An economy to be sustainable has to be based on three main sectors which are equally significant to the strength of its performance. Namely, agriculture, industry and the service sector where the achievement of full capacity or the saturation of the agricultural sector of an economy leads to the next stage. The industries are manufacturing and value added productions for agriculture as well as industrial materials and production of industrial goods. Once the full capacity of industry sector is reached within an economy, the financial services, banking, insurance, food services, education, health, transport, logistics, leisure and recreation and so forth the services are focused. In other words, the development of an economy is occurring gradually and most importantly correspondingly. Bypassing stages or over dependence of one stage over another does not lead to a strong economic development (Ranasinghe, 2020).

Neoliberal economic policies introduced to many national economies in 60s and 70s allowed economies grow on a specific field of expertise where exchange, international trade, competitive advantage and comparative advantage were key theories defended such approaches. However, developed economies such as UK, USA, Japan, South Korea and so forth are strongly linked to the economic development theory discussed above and have reached the present development level step by step. On the contrary, newly emerged economies which mainly entrusted on attractive industries like
tourism have been heavily focusing on sustainable tourism services, sustainable accommodation approaches and related economic activities for several decades and Seychelles, Caribbean Islands, Thailand, Pacific Islands, and Maldives, Indonesia are a few to specify as examples. Therefore, sustainability and innovations too are two more growing concepts globally and should be strongly decisive during this contemporary issue (Karunarathne et al., 2020).

Service economies pre-matured economies or intangible economies as illustrated above are the most susceptible ones in a post Covid-19 recovery where tourism and related industry will be the severest hit. These economies mainly are based on services mainly where agriculture, industries are not up to the level of sustainable level of performance. Thus, survival in a tough condition, limited exchange conditions and particularly the local food safety are very poor of these countries and in a continuous lock down period the challenges are immense. In particular, supply chains from both local and international grounds are disturbed and distributions, transport, logistics, air access all are troubled. Thus, in a post pandemic recovery the ability to cover up with basic survival, fulfilling medical needs, and sanitary facilities are challenged in such pre-matured economies.

In the case of Sri Lankan economy the agriculture is not grown to full capacity and the colonial export agricultural crops continued in the economy as heavily dependent exports for several centuries. Moving away from that heavy dependence on one or two crops has been a long awaited economic move to diversify the agricultural sector of the economy yet another daydream. Agriculture in Sri Lanka has mainly been a dependent activity mainly in case of rice. Another significant limitation is that the sector is heavily running on imported chemicals and fertilizers for which substantial subsidies are granted by the government at the cost of public funds. Thus, in order for the country to be safe in producing food it is significant to maintain the agricultural subsidies, yet efficiency, technology and financial viability are in urgent need.

Service activities are at the heart of a major economic revolution taking place all around us. As suggested by Riddle (1986), “service sector is one of the least understood portions of our global economy” in spite of the fact that “no economy can survive without a service sector” (Kon, 1997). Services are bound to operate with its relative importance in an economy that caters economic development with offerings of service components that are intangible and inseparable in nature. Mostly basic services scatter between financial services, tourism and travel, hospitality, retail, health, human services, information technology, education, telecommunication and so forth. Among the most essential industries, tourism acts as a promoting service industry in the world at present with its accelerating principles and outcomes in diverse economies in the globe.

According to the World Trade Organization, tourism and travel-related services includes services provided by hotels and restaurants (including catering), travel agencies and tour operator services, tourist guide services and other related services. Tourism service statistics prove its fast growing behavior with the facts that, international tourist arrivals have reached 1.23 billion in 2016, up strongly from 674 million in 2000. Earnings reached a record of $ 1.22 tn, increasing impressively from $ 495 bn in 2000. Receipts from international passenger transport (i.e., visitor exports) were estimated at $ 216 bn in 2016, bringing total international tourism receipts to $ 1.4 tn, corresponding to almost $ 4 bn per day (World Tourism Organization, 2018).

According to the UNWTO’s (2019) long-term forecast, international tourist arrivals are expected to reach 1.8 billion by 2030, where arrivals in emerging destinations are expected to increase at twice the rate of those in advanced economies (4.4% versus 2.2% annually, respectively). Further, they estimate that, since the market share of emerging economies has grown from 30% in 1980 to 45% in 2016, it is expected to reach 57%, equivalent to over 1 billion international tourist arrivals by 2030 in the world. Tourism entails a collection of goods and services that are provided specifically for visitors, and would not have been provided otherwise (Organization of American States, 2000). As defined under the World Tourism Organization’s Services Sectorial Classification List, commonly referred to as W/120 (MTN.GNS/W/120), the category “Tourism and Travel Related Services” is distinctly limited in scope. It comprises only hotels and restaurants, travel agencies and tour operators, and tourist guide services (together with an “Other” sub-category). Presumably to avoid sectorial fragmentations, numerous other tourism-related services such as computer reservation systems, cruise ships and many other transport services, hotel construction, car rentals, certain distribution, business, and financial services as well as most recreational, cultural and sporting services have been placed within their respective W/120 Sectorial categories (World Trade Organization, 1991).

As the world’s largest and one of the fastest-growing service industry, tourism and its related services pay a marvelous role as a driving force in economic development with its complex consumption and production patterns globally. It is significant that tourism always derives impacts to other sub production sectors as well, accounting for over one-third of total services trade in the world. In many countries of the world, tourism activities are considered as more important than production and other services, concerning its economic and social aspects (Agaraj and Murati,
As a diverse service activity that concerns more other service sectors measuring and defining the tourism economy in real scenarios is challenging and difficult, since it is hard to predict the true size of the global tourism economy.

World Tourism Organization illustrates that, over the past 50 years, tourism growth weighted since tourism demand depended on all levels of national, regional and global economies with an amplified growth rate, significantly outpacing the economic growth in the world. Further, they forecast that the growth of tourism volume will tend to be higher in years when world economic growth exceeds 4%, and it is assumed tourism grows on average 1-3 times faster than GDP in the economy. Also as depicted by Organization of American States (2000), the most important economic feature of activities related to the tourism sector is that they contribute to three high-priority goals of countries as the generation of income, employment, and foreign-exchange earnings in contributing to fasten the levels of growth rate in each economies in the world in domestic and in international scales. When looking forward to the aspects of tourism in generating income and employment in an economy, been a highly labor-intensive industry, tourism creates a major source of employment generation accelerated by tourism demand, both domestic and international, that directly affects to the income levels progressed at increasing global wealth in the world economy.

The demand patterns link to the tourism services prefer dynamic motivation in national and regional economies in a country upgraded by diverse influences and motivations of different peoples prefers to travel and attaining tourism services. “Tourism, for instance, is expected to continue to grow more rapidly than world economic output as a result of factors such as population growth, rising incomes and employment, shorter work weeks in many parts of the world, and the increasing integration of the world’s economies and societies. The rapid growth of specialty travel is fueled by some of the same factors, but there are a number of additional explanations: the boom in outdoor recreation and the new interest in health and fitness, for example. Environmentalism is another of the elements that have changed people’s attitudes about how they should spend their vacations” (Faiza et al., 2019). With prevailing demand roots, the present tourism demand tends to begin at an urban concentration with a higher income that parallels to the flows towards regional tourism bases, processing an income distribution within a countries geographical validity.

Tourism, mostly comprised with highly determined personal services compared to other industries that creates more value addition to its resources within the industry. The motivation generated through value addition, results more income towards the economy that direct the industry to create more employment opportunities in direct and indirect bases within the service industry. Worldwide, tourism directly or indirectly supports 65 million jobs, including hotel managers and staff, taxi drivers, tour operators, and shop attendants, among others. Secondary employment is generated in agriculture, industry, handicrafts, and services (World Tourism Organization). Moreover, since the tourism industry biased to have links with a wide range of other supportive services such as infrastructural services, including transport, financial services, and telecommunication services still the volume of employment generated will go higher, specifically with indirect approaches to tourism related jobs. It is a proof that sustainable tourism goals had a flash on poverty alleviation in the world with utilizing tourism services capability of generating significant rural or domestic employment opportunities for low skilled labors in many rural tourism attractions in the world.

“Tourism helps to enhance employment opportunities and earnings, which can be of major economic significance to the local population” (Faiza and Longbao). In terms of employment, the local community could expand their earnings and socioeconomic condition, which could lead to an improved standard of living. Tourism improves local community development and helps to reduce poverty (Faiza and Longbao). Further, tourism-based service economies create more local jobs since tourism is an industry that can act as a crucial aspect in the cross-border movement of consumers that would ultimately permit even unskilled locals to reach an income or be a service exporter in their own economy. A local who sells craft items, maintaining a home stay, performing an art work will fulfill the need of having a job and an income within their own settlements, being a host for a stranger or an outsider who supports the economy as a small scale exporter in their own way.

Tourism services also act as a catalyst to improve the levels of investment flown towards a country’s economy in a greater scale. Specifically the accommodation units’ establishments can greatly attract foreign investments and training professionals toward an economy. It enhances the movement of international financial resources toward the economy that would be a fair treatment for foreign borrowings in an economy. Tourism can contribute as a stimulus to attract foreign professionals that ultimately will increase the weights in efficiency and the load of resources in an economy that would upgrade the economic growth of a country. “The tourism sector has the capacity to recover foreign-currency investments in a very short period of time, for instance, that a medium-class beach hotel in a developing country will earn back in one year the entire foreign exchange required to build and equip it. In the case of tourist vehicles, such as buses, this period is even shorter” (World Tourism Organization, 2009).
Consequently, inflow and outflow mechanisms of foreign exchange, long-term and short-term qualitative levels of investments generated through foreign exchange earnings, determine the behavior of tourism services, contributing to the growth in the economy of a country. “Foreign exchange earnings are used to make the payment of import of goods and services and the volume of foreign exchange shows the potential of the economy in the world” (Samirkaş and Bahar, 2013). “Tourism has emerged as main, the most main source of foreign exchange” (Mahalia and Troy, 2009). The weight exerted in a country’s exchange rate would determine the level of demand it can create to rest of the markets in booming the economy with prevailing outcome. “The exchange rate variations affect relative prices of goods and services in different countries and are therefore an important factor in international trade, including inbound and outbound tourism” (Archer, 2000). The variation created in exchange rate patterns considerably affects the flow of tourist to a country where favorable rates between the origin country and the destination country’s currency act as an impulsive with in price signal detecting the relative value of offer each is going to create that motivate tourist to get their decision on expenditure, length of stay and specifically the destination choice. Therefore, the exchange rate determinations are essential in a service economy, specifically in the tourism service industry.

Accordingly, in a service economy that is constantly dynamic and growing, when compared to the stable manufacturing and production industries, tourism significantly is a varied economy that force a consumer to reach it and creates motivations to consume what the consumer needs unlike other industries that deliver commodities to the foot of the customer. The satisfaction and utility decide the economic influence within the tourism industry, and fore mostly, occupying a strong tourist base, would create thousands of access to diversification and growth of the economy in any country, if it utilize that strong economic approach in a multi opportunity deriving service economy as tourism.

9. Recovery of tourism (service) economies

In addition to trade patterns, countries highly dependent on revenues from international tourism are likely to face challenges. This is particularly true for some Caribbean and African countries. Tourism employs millions of people in Ethiopia, Kenya and Tanzania, while it accounts for more than 20% of employment in Seychelles, Cape Verde, São Tomé and Príncipe, and Mauritius. Meanwhile, deteriorating economies will impede people’s ability to send remittances back home, affecting livelihood support to millions of households. Countries with forthcoming key agricultural seasons, for example, in the Horn of Africa, Central America and Caribbean, Western Africa and parts of Asia, may be affected by reducing agricultural labor due to containment, or lack of access to agricultural inputs due to supply chain disruptions.

A comprehensive and a thorough evaluation of the impacts over the economy, businesses and communities is a primary need to precede to the recovery measures. E.g., homestay villages of Malaysia, service providers of Bangkok and lodging facility providers of Seychelles need extensive evaluation expanding to all the pre-matured economies which are mainly based on tourism and related service activities. Once such estimation is completed the World Bank, UNWTO, IMF and the national government will have to come out with the program for funding the stakeholders of tourism industry until they are back to the proper business functions. Grant of a lump sum to survive and maintain the facilities, survival of the employees need to be taken care of the stakeholders. Considering the national economy and the percentage of the contribution of industry, it is essential to work to recover the industry at each national economy.

Tourism, air transportation and related services such as tour guiding, waiting services, etc., were main carriers of Novel Corona virus where unsolved challenges to restart operations are in existence. Thus, a suspicion towards tourists was emerging and it is invertible that spread of the virus given the way of the SOPs of the tourism industry as at present. Thus, it is essential to alter existing SOPs and introduce appropriate SOPs to operate the industry maintaining acceptable distance. Welcome, greetings, assurance of viral free visitors in premise, room service, food service, site visits and travel procedures need novel cultures in order for the tourism and hospitality industry to put back to operation until a permanent control over the Covid-19 is found. With the current situation, everyone is looking forward surprisingly about the future. Political leaders, employees, business organizations, investors, financial service providers, even consumers are worrying about the future uncertainties and ways of recovering their losses during the pandemic.

In the long run, an unprecedented policy response should be extended in the unsecured economies. Developed countries and international organizations should wisely commit to, deliver more fortified fiscal support for the low and middle-income countries extending more secure health and social protection programs, strengthened food supply chains, and adequate and affordable food supplies. Further, the debt reliefs should be given to such countries to support them in this economic recession. Bilateral and multilateral agreements can aid the affected countries in terms of managing the supply cost and unnecessary leakages. There should be more favorable debt restructuring and relief for developing countries. Considering the need and urgency, a substantial amount of debt can be written off or rescheduled.
Universities and schools are remaining closed in many countries in the world. The education sector can be gradually transformed into a blended mechanism of online and offline teaching, learning by all possible means, such as the internet, radio and television based ensuring the physical strength, health and mental well being of students. In the economic recoveries, women are recognized as a crucial agent that should be prioritized with more equitably as they are a critical group in post-crisis economic recoveries in many countries in the world. Inclusive social and economic accessibility must be strengthened to empower women entrepreneurs and employment in both informal and formal sectors.

More importantly, the positively driven policy interventions must be established to diminish the potentially shocking effects of the outbreak on welfare of the vulnerable economic activities. These sectors can be provided grants and wage subsidies to minimize layoffs. The necessary supports should be extended towards the micro and small enterprises such as tax exemptions, delays, or waivers targeted to small firms, soft loans, and grants. Labor migration and transition of workers who have lost or challenged their jobs (i.e., tourism and travel sector) should be empowered with necessary supports, training or new jobs.

The usage of internet and e-commerce for the business activities should be encouraged with favorable policies and regulations to reduce the urban traffic. Work from home is a good concept to promote where ever possible in both public and private sectors specifically in least developed countries. Specifically the small and medium sector, self-employments and most vulnerably affected service sectors such as in the value chain (i.e., segments in the tourism industry) should be given assistance and support to encourage them. For an example, Sri Lankan government has regulated to provide a six-month relief for the leasing facilities obtained from any financial service company and 5000 LKR monthly allowances for families in vulnerably affected segments such as tourism, handicraft, agriculture, etc.

Consumers’ confidence should be maintained while the necessities are fulfilled. New opportunities to think in the competitive market such as online ordering, online payments, debit- and credit-card spending are much popular even in least developed countries. Unemployment insurance, default rates, and tax collections are proposed to secure the human life. With requirement of physical distancing, personalized taxi services, car rentals with necessary safety precautions should be encouraged for the potential segments and it will secure the transport service providers. In assuring the of economic recovery, the liquidity should be injected to the economies as necessary, providing lower interest rates to encourage investments, fostering the strategies such as lean operation, digital economic activities, new business models, alternative inventions and innovations for the imported supplies, low cost business operations strategies, accelerated infrastructure projects that inject investments to the economy, restoring lost demand for goods and services should be strategically implemented in customized mechanisms. Business-society relationships should be encouraged to, recover the market demand.

In order to enhance the disposable income of households, governments can make necessary initiatives to quantify the minimum level of income need to cover their basic necessities, ensure a minimum level of liquidity that companies need to cover their costs (including payrolls) and to protect their long-term solvency, the minimum liquidity levels that banks need to support defaults, and the minimum amount of money that governments need to supply all those requirements (Cadena and Haines, 2020).

10. Conclusion
The poverty is a global issue over the decades and many economies have deliberately made significant provisions to overcome the detrimental of poverty worldwide. This review has extensively analyzed and presented the resistance and multifaceted impact of Covid-19 on the global economy. The contemporary new normal world with the impact of Covid-19 has substantially made countries to drive towards not only essential instruments to ensure economic immunity, but also the sustainable wellbeing for humans in the world. Political leaders, employees, business organizations, investors, financial service providers, even consumers are depressed and surprisingly waiting about the future uncertainties and ways of recovering their losses during the pandemic. However, more innovative and favorable solutions should be evolved in the global economy to confirm the revoke of vulnerabilities and resilience towards a healthier world, though it is too early to respond to a global pandemic since it is in the early stages as at present. Yet, the global economic resilience has to be built and the poverty line has to be a strong focus of all such economic and policy responses to the evolving conditions.

References


