Crisis Resilience of Indian Tourism Industry in Post-Pandemic Situation- An SEM Approach

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ABSTRACT

The present study aims to examine the effects of the coronavirus (Covid-19) on the tourism industries and frame a strategy to revive the Indian tourism industry in the new normal. The study incorporated both primary and secondary data. Secondary data were utilized to assess the impact of the coronavirus on the tourism industry. In contrast, primary data were collected through a structured questionnaire to identify the key factors contributing to the recovery of the tourism industry in the "new normal" era. Exploratory Factor Analysis (EFA) was employed to uncover the dimensions of crisis resilience, followed by Confirmatory Factor Analysis and Structural Equation Modeling (CB-SEM) to investigate and validate the relationships among the variables of interest.

The result reveals that COVID-19 hit the tourism industry by lowering the travelling rate of tourists both domestically and internationally. We drew from the secondary data and found that marketing activities, information technology, innovation, and operational cost positively influence operational improvement, and competition was negatively associated with crisis resilience. In the current study, seven crisis resilience measurements were considered. Thus, future research must examine the effects of other dimensions like government roles, consumer intentions etc., in future research. Moreover, the study was based on a quantitative survey; therefore, future researchers may ponder the qualitative measure to provide rigorous and generalized results.

1. Introduction

In this epidemic crisis, many businesses are slowing down, and the travel industry is one of them. Today's globalization and the technological arena have made travel and tourism more accessible and affordable, but if this epidemic crisis continues this year, Tourism Industry will be one of the hardest-hit sectors with the COVID-19 pandemic outbreak. To face the global crisis, one billion excursions or trips are halted to protect human life from this virus. This outbreak has had a devastating effect on the Indian travel and hospitality industry. The number of tourists in the Statue of Unity Gujarat fell by 38% from January 2020 to February 2021. It has been assessed that the travel industry in India adds 10 % of the GDP. Press Trust of India released the report on February 6, 2020; three of the initial positive cases of the outbreak in the country have been recorded in Kerala, resulting in vast cancellations of hotel reservations and travel packages. There are 15-20 percent cancellations after reporting the coronavirus cases. There is growing concern within the tourism industry that the measures implemented by the government to raise awareness about the ongoing crisis may potentially frighten people in the foreseeable future. The state's beauty of beaches, backwaters, tranquil stretches, lavish hill places, and striking wildlife offer the tourism industry to contribute a significant profit to the state's economy, which accounts for more than 10% of GSDP and provides one and a half million employment.

According to industry chamber CII, the ongoing situation is the most noticeably terrible emergency that hit the Indian travel industry, disturbing all segments, including inbound and outbound transportation. The tourism sector is a significant job creator all over the world. India offers almost 20% of people jobs where the unemployment rate is so high and keeps rising yearly. This sector employs both males and females by maintaining gender equality. When proper strategies are implemented, the tourism industry is anticipated to bounce back compared to other sectors. UNWTO called upon the worldwide authority of the travel industry to join in its future recuperation endeavors.

The UNWTO suggested that the tourism sector and travelers should overcome this challenge with appropriate

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judgment proportionately. Solid relief and recuperation can help this segment overcome the burning crisis and create considerable returns to the employment market and the Indian economy. UNWTO coordinates and synchronizes closely with WHO and other United Nations agencies. Restating the classic work of Maslow's Need Hierarchy (1943), the primary need of people is safety. The majority of the previous research backed this notion, as it is well-known that visitors shun high-risk regions (Batra, 2008).

Crises are the term often synonymously used for risk, disaster, emergency issues, or even catastrophes that have been apparent in regular human actions in different forms and across various industries for centuries (Sonmez et al., 1999). It cannot be straightforwardly identified until and unless proper research and analyzing the pattern effectively (Law, 2006). The crisis management plan and economic recessions severely affecting growth and development are frequent events in the global economy (Srinivasan et al. 2011). Many papers have been established that identifies significant reconfiguration of business model. The epidemic's impact will lead to crises and disastrous situations. According to Prideaux (1999), a distinction is made between crisis and disaster, with the former being characterized as a foreseeable but unexpected outcome of management failures that can impact the future of society. Crises have a massive influence on the tourism sector as the number of visitors reduces dramatically (Alegre et al., 2013; UNWTO, 2011).

In accordance with Perles et al. (2016), research in travel and hospitality research evaluates the effect of crises in the following manners: (i) examination of demand-related variables [i.e., tourist arrivals are employed as an indicator of relevance] (ii) an examination of corporate reactions [cost cutting; comparative reorientation]; and (iii) the impact of crises on tourism destinations [temporary competitive impacts; share of market fluctuation]. Traditional research on hospitality and tourism tends to assume stability and relies on linear analysis as the preferred approach for studying stable structures (Pappas & Papatheodorou, 2017). However, this approach may not adequately capture the complexity introduced by successive crises, as it often overlooks such events' dynamic nature and multifaceted impacts. As a result, the tourist and tourism literature is deafeningly mute on the subject.

Medical tourism is one sector that has gained tremendous momentum with its possible influence of medical tourism on India's medical personnel and the healthcare system. The government of India, like other corporate businesses,

is responding to the increasing tourist sector in India. In the other part of the tourism sector, for the betterment of the patients and the growth of medical science, the Indian government introduced medical tourism through the National Health Policy 2002. By issuing medical visas for tourists looking for treatment in India, the government helped humanity who needed help with treatment. Many individuals travel domestically and internationally, seeking advanced and effective medical treatment from specialized hospitals, cutting-edge technologies, and skilled doctors. International funding organizations, governments abroad, and worldwide medical organizations contribute majorly to the upkeep of developing-country healthcare systems. However, the state and authorities in developing and middle-income nations have a considerable role and obligation in meeting the healthcare requirements of their citizens.

When medical visas reflect the progress of Indian medical tourism, the CII system also allows certified hospitals to agree on limiting the charges to tourists from aboard as a chunk of a twin pricing arrangement that provides lower prices for native patients. According to Hazarika I. (2010), different requirements should be fulfilled in the public sector to improve the general health infrastructure, enlightening the quality of overhaul delivered in government hospitals while promoting India as a "global health destination". India affords medical services to medical tourists from countries such as Bhutan, Bangladesh, Nepal and others neighbouring countries. The pandemic has brought a complete stoppage to medical tourism.

2. Theoretical Framework And Hypotheses Development

Many researchers have focused on firm survival, primarily through organizational studies; a couple has concentrated on the tourism sector (e.g., Kaniovski and Peneder, 2008; Brouder and Eriksson, 2013; Falk, 2013; Lado-Sestayo et al., 2016) and little research has concentrated on the ongoing existence of tourism associated firms, like travel agencies, hotels, restaurants, and spa facilities. They have also not looked at specific to the context robustness variables, which are major predictors of regional growth in the research on adaptive economic geography.

Organizational resilience is "a function of an organization's overall situational awareness, management of vulnerabilities, and adaptive capacity in a dynamic, complex and interconnected environment", as McManus et al. (2008) stated. Other words such as enterprise resilience (Biggs et al. 2012) and business (Avery and Bergsteiner, 2011) can be used to describe

organizational resilience. Because tourist enterprises are distinct from other sectors, their resilience is deemed relevant within the larger subject of organizational adaptability. (Hall, Prayag, and Amore 2018).

In this context, this study explores the essential factors connected with the survival of the tour and travel sector, a significant segment of the tourism industry. In India, 1679 registered tour and travel companies operate their business, and a good proportion of the tourism industry is apart from other sectors. The variables of the study adapted from the existing literature (e.g., labour costs and marketing activities were adopted taken from Pearce M. (2006); the innovation was adopted from Naidoo (2010); the study by Pappas (2015) was considered for the competition and use IT in tourism; pricing policies adapted from Doolin et al. (2002); cooperative initiatives and crisis resilience were taken from Okumus and Karamustafa (2005). A linear demonstration of the anticipated model and hypotheses is exemplified in Figure-1. For instance, H1: Labour cost will positively impact the tourism industry's crisis resilience. We have defined the remaining hypotheses in the same manner.
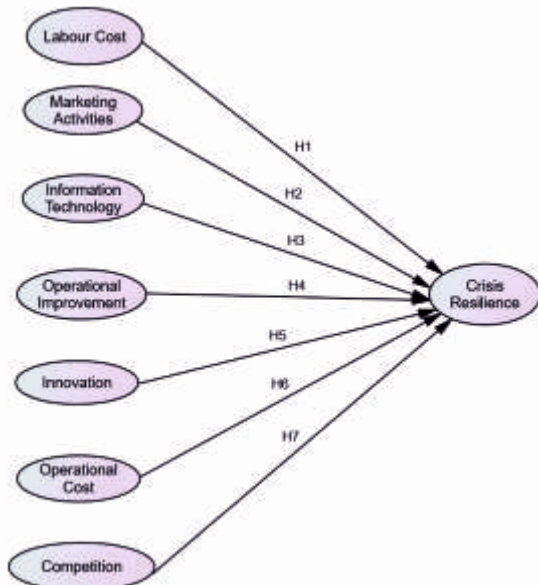

Figure-1: Theoretical Model and Proposed Hypotheses of the Study

3. Methodology

3.1 Research Design and Sample

To frame the revival strategy in the post-pandemic situation, we have collected the relevant information from the tour and travel companies during April and May 2022. Data was collected using an organized questionnaire sent by email to tour and travel companies. Because of the low possible rate of responses to the online survey, 625 appeal emails were sent with the structured questionnaires to Indian tour and travel companies and received a complete response from 295 owners/managers only for this study. The email address of the tour and travel companies was sourced from the website of the Indian Association of Tour Operators (www.Iato.in).

3.2. Measurement and data collection

The survey questionnaire consisted of 36 statements and utilized a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). These statements were designed to assess owners'/managers' opinions toward different factors selected from the previous literature. The correlation matrix shows that out of 36 statements, 30 scored more than 0.5, while six did not. The KMO of Sampling Adequacy was 0.754, which was greater than 0.5 (Malhotra & Dash, 2010; Bag et al., 2020), while significance also existed (p < .01). To gauge the internal consistency, Cronbach's Alpha (CA) was calculated, and the overall reliability was 0.882, individual variables scored over 0.8 which were higher than 0.7 (Nunnally, 1978). The loading of the items is presented in Table 1.

3.3 Reliability and Validity of the Study

In order to evaluate the reliability of the constructs in the current study, two types of reliability statistics, namely internal consistency reliability and composite reliability, should be calculated. This can be achieved by determining Cronbach's Alpha value and composite reliability for each construct, as recommended by Heale and Twycross (2015). A reliability score of 0.7 or higher, as suggested by Shuttleworth (2015), is generally considered acceptable. Based on the results presented in Table 1, it can be concluded that all the variables in the study exhibit satisfactory reliability, as evidenced by their factor loadings exceeding 0.7, thereby meeting the criteria mentioned above.

To assess the convergent validity of the constructs, the extent to which the items representing each construct align with those measuring different constructs was examined (Urbach and Ahlemann, 2010). This can be assessed by estimating the average variance extracted (AVE). A value of 0.5 or higher for AVE indicates that the construct explains more than half of the variance in its items, as indicated by Islam and Bag (2020).

In this study, the AVE values for all constructs were found to be above the threshold limit of 0.5. This indicates that convergent validity was well established, as the constructs explained a significant portion of the variance in their respective items.

Table-1 Measurement of Reliability and Convergent Validity

Construct	Items	Loadings	CA	CR	AVE
Labour Cost	LC1	0.852	0.962	0.964	0.840
	LC2	0.827			
	LC3	.977			
	LC4	.976			
	LC5	.970			
	LC6	.885			
Marketing Activities	MA1	.934	0.973	0.967	0.888
	MA2	.944			
	MA3	.948			
	MA4	.944			
Information Technology	IT1	.940	0.937	0.913	0.773
	IT2	.931			
	IT3	.824			
	IT4	.816			
Operational Improvement	OI1	.855	0.877	0.871	0.706
	OI2	.775			
	OI3	.874			
	OI4	.853			
Innovation	IN1	.776	0.749	0.623	0.549
	IN2	.677			
	IN3	.535			
Operational Cost	OC1	.776	0.759	0.784	0.650
	OC2	.877			
	OC3	.761			
Competition	COM1	.959	0.949	0.953	0.886
	COM2	.938			
	COM3	.927			
Crisis Resilience	CR1	.684	0.795	0.655	0.539
	CR2	.756			
	CR3	.761			

To assess discriminant validity, the Fornell-Larcker criterion, as recommended by Hair et al. (2014), should be calculated. According to this criterion, the square root of the Average Variance Extracted (AVE), which is the diagonal value for each variable, should be higher than the correlation between latent variables. In the current study, this criterion was carefully considered and the results are presented in Table 2.

Table-2 Measurement of Discriminant Validity

	Labour Cost	Marketing Activities	Information Technology	Operational Improvement	Innovation	Operational Cost	Competition	Crisis Resilience
Labour Cost	0.816							
Marketing Activities	0.660	0.842						
Information Technology	0.437	0.485	0.879					
Operational Improvement	0.578	0.408	0.165	0.840				
Innovation	0.708	0.910	0.492	0.048	0.741			
Operational Cost	0.802	0.556	0.484	0.170	0.644	0.806		
Competition	0.150	0.212	0.344	0.269	0.204	0.110	0.941	
Crisis Resilience	0.165	0.365	0.541	0.215	0.125	0.211	0.219	0.734