Effects of Covid-19 Pandemic on the Tourism Sector: A Case of Central Visayas, Philippines

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ARTICLE INFO

Keywords: Covid-19, Pandemic, Tourism, Travel, Displacement

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ABSTRACT

The pandemic underscored the risks and vulnerability of the tourism sector. The study aims to analyze the effect of the Covid-19 pandemic on the tourism sector in Central Visayas. The pandemic cases in the region, tourist arrivals, affected establishments, tourism-related businesses, and displaced workers were the key indicators that researchers looked into in this study. This study utilized a descriptive method. The investigation was carried out in Central Visayas, Philippines. Secondary data sources were used from a review of records from government agencies to descriptively analyze the effect of the Covid-19 pandemic on the tourism sector of the region. The results show that Central Visayas is among the top regions with the most Covid-19 cases reported; the high positivity rate led to stricter community quarantine protocol which affected the tourist arrival of both the local and foreign markets. The lockdown also resulted in the closure of some accommodation, F&B, and entertainment industries, leading to a massive displacement of workers in the region.

1. INTRODUCTION

In December 2019, the novel coronavirus SARS-CoV-2 was identified as the causative agent for a series of atypical respiratory diseases in the Hubei Province of Wuhan, China. The World Health Organization declared SARS-CoV-2, also known as COVID-19, a pandemic on March 11, 2020 (Pollard et al., 2020; Tasya, 2021). In the Philippines, the government closed Luzon’s airports on March 20 as part of the island’s Enhanced Community Quarantine (ECQ), which began on March 16. The tourism industry has already felt the pandemic’s negative impact on its performance (Sianipar et al., 2021; Wirawan et al., 2021; Wu et al., 2020). Travel restrictions and measures in other countries began as early as January of this year, impacting Philippine international tourist arrivals.

On the other hand, domestic tourists have restricted their travel due to the risk of contracting COVID-19 (Tien, 2018; Yanto & Efendi, 2021). According to the Department of Tourism, international tourist receipts in the first quarter of this year totaled PHP85 billion, a 36% decrease from last year. A more detailed sectoral analysis reveals that the most significant reductions in sectoral value-added occurred in accommodation and food service activities, transportation and storage, construction, and mining and quarrying. Value-added in accommodation and food service activities fell by 68.0 percent. Central Visayas is one of the greatest numbers of Covid-19 cases in the Philippines, which resulted in a stricter lockdown policy.

As a service industry, tourism was hit hard by the ban on travel, leading many businesses to close or adapt flexible arrangements to survive temporarily. As the lockdown continued through the end of the first year of the pandemic, many businesses in the tourism industry were forced to close permanently (Amin et al., 2021; Hsu, 2021). From the onset of the COVID-19 crisis in China, the impact of the global health crisis on the travel and tourism industry was significantly underestimated (Abbas, 2021; Hossain & Rahman, 2021). Policymakers and tourism professionals do not have a complete understanding of the situation and the extent of the effect of the crisis, which is expected to have an unprecedented impact on the industry (Asgary & Ozdemir, 2020; Chang & Hsu, 2010; Jiang & Gao, 2019).

The Covid-19 pandemic has caused lockdowns around the world, and as a consequence, tourist arrivals in the Philippines, most especially in Central Visayas, have been affected as airports were temporarily closed; as an outcome, this affects the accommodation food and beverage establishments and arts, entertainment, and recreation which also led to the displacement of workers (flexible working arrangement, temporary closure, retrenchment, and permanent closure). The study aims to present the
effects of the COVID-19 pandemic on the tourism sector in Central Visayas, Philippines. Specifically, it addressed the following objectives: (a) present the Covid-19 case in Central Visayas (b) describe the effect of the COVID-19 pandemic in terms of tourist arrivals. (c) The effect of Covid 19 is the number of affected establishments and displaced workers in the accommodation, food and beverage, and Arts, Entertainment, and Recreation industries.

2. METHODS

This study utilized a descriptive method (Almeida, 2020), secondary sources were used through a review of records from Philippine government agencies, namely the Department of Health, the Department of Labor and Employment, and the Department of Tourism Central Visayas. In this study, the researchers identified Covid-19 cases, tourist arrivals, affected establishments, and displacement of workers as the key indicators to measure the extent of the effect of Covid-19 in the tourism sector and describe the risk and vulnerabilities of the tourism sector in the region based on the identified indicators.

The investigation was carried out in Central Visayas, Philippines. Central Visayas, commonly known as region 7, is one of the most progressive regions in the Philippines. The region has a land area of 15,875 km² and is located in the Philippines’ central Visayas island group. It is surrounded to the north by the Visayan Sea and the province of Masbate, to the south by the Mindanao Sea, to the west by the Negros Occidental s, and to the east by the island of Leyte. It consists of four provinces, namely Cebu, Bohol, Negros, and Siquijor. Additionally, it is a primary tourist site for both local and international visitors, making it a perfect location for research.

3. RESULTS AND DISCUSSIONS

COVID-19 Case in Central Visayas

To understand the situation of Tourism in Central Visayas during times of pandemic, it is essential to present the trends of Covid-19 cases to see how the region responded to the crisis and the implications of the number of Covid-19 cases for the tourism sector in the area. Top Regions with Covid-19 Cases is show in Figure 1.

![Figure 1. Top Regions with Covid-19 Cases](image)

As indicated in Figure 1, Central Visayas has about 166,152 Covid-19 cases; this places the Region 4th with the most Covid-19 cases in the Philippines as of January 21, 2022, report of the Department of Health. The National Capital Region topped the report, followed by Region IV-A CALABARZON. The high cases would mean that the Region would still be in higher classification of health protocol and would limit the capacity of food services and accommodation establishments to accept the guests. This would also mean that the Region would still be adapting stringent measures that affect the mobility of people in the area, which also affects the tourism sector. Covid-19 epidemic curve in Central Visayas is show in Figure 2.
Figure 2 presents the covid-19 pandemic curve in Central Visayas; it can be observed that in the early times of the pandemic outbreak, Cebu showed an upward trend of Covid-19 cases, Bohol and Negros Oriental showed a similar trend in the proceeding months of 2020. It can also be observed that a downward curve in Cebu from February until April, and there was a spike of cases in July and went down in August. An upward trend was also observed for Bohol in July and Negros in June 2021. The data presented in this figure would mean that tourism would be affected because tourism destinations in the region may adopt a protocol that will respond to their alert level classification, which would also mean that each central province and component city may have a different protocol to be observed. Covid-19 alert level system/quarantine classification is show in Table 1.

Table 1. Covid-19 Alert Level System/ Quarantine Classification

<table>
<thead>
<tr>
<th>Previous Quarantine Classification</th>
<th>Alert Level</th>
<th>Description</th>
<th>Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Normal (Behavioral changes, need to practice social distancing &amp; health measures)</td>
<td>Alert Level 1</td>
<td>refers to areas wherein case transmission is low and decreasing, total bed utilization rate, and intensive care unit utilization rate is low.</td>
<td>Age restriction - Movements of a person shall be allowed (except for reasonable restriction 3C’s identified by the LGUs) Private establishments are at full capacity with MPHS and the same with government agencies</td>
</tr>
<tr>
<td>Modified General Community Quarantine (Outside buffer zone, without confirmed cases)</td>
<td>Alert Level 2</td>
<td>refers to areas wherein case transmission is low and decreasing, healthcare utilization is low, or case counts are low but increasing, or case counts are low and decreasing but total bed utilization rate and intensive care unit utilization rate is increasing</td>
<td>Movement of persons shall be allowed (except for reasonable restriction 3C’s identified by the LGUs) Establishments will have minimal on-site capacity; work-from-home and flexible work arrangements Government agencies will have at least 50% - on-site capacity</td>
</tr>
<tr>
<td>General Community Quarantine (Buffer zone; without cases)</td>
<td>Alert Level 3</td>
<td>refers to areas wherein case counts are high and/or increasing, with total bed utilization rate and intensive care</td>
<td>Movement of persons shall be allowed (except for reasonable restriction 3C’s identified by the LGUs)</td>
</tr>
</tbody>
</table>
but contagious w/ localities with Covid cases

unit utilization rate at increasing utilization.

Establishments will have minimal on-site capacity; work-from-home and flexible work arrangements

Government agencies will have at least 50% – on-site capacity

Modified Enhanced Community Quarantine (Containment zone: areas with 1-19 Covid-19 cases)

Alert Level 4

refers to areas wherein case counts are high and/or increasing, with total bed utilization rate and intensive care unit utilization rate at high utilization

Not allowed: Below 18 y.o, over 65 y.o., with comorbidities, immunodeficiency, pregnant

Establishments will have minimal on-site capacity; work-from-home and flexible work arrangements

Government agencies will have at least 20% – on-site capacity

Enhanced Community Quarantine (Critical zone; areas with more than 20 Covid cases)

Alert Level 5

refers to areas wherein case counts are alarming, with total bed utilization rate and intensive care unit utilization rate at critical utilization.

No- movement, except for essential workers (e.g. medical workers, logistics, etc.)

Source: Inter-agency Task Force for the Management of Emerging Infectious Diseases (IATF)

As of the conduct of this study, the Philippines have adopted new community quarantine guidelines to deal with the cases to manage and minimize the risk of Covid-19 cases. Table 1 presents the Alert Level Classification crafted and implemented by the IATF. The national government issues alert levels according to the number of cases reported in the areas, for example, by provinces per region and other component cities. This would imply that each province and city may have different alert level classifications according to the number of cases reported and shall adopt different measures to mitigate the spread of Covid-19 cases in the area. The same guidelines are adopted by the Department of Tourism in the agency’s policy development and be implemented by each regional office. Tourist Arrivals in Central Visayas from 2015-2021 is show in Table 2.

**Table 2. Tourist Arrivals in Central Visayas from 2015-2021**

<table>
<thead>
<tr>
<th>Tourists Arrivals</th>
<th>Cebu</th>
<th>Bohol</th>
<th>Negros Oriental</th>
<th>Siiquior</th>
<th>Central Visayas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2015</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippine Residents</td>
<td>1,722,624</td>
<td>384,838</td>
<td>517,016</td>
<td>34,145</td>
<td>2,658,623</td>
</tr>
<tr>
<td>Non- Philippine Residents</td>
<td>1,588,639</td>
<td>215,269</td>
<td>104,926</td>
<td>27,072</td>
<td>1,935,906</td>
</tr>
<tr>
<td>Overseas Filipinos</td>
<td>9,686</td>
<td>2,150</td>
<td>3,353</td>
<td>0</td>
<td>15,189</td>
</tr>
<tr>
<td>Total</td>
<td>3,320,949</td>
<td>602,257</td>
<td>625,295</td>
<td>61,217</td>
<td>4,609,718</td>
</tr>
<tr>
<td><strong>2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippine Residents</td>
<td>2,228,571</td>
<td>731,915</td>
<td>554,550</td>
<td>44,905</td>
<td>3,559,941</td>
</tr>
<tr>
<td>Non- Philippine Residents</td>
<td>1,875,516</td>
<td>266,313</td>
<td>140,329</td>
<td>40,971</td>
<td>2,323,129</td>
</tr>
<tr>
<td>Overseas Filipinos</td>
<td>8,051</td>
<td>1,958</td>
<td>4,662</td>
<td>0</td>
<td>11,533</td>
</tr>
<tr>
<td>Total</td>
<td>4,112,138</td>
<td>1,000,186</td>
<td>696,403</td>
<td>85,876</td>
<td>5,894,603</td>
</tr>
<tr>
<td><strong>2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippine Residents</td>
<td>2,613,005</td>
<td>686,858</td>
<td>716,393</td>
<td>52,392</td>
<td>4,068,648</td>
</tr>
<tr>
<td>Non- Philippine Residents</td>
<td>2,245,209</td>
<td>443,477</td>
<td>148,719</td>
<td>44,396</td>
<td>2,881,801</td>
</tr>
<tr>
<td>Overseas Filipinos</td>
<td>18,833</td>
<td>730</td>
<td>4,662</td>
<td>0</td>
<td>24,225</td>
</tr>
<tr>
<td>Total</td>
<td>4,877,047</td>
<td>1,131,065</td>
<td>869,774</td>
<td>96,788</td>
<td>6,974,674</td>
</tr>
</tbody>
</table>
Table 2 presents the tourist arrivals in Central Visayas from 2015 to 2021. The arrivals are categorized according to the type of tourists (Philippine residents, non-Philippines residents, and overseas Filipino workers). The table shows that the Province of Cebu has the most tourist arrivals, which can be attributed to the presence of an international airport that caters to flights from different parts of Asia, Europe, and America. Bohol follows Cebu as one of the most visited tourist destinations in Central Visayas as the island is endowed with beautiful beaches, rich culture, and its famous “Tarsier” (the smallest primate in the world). The table further shows a year in the increase in tourist arrivals; however, 2020, the onset of the pandemic, shows a considerable decline in tourist arrivals in the region and continued to drop in 2021 among the provinces and according to the categories. This is no surprise, as airports were closed as a precautionary measure to prevent increased infection. Stay-at-authorities issued home orders and restrictions on travel led to a significant decline in hotel occupancies and revenues. However, gradual opening and ease of the restrictions allow dine-in restaurants to reopen with limited capacity and strict adherence to minimum health standards. Later on, reduce the restrictions on domestic and international travel. Tourism is an important strategic pillar of the economy’s GDP in many cities, regions, and countries. The tourism and leisure industry is critical to economic activity and customer satisfaction, but it has also become the industry member with the most significant vulnerability.

### Affected Establishments and Displaced Workers According to Categories

There was a significant hit to the Philippine economy due to the Covid-19 outbreak, which hampered workers’ mobility out of fear of spreading the virus. The Department of Labor and Employment categorized displacement as a temporary closure, retrenchment, flexible work arrangements, and permanent closure. Table 3 provides regional summaries of the impacted industries, including the number of affected establishments and displaced workers.

The data gathered from the Department of Labor and Employment Central Visayas reflects that in 2020, the first year of the COVID-19 Pandemic, a total of 506 establishments from accommodation and food service industries implemented flexible working arrangements and had about 14,575 total displaced workers. As for the Arts, Entertainment, and Recreation industry, there were about 24 establishments and 1,735 displaced workers recorded by DOLE. In 2021, the number of establishments under Accommodation and Food Service 323 establishments implemented the said work arrangements, which is 36.2% lower than
the latest recorded in 2020. As for the displaced workers, the registered as of June 27, 2021, was about 8,806, which is lower than the previous year.

**Table 3. Number of Establishments Implementing Flexible Work Arrangement/Alternative Work Scheme with Corresponding Displaced Workers**

<table>
<thead>
<tr>
<th>Period</th>
<th>Industry</th>
<th>Number of Establishments</th>
<th>Displaced Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of June 27, 2021</td>
<td>Accommodation And Food Service Activities</td>
<td>323</td>
<td>8,806</td>
</tr>
<tr>
<td></td>
<td>Arts, Entertainment, And Recreation</td>
<td>23</td>
<td>465</td>
</tr>
<tr>
<td>As of December 29, 2020</td>
<td>Accommodation And Food Service Activities</td>
<td>506</td>
<td>14,575</td>
</tr>
<tr>
<td></td>
<td>Arts, Entertainment, And Recreation</td>
<td>24</td>
<td>1,735</td>
</tr>
</tbody>
</table>

Source: Department of Labor and Employment - Region 7

In a similar year, Arts, Entertainment, and Recreation industries recorded 23 establishments that went on the same work arrangements and affected about 465 workers. The data presented in this table would mean that the industries indicated opt to provide services with limited human resource capacity for the business to stay afloat in times of Pandemic is show in **Table 4**.

**Table 4. Number of Establishments Implementing Temporary Closure**

<table>
<thead>
<tr>
<th>Period</th>
<th>Industry</th>
<th>Number of Establishments</th>
<th>Displaced Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of June 27, 2021</td>
<td>Accommodation And Food Service Activities</td>
<td>237</td>
<td>3,515</td>
</tr>
<tr>
<td></td>
<td>Arts, Entertainment, And Recreation</td>
<td>22</td>
<td>213</td>
</tr>
<tr>
<td>As of December 29, 2020</td>
<td>Accommodation And Food Service Activities</td>
<td>457</td>
<td>7,079</td>
</tr>
<tr>
<td></td>
<td>Arts, Entertainment, And Recreation</td>
<td>79</td>
<td>1,735</td>
</tr>
</tbody>
</table>

Source: Department of Labor and Employment - Region 7

It can be observed in **Table 4** that in 2020 there were 457 establishments recorded from the accommodation and food service industries implemented temporary closure and had about 7,079 displaced workers affected by such move of these businesses. The following year shows 237 establishments implemented temporary closure from the accommodation and food service industry which is lesser than in 2020. On the one hand, Arts, Entertainment, and Recreation industries had about 79 establishments that went on temporary closure, which affected about 1,735 workers in 2020, while 22 establishments temporarily closed and affected about 213 workers recorded in 2021 is lower compared to the previous year. Number of establishments implementing retrenchment / reduction is show in **Table 5**.

**Table 5. Number of Establishments Implementing Retrenchment/Reduction**

<table>
<thead>
<tr>
<th>Period</th>
<th>Industry</th>
<th>Number of Establishments</th>
<th>Displaced Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of June 27, 2021</td>
<td>Accommodation and Food Service Activities</td>
<td>193</td>
<td>1,986</td>
</tr>
<tr>
<td></td>
<td>Arts, Entertainment and Recreation</td>
<td>13</td>
<td>398</td>
</tr>
<tr>
<td>As of December 29, 2020</td>
<td>Accommodation and Food Service Activities</td>
<td>307</td>
<td>3,498</td>
</tr>
<tr>
<td></td>
<td>Arts, Entertainment and Recreation</td>
<td>23</td>
<td>193</td>
</tr>
</tbody>
</table>

Source: Department of Labor and Employment - Region 7

**Table 5** presents establishments that implemented a decrease or reduction of workforce. The data shows that in 2020, 307 accommodation and food service establishments reduced their workers, and the record shows affected about 3,498 workers. There were 23 establishments from the arts, entertainment, and recreation industries that moved to reduce their human resources and involve 193 employees. In 2021,
fewer establishments moved to reduce their workforce to 193 from the accommodation and food service industries and 13 establishments from the arts, entertainment, and recreation industries. As to the number of affected workers, 1,986 workers from the accommodation and food services industries and 398 from arts, entertainment, and recreation were recorded to be subjected to a reduction of workers.

<table>
<thead>
<tr>
<th>Period</th>
<th>Industry</th>
<th>Number of Establishments</th>
<th>Displaced Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of June 27, 2021</td>
<td>Accommodation and Food Service Activities</td>
<td>40</td>
<td>312</td>
</tr>
<tr>
<td></td>
<td>Arts, Entertainment and Recreation</td>
<td>4</td>
<td>118</td>
</tr>
<tr>
<td>As of December 29, 2020</td>
<td>Accommodation and Food Service Activities</td>
<td>34</td>
<td>272</td>
</tr>
<tr>
<td></td>
<td>Arts, Entertainment and Recreation</td>
<td>8</td>
<td>75</td>
</tr>
</tbody>
</table>

As reflected in Table 6, in 2020, about 34 establishments from the accommodation and food service industries permanently closed their businesses, which affected 272 workers and 75 workers from the Arts, Entertainment, and Recreation industries. In 2021, there were 40 establishments recorded to have closed from the accommodation and food service industries which affected 312 employees; in the same year, 8 establishments from the arts and entertainment and recreation industries were closed permanently, affecting about 118 employees. The data on the establishments that opted to close permanently would imply that some businesses may need help keeping their operations running, considering the limited tourist arrivals and the limited capacity to accommodate guests.

Discussion

The pandemic has affected many sectors in the Philippines, and tourism is among the most affected sectors that felt the devastating effect of the massive lockdown implemented within and outside the country. Central Visayas is among the regions with the most Covid-19 cases in the country, and Cebu province, in particular, had the most recorded cases in the region. These findings suggest that containment measures may need to be improved to mitigate the spread of the virus (Almonacid-Pierro et al., 2021; Surahman et al., 2022). The regional accounts of tourist arrivals with classification shows that in Central Visayas, there was significant growth of tourist arrivals in the pre-covid times. At the same time, the coming of the Covid-19 pandemic plummeted the arrivals as border closures were implemented not only in the Philippines but also in the more significant tourist markets from other countries (Gursoy, D., & Chi, 2020; Kumar & Somani, 2020).

As a consequence of the decreased number of tourist arrivals and limited movement within the region, establishments from the accommodation, food services, arts, entertainment, and recreation industries had to resort to the implementation of flexible work arrangements, temporary closure, retrenchment of workers, and even resorted to the permanent closure of business (Hart & Halden, 2020; Lim, 2020; Ulum, 2021). The displacement of workers due to retrenchment and temporary and permanent closures of businesses may lead to high poverty and increase the number of informal economies (Baek et al., 2020; Haldar & Sethi, 2022; Hasson et al., 2022). Leisure-related industries such as accommodation and food services, as well as arts, entertainment, and recreation, are dominated by "collapsing" occupations and are classified as having a high risk of pandemic-induced job disruption (Gamilla, 2021; Limon, 2021; Rowan & Galanakis, 2020).

Servers, cooks, kitchen helpers, food service counter attendants, street food salespersons, fast food preparers, bookmakers, croupiers and gaming workers, and cashiers and ticket clerks are particularly vulnerable (Farida, 2022; Hohlova & Rivža, 2021; Su et al., 2022). According to the Philippine Tourism Promotion, even with the increase in travelers and community quarantine relaxing, stakeholders' sentiment was still noticeable because of the same challenges (Gallato et al., 2012; Owsianowska, 2011). The challenges to tourism recovery one is boosting travel confidence and bringing more tourists to the country. A clear and unified standard protocol for the tourism industry to gradually gain the confidence of different types of tourists (Makrigiannakis & Soteriades, 2007; Zhao & Liu, 2021). Lastly is tangible government aid, which includes aid for tourism response and recovery plans, tax breaks, and assisting local stakeholders to remain in business despite the pandemic crisis.
The main impact of the Covid-19 pandemic on the tourism sector has been a drastic reduction in the number of tourists visiting Central Visayas. The implication is that the tourism industry in the area has experienced a significant decline in revenue. The limitations of this study only focus on the Central Visayas in the Philippines. Therefore, the research results may not be directly applicable to other regions or countries with different tourism characteristics. In addition, limited resources include time, funds, and research staff. This can affect the extent of data collected and analysis performed.

4. CONCLUSION

The study investigated the impact of the COVID-19 pandemic on the tourism industry in Central Visayas, Philippines, utilizing visitor arrivals, affected establishments, and displaced workers as its primary indicators. As noticed, the epidemic has revealed the tourism industry’s vulnerabilities. The lockdown and restricted movement have led to a decline in visitor activity, which has negatively impacted the tourism-based livelihoods of communities and companies in Central Visayas. The effect was visible in the lodging, food and beverage, and entertainment industries, which rely heavily on visitor arrivals. As numerous Central Visayas towns depend on tourism, the region’s economic model is also its most significant risk. The health crisis has also emphasized the significance of planning to safeguard the region against this type of crisis.

5. REFERENCES


