

## Section 4. Economics of recreation and tourism

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### COVID-19 IMPACT IN THE TOURISM INDUSTRY OF GJIROKASTRA

**Abstract:** The tourism industry takes a key place in the economy and is an important source for the development of the country. Tourism has also become more varied in the last couple of years and now is made out of 3 main product areas; coastal tourism, cultural tourism and ecotourism. The impact of the pandemic on the world, and Albania is inevitable, impacting the long and short terms in the development of the country. Albania with an open and small economy is touched mainly by the decrease in tourist flow. The recovery of the country depends on the strength and sustainability that local institutions have drafted and implemented, to mitigate the negative effects of the pandemic on the economy. Through the review of the literature and through the analysis of official data, we have drawn some conclusions to support the exit of businesses from the effects of the post-pandemic.

**Keywords:** tourism, development, pandemic effects, accommodation, economic impact.

#### 1. Introduction

Albania has excellent tourism potential. This has to do with the strategic position in which it is located, rich natural and cultural values, and diverse demographic heritage. Tourism represents one of the most meaningful alternatives for sustainable and long-term uses of these values and generally in the social-economic development of the region. This is needed especially in adverse economic times. The tourism industry takes a key place in the economy and is an important source for the development of the country. The important contribution of tourism to sustainable development consists in:

- Creating workplaces;
- Generating market opportunities for knowing the needs and for supporting tourism activities;
- Creating important capacity which promotes the priority to protect the environment and cultural diversity.

Albania as an evolving country is counting on tourism development because tourism must transform its economy from a traditional agricultural economy to an industrial economy, and this development process has begun since 2000. Tourism has also become more varied in the last couple of years and now is made out of 3 main product areas:

- Coastal tourism is developed as the main product which tourism is focused “beach and sun”;
- Cultural tourism, even though it was not the main focus, Albanian sources and history in archeology, culture, and inheritance, offers considerable potential;
- Natural-rural-ecotourism. Natural, and rural areas in Albania offer opportunities for rural, and ecotourism development, based on natural activities such as rafting, paragliding, cycling, fishing, trekking, hiking, walking, horse riding, etc.

The impact of the pandemic on the world, and Albania is inevitable, impacting the long and short terms in the development of the country. Albania with an open and small economy is touched mainly by the decrease in tourist flow. The recovery of the country depends on the strength and sustainability that local institutions have drafted and implemented, to mitigate the negative effects of the pandemic on the economy.

Known as “The City of Stones”, located in the south of Albania, Gjirokastra is today a key center in the development of cultural heritage tourism in Albania. Gjirokastra is protected under the UNESCO heritage program since 2005, as a unique example of heritage preservation in the Balkan, as an Ottoman marketplace. This patronage has increased the interest in historical and cultural values overseas (Tase & Xhaferri)<sup>1</sup>.

## 2. Literature review

The pandemic changed drastically the structure of the tourism industry worldwide. Many countries experienced an important statistical decrease in their income in this sector. The most affected country was mainly the countries that are dependent on the tourism industry. To have a better understanding of Albania’s dependency on this sector, we must know that 25% of Albania’s economy is connected to this sector. Tourism is identified as one of the economic motors of Albanian development. The economic activity continued to profit from the increase in private consumption and the fast enlargement of tourism (Papajorgji et al.)<sup>2</sup>.

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<sup>1</sup> Tase M., & Xhaferri M. COVID- 19: Challenges and Prospects for the Future in the Tourism Industry. Case Study Albania. Reviving Tourism, in the Post-Pandemic Era, 2022.– P. 195–200.

<sup>2</sup> Papajorgji P, Ilollari O, Civici A., & Moskowitz H. A mind genomics-based cartography to assess

It is important to mention that tourism was one of the most affected sectors during the pandemic, and for this reason, the interference of public and private politics is needed for building sustainable capacity in this sector. With the spread of COVID-19, global tourism decreased by 7%, just by the isolation of China, meanwhile, the isolation of other countries decreased global tourism by 23% (Alshiqi & Sahiti)<sup>1</sup>.

Of this situation formed in 2020–2021, many people who worked in the tourism sector became unemployed, because of the isolation. This reduction in the Balkan countries, especially in Albania and Kosovo, has affected drastically because it depends significantly on the stability of the remittances, which makes up 10% of the PPSs of these countries. This pandemic situation has created another economic crisis, which is considered one of the largest economic crises in the world after the Big Depression in 1929 (Alshiqi & Sahiti)<sup>2</sup>.

The tourism industry is one of the most affected industries because of the travel prohibitions and the closure of the air, sea, and land borders. That brought a drastic decrease in the incomes of this industry, and workplaces, and also failed and closed many businesses. (Leka, 2020)

(Wren-Lewis)<sup>3</sup>, suggested that Covid-19 predicted a decrease in economic growth because of the decrease in the supply of the workforce, higher cost of production, temporary inflation increase, and reduction of social consumption.

### 3. Methods and procedures

The data of these studies are found mainly in the official institution, specifically by the Gjirokastra hall, INSTAT, General Directorate of Taxes, Finance Ministry, and also by local and foreign literature.

Definitions:

Tourism is the visitors' activity, undertaking a trip to a location out of their settlement, for less than 1 year, for whatever reason, including business, free time, or other personal reasons.

A visitor is classified as a tourist (or visitor for one or more nights) if her/his trip includes sleeping and accommodation.

Local tourism: includes the activities of a resident visitor within his/her country.

External tourism: includes the activities of a resident visitor outside his/her country.

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the effects of the covid19 pandemic in the tourism industry. *ËSEAS Transactions on Environment and Development*, – 17. 2021.1. – P. 021–1029. URL: <https://doi.org/10.37394/232015.2021.17.94>

<sup>1</sup> Alshiqi S., & Sahiti A. The Impact of COVID-19 on Albanian Tourism. *Emerging Science Journal*, (Special Issue), 2022. – P. 33–41. URL: <https://doi.org/10.28991/esj-2022-SPER-03>

<sup>2</sup> Ibid.

<sup>3</sup> Wren-Lewis. *The Economic effects of a pandemic*. London: Center for Economics, Policy Research. 2020.

**Travel for personal purposes:** Trips for personal purposes are those trips outside the individual's usual residence, which include at least one or more nights and do not exceed 12 months.

**Travel for business or work purposes:** Trips for business purposes are those trips outside the individual's habitual residence, which include at least one or more nights and do not exceed 12 months (conventions and conferences, fairs and exhibitions, business talks and missions (sales or purchases), professional trips (undertaken by representatives of culture or religion, etc.) training, accompanying other people, etc.).

**Main destination:** in the case of a trip abroad, the individual declares where he stayed. If the traveler is unable to decide, the traveler will choose as the main destination the place where he has spent most of the nights of stay; if there are many places with the same number of overnight stays, then the farthest destination or the place where the traveler has spent the most money will be decided.

**Night of stay:** are the nights of stay in a hotel or similar environment, in a private apartment for rent or not for rent (friends or relatives provide accommodation), or in nature (camping). The nights spent in the means of travel (on the train, bus) are also included in the nights of stay.

**Travel time:** the number of nights spent.

**Entries:** include all entries of persons at border points (by air, sea, and land). Arrival is a concept that refers to all arrivals. A person who visits several countries simultaneously during a year is counted as a new entry each time (INSTAT, 2022)<sup>1</sup>.

#### **4. Results**

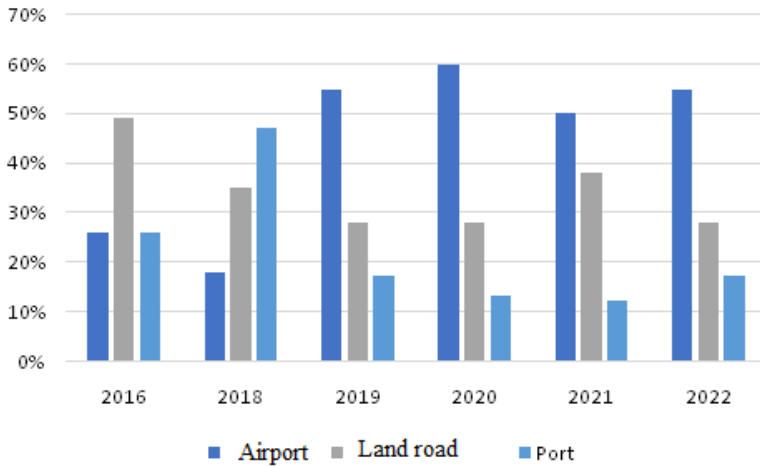
##### **Demographic data**

More than 2/5 of tourists (40%) are international, where 97% of tourists (Albanian or foreign) come from Europe (mainly Greece, Italy, and Germany) and 3% of them come from Australia, America, Canada, etc. 32.3% of tourists were tourists residing in Albania and 67.7% of tourists were living outside Albania. This year there is a significant decrease in domestic tourists (from 45% to 32.3% for the current year, 2022). 49% of the tourists interviewed were male and 51% were female. Regarding the age of tourists, the most representative age group is 26–35 years old (33% of tourists), followed by the 36–45 age group (23%). Meanwhile, the least representative age group is the age group of 65 years and older (4%). The same trend was presented in the surveys of the past years (2021, 2020, 2019, 2018, and 2016) (INSTAT, 2021)<sup>2</sup>.

In 2022, 55% of tourists entered the Albanian territory through the airport, compared to 2021 (50%); 2020 (60%); 2019 (55%); 2018 (47%), and with a base study where only 25% of tourists used this entry point.

<sup>1</sup> INSTAT. (2022). strukturat-akomoduese-janar-2022

<sup>2</sup> INSTAT. (2021). Vjetari Rajonal Statistikor.



Graphic 1. Ways of entering the territory of Albania. Source: ACER, ADF

The second most frequented way was land routes, accepted by 28% of tourists against 38% of tourists in 2021, 28% of tourists in 2020 and 2019, 35% of tourists in 2018, and 48% four years before.

It's obvious a reduction in the entries into Albanian territory from Albanians, and from tourists as well. The year 2020 expresses the lowest levels of entries, where from 2019 to 2020 we have a difference of 1% between Albanians and tourists. This came as a result of travel limitations, and preventive measures imposed by the government. Such a reduction might look small in numbers but has a considerable affection. It is obvious that since 2020, into the following year, we have had a considerable growth of tourist entries in Albanian territories, because of the reduction of the limitations, and the change of measures imposed by the government, for helping the tourism industry of Albania. (INSTAT, 2021)<sup>1</sup>

Table 1. – The period of stay in Albanian territories.

	2016	2018	2019	2020	2021	2022
1–3 days	4%	2%	3%	10%	83%	100%↑
4–7 days	24%	21%	57%	57%	16%	0%↓
>= 8 days	72%	77%	38%	33%	1%	0%↓

Sources: ACER, ADF, and INSTAT

The majority of tourists (65%) stay an average of eight or more days in Albania. We have a significant decrease in tourists, who stayed an average of one to three days in Albania compared to last year. Most of the tourists stay mainly for 1–3 days in the

<sup>1</sup> INSTAT. (2021). Vjetari Rajonal Statistikor.

city of Gjirokastra. It is seen an increase from 2020 to 2021 of 73% of tourists staying in Gjirokastra from 1–3 days. Regardless of these data, it should be noted that in 2020, the accommodation structures were not functional for a period of 2 months (March-May) due to the measures taken by the government. During the summer period (June-September) these measures were reduced in order to facilitate local businesses (Boboli & Dashi)<sup>1</sup>.

Table 2. – Average daily expenses of tourists

	<b>Avg. 2016</b>	<b>Avg. 2018</b>	<b>Avg. 2019</b>	<b>Avg. 2020</b>	<b>Avg. 2021</b>	<b>Avg. 2022</b>
Gjirokastra	36	71.1	49.3	42.4	59.2	49.42↓
<b>The general average</b>	44.5	53.1	47.3	46.7	55.9	85.07↑

Source: ACER, ADF

The analysis of the monetary value spent was done through the financial calculation of the average tourist expenses, including the cost of the tourist package, accommodation, food, transportation, and other activities.

In 2020, a tourist spent an average of 42.4 Euros/day, which compared to 2019; saw a decrease of 6.9 Euros/day in average daily expenses. In 2021, we have an increase in the average daily expenses of tourists in the city of Gjirokastra of 16.6 Euro/day of average daily expenses. This automatically translates into an increase in the income of local businesses.

In Gjirokastra, tourists for the year 2022 have spent the daily amount of 49.42 Euro/day.

Meanwhile, for the same tourist area, the local tourists interviewed stated that they spent an average of 55 Euro/day, i.e. approximately 27% more than the international tourists (40.26 Euro/day).

The data received from the Gjirokastër Municipality clearly show the change in the number of tourists for the period 2019–2021 as well as the income obtained from businesses in this period.

With the change in the number of tourists, the change in the income received by businesses is clearly noticed. A drastic decrease in the number of tourists from 2019 to 2020 is observed, which consequently brings a decrease in the income received by businesses. In 2020 we have the lowest number of tourists in the city, as well as the

<sup>1</sup> Boboli I., & Dashi E. M. Exploring Tourist Expenditures of the Gjirokastra District in Albania: A cluster analysis. *Acta Scientiarum Polonorum. Oeconomia*, – 20(2), 2022. – P. 13–20. URL: <https://doi.org/10.22630/asp.2021.20.2.11>

lowest income recorded in the last 10 years obtained by businesses. Even after the measures taken by the government to ease the restrictions as well as economic aid, such as war pay, and the forgiveness of local fees for two months, businesses again encountered economic difficulties (Zenker & Kock)<sup>1</sup>.

### 5. Conclusions

The Covid-19 pandemic caused a negative effect on the tourism industry. This is due to the restrictions and measures taken by governments and various departments to protect the health of the population.

A category affected by this crisis is self-employed, which mainly in Albania corresponds to micro and small businesses, which means mainly family businesses.

The low number of tourists in the country brought a decrease in the income of businesses, mainly accommodation structures.

The closing of the borders, as well as the restriction of entry and exit of the Albanian population, made it impossible for immigrants to come, which led to a decrease in remittances.

In addition to family businesses, even large businesses, due to high costs during the pandemic period, were forced to lay off a significant number of workers in order to reduce costs.

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