

Reshaping Hospitality: The Impact of COVID-19 on the Hotels and Restaurants of District Swat, Pakistan

Jahan-UI-Mulk¹ and Umar Daraz²

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Abstract

The COVID-19 pandemic badly affected the global economies and the tourism and hospitality sectors. However, Swat is an area that heavily relies on tourism, and the pandemic has caused devastating economic losses, business closure, and unemployment. However, it left the hospitality industry in extraordinarily challenging situations due to the change in consumer behavior. This study aimed to investigate the impacts of COVID-19 on Swat's hospitality sector, including employment, revenue generation, and operational challenges to hotels and restaurants in the pre-and post-pandemic era. This study was conducted through qualitative research design through in-depth interviews and Focus Group Discussions (FGDs) with the owners and employees of hotels and restaurants in Swat. The data were analyzed using Braun and Clark's six-step thematic Analysis model, and key themes were identified. The research findings reveal the destructive impact of the COVID-19 pandemic on Swat's tourism and hospitality sector, the reduction in tourists, the number of employment opportunities and the reduced income of the owners. The hospitality sector of Swat is deeply impacted by COVID-19, which impacts business, employment, and consumer behavior. After the closure of several hotels and restaurants that were at a loss because of no tourists, the unemployment ratio has increased significantly. People were worried about their health and preferred staying home, which shifted to online services. The lack of expertise of restaurant owners in online services worsened the economic sufferings of the hospitality industry. The sector's recovery is critically dependent on the sector's ability to adapt to changed consumer expectations and technological improvement. However, recovery support will require financial relief measures, skill development programs and incentives for digital transformation. We suggest tourism-build resilience by promoting domestic tourism and diversifying offerings and funds for tourism-specific emergencies. Joint efforts from government and private stakeholders must revive Swat's hospitality industry.

Keywords: COVID-19 Pandemic, Hospitality Sector, Tourism Industry, Economic Impact.

Introduction

In late 2019, in Wuhan, China, a disease of unknown nature started to appear, engulfing the whole world in just a few weeks. The World Health Organization (WHO) declared a pandemic in early 2020, when the pandemic was declared a public health emergency worldwide, and it has been bringing unprecedented challenges worldwide (Ashraf, 2020). The actions greatly affected key sectors, such as tourism and hospitality, since countries closed tourist sites, grounded flights, and imposed lockdowns. Global tourism, 10 per cent of the world's GDP, collapsed, and global losses exceeded USD 820 billion (Yasir, 2023). The World Travel and Tourism Council (WTTC) reported in 2020 that the sector's contribution to the global GDP fell

¹PhD Scholar, Department of Sociology, University of Malakand, Chakdara, Dir Lower, Pakistan.

²Lecturer, Department of Sociology, University of Malakand, Pakistan.

Corresponding Author Email: dr.umar@uom.edu.pk



by 53.8%, resulting in the loss of 62 million jobs. Social distancing mandates and supply chain issues led to restaurants and hotels being the central part of the tourism ecosystem closed or operating at a very low level (Lee et al., 2021).

According to Shretta (2020), the ripple effects of the pandemic were felt strongly in developing countries like Pakistan, where, for the sake of their industries, they import unprocessed resources from developed nations, such as technology and medicine, as their primary resources. International and domestic travel restrictions led to a loss of around 5.9% of the contribution of Pakistan's tourism sector to its GDP in 2019. The study of Daraz et al. (2023) reveals that Khyber Pakhtunkhwa province, a place of picturesque landscapes and rich cultural heritage, was particularly hit. Estimates of the economic setbacks suffered by the aviation industry and tourism-related businesses reached \$20 billion, and there was a loss of more than 260,000 formal jobs. No exception was Swat Valley, also known as the 'Switzerland of Pakistan,' which saw a steep fall in tourist visits during the pandemic (Khan et al., 2021).

Swat's hotels and restaurants, which are the bedrock of the valley's tourism-based economy, were hit hard by the pandemic. Historically famous sites like Butkara, Barikot, Manglawar and Shengardara had a 90 per cent drop in visitation due to lockdowns, health fears and travel restrictions (Burhan et al., 2021). The pandemic disrupted local businesses, bringing revenue losses and mass layoffs. To maintain their operations, the hotels, one of Swat's cornerstones of tourism infrastructure, had to suffer prolonged closures or minimal capacity hotel operations (Khan et al., 2022). The restaurant industry could offer dine-in services while restricted and survive through online ordering. The shift in consumer behavior, accompanied by financial constraints, led to many closings of their establishments and reduced their workforce in most cases (Ali, 2020).

In the hospitality sector of Swat, massive layoffs and no support for lay off workers were also seen, which had an impact on employment. Employees regularly depended on daily wages or tips, which caused acute economic hardships. Also, consumers' behavior changed dramatically, with a higher selection of safety and health-conscious behavior. Not only were tourists and local consumers reluctant to visit crowded spaces even as restrictions eased (Desai, 2020), but the sector did not recover quickly either.

The focus of this study is to assess the impacts of the COVID-19 pandemic on Swat's hotel and restaurant businesses in terms of employment, consumer behavior, and overall disruption due to COVID-19. It attempts to highlight the challenges that stakeholders in these industries face and to explore strategies for resilience and recovery in the post-pandemic landscape.

Literature Review

Global tourism and hospitality have been severely hit by the COVID-19 pandemic, causing enormous economic and social impacts. Previous studies of nations enacting lockdowns, travel restrictions, and social distancing measures provide empirical evidence of the pandemic's impact, especially on hotels and restaurants. In 2020, international tourist arrivals were reported by Nicola et al. (2020) to be 73% lower than in 2019, and global tourism-related businesses are said to have lost over USD 820 billion. Travel, hospitality and dining heavily depend on tourism and have never seen such challenges. Shretta (2020) describes how restaurant closures and restrictions on in-person dining caused severe disruption to revenue generation and led businesses to switch to online service models with limited success. The World Travel and Tourism Council (WTTC) also mentioned that out of the 62 million jobs worldwide taken prematurely, the global tourism sector's contribution to GDP decreased by 53.8% (Amiri et al., 2020).

Then, in Pakistan, as elsewhere in developing countries, the impact of the pandemic on tourism and hospitality has been equally profound but ignored mainly in global narratives. According to Khan et al. (2021), Pakistan's tourism sector, which generated 5.9% of GDP in 2019, suffered

a heavy loss because of widespread travel restrictions. It is estimated that the aviation and tourism-related businesses would lose \$20 billion and 260,000 formal worker jobs. The domestic tourism hub of the province of Khyber Pakhtunkhwa recorded significant declines in tourist arrivals and revenue generation, which disturbed regional economies. In particular, Rukh (2020) pointed out that the Swat Valley, also known as the 'Switzerland of Pakistan', was particularly hit because of its dependence on tourism. As per the study of Sigala (2020), business closures and a steep drop in the number of jobs were brought on by government-imposed lockdowns and consumer confidence in the region dropping.

During the pandemic, Swat was put in front of unprecedented challenges. In 2020, as reported by Zubair and Bashir (2022), there was a decline of 90 per cent in tourist visitation to historical and cultural sites like Butkara and Barikot. As per Sanaullah et al. (2020), businesses in Swat's tourism sector faced severe loss of revenue to hotels and restaurants, leading to layoffs and closure. As restaurants moved to online service models, they encountered additional hurdles, as their industry is a vital part of the local hospitality industry. However, Jain (2020) found that online dining models were insufficient to sustain operations and that workers had reduced employment and financial insecurity. Consumer behavior also shifted dramatically, with patronage even after restrictions eased restricted by safety concerns.

Research Gap

Global and national studies have recorded extensively the impacts of COVID-19 on the tourism and hospitality sectors. However, the localized impacts in the smaller region of Swat have not been well studied. The studies by Zubair and Bashir (2022) and Sanaullah et al. (2020) help us understand the decline in Swat's tourism. However, little empirical evidence of the impact of the pandemic on hotels and restaurants is available. The employment dynamics, changes in consumer behavior and business sustainability of Swat's hospitality industry have not been explored.

This study aims to address the identified research gaps by focusing specifically on three key areas: The impacts of COVID-19 on the businesses of hotels and restaurants in Swat, the effects of the pandemic on the number of employed people in the hotel and restaurant sector of Swat, and changes in consumer behavior towards hotels and restaurant during and after the pandemic. The study examines these dimensions to depict a complex picture of Swat's hospitality industry's challenges during the pandemic. The results will reveal the magnitude of the disruptions and help develop resilience and recovery strategies to make the sector more prepared to handle future crises.

Statement of the Problem

The hospitality industry suffered unprecedented disruption from the COVID-19 pandemic, putting businesses, jobs, and customer behavior at risk. Due to lockdowns, travel restrictions, and health concerns, the two sectors, tourism and hospitality, were not spared in Pakistan. The country's most famous tourist destination, Swat Valley, took a serious hit. Tourism is the primary source of revenue for Swat's economy, and it uses hotels, restaurants, and all other tourism-related activities.

Due to the pandemic, tourist arrivals were reduced, and businesses closed down or practically closed, reduced services, or operated at a fraction of their capacity. This translated to magnitude revenue losses and unemployment in the local hospitality sector. Additionally, household and consumer behavior underwent radical changes, transforming typical dining out and lodging criteria. The global focus on the pandemic's economic impacts has not been matched by region-specific studies of how these disruptions played out in Swat, specifically in its hospitality industry.

This study is important because it focuses on understanding the specific impacts of COVID-19 on Swat's hospitality sector. The study will examine the financial, employment, and behavioral dimensions with actionable insights to inform business people and policymakers about recovery strategies. The novelty of this research lies in its localized approach to closing the gaps in the existing literature by providing a comprehensive analysis of Swat's unique challenges and opportunities. In addition to advancing academic knowledge, this study offers practical advice for developing resilience in a heavily tourism-dependent region.

Objectives of the Study

- To assess the impacts of COVID-19 on the businesses of hotels and restaurants in Swat
- To examine the effects of the pandemic on employment levels within Swat's hospitality sector
- To evaluate changes in consumers' behavior towards hotels and restaurants during and after the pandemic

Research Questions

- What are the challenges Swat's hotels and restaurants face in their operations and revenue generation?
- How has COVID-19 affected employment in hotels and restaurants in Swat?
- In what ways did consumer behavior toward hotels and restaurants in Swat change during and after the pandemic?

Methodology

Research Design

The research was framed under a qualitative research design so that the impacts of the COVID-19 pandemic were explored on Swat's hospitality sector, mainly hotels and restaurants. Qualitative research is well suited to investigating human behavior and experience in-depth (Daraz & Hussain, 2024) and thus is well suited to investigate the behavioral, social and economic dimensions of the impact of the pandemic. The descriptive and exploratory nature of the study was reflected in the approach, which enabled a rich understanding of the challenges that businesses and individuals face (Hennink et al., 2020).

Study Setting

This research was conducted in District Swat, Pakistan, a district well known for its tourism and hospitality sector. Swat was chosen because of its heavy dependency on tourism and economic disruptions due to the COVID-19 pandemic. The study included a range of hotels and restaurants across Swat to get a holistic picture of the local hospitality sector's impact during the pandemic.

Participants of the Study

The study participants were the owners and employees of Swat's hotel and restaurant industry. The information obtained from these stakeholders provided an important view into how the pandemic influenced their business, level of work, and business with consumers.

Socio-Economic Profile of the Participants

To ensure diversity, the socio-economic profiles of the participants varied widely. The participants were small-scale and large-scale hotel and restaurant owners, skilled and unskilled workers, and managers from different economic backgrounds. This diversity allowed the researcher to get a holistic perspective of the pandemic's impact across the hospitality sector strata.

Sampling Technique and Sample Size

The participants were selected purposively who were directly involved in the hospitality sector of Swat. This method helped ensure that only those with relevant experience participated in the study (Etikan et al., 2016). Three focus group discussions (FGDs), each with 8–16 participants, were conducted, and 60 interviews were conducted, following the "New Information Threshold" proposed by Guest et al. (2020). The data collection process was continued until the saturation point was reached.

Tools of Data Collection

This study employed two primary tools for data collection: focus group discussions (FGDs) and in-depth interviews. Semi-structured interview guides were used for the in-depth interviews to guide the discussions into open-ended narratives from the participants. This allowed the researcher to deeply understand the individual experiences of Swat's hospitality sector. Focus group discussions were also conducted to encourage group-level interaction and to allow shared insights, which led to the identification of collective experience. This combination of the tools led to a complete understanding of the impacts of the COVID-19 pandemic on Swat's hospitality sector.

Ethical Considerations

The rights of participants were protected strictly following ethical protocols. All participants gave informed consent, understood the study's meaning, and agreed to participate voluntarily. Sensitive information was maintained in confidentiality and anonymity. Participants were also told they could withdraw from the study at any time.

Reliability and Validity of the Tool

The tools were pretested in a pilot study to ensure clarity, consistency, and relevance. The interview guide and FGD structure were adjusted to refine them. Insights from interviews and FGDs were used to triangulate findings to increase their reliability and validity.

Data Analysis

Thematic Analysis is an appropriate method for analyzing patterns and themes in qualitative data. Braun and Clarke's (2006; 2012) six-step model was followed, including familiarization with data, initial codes, seeking themes, reviewing themes, defining themes, and writing a report. Under this rigorous approach, the data were systematically interpreted to generate meaningful insights.

Limitations and Their Mitigation

The study was limited due to its qualitative nature and narrow focus on Swat; such generalization of the study to the broader national trends may not be complete. Moreover, the nature of the pandemic-induced economic disruptions was sensitive enough to leave participants open to bias. Additionally, time and resource constraints were placed on the data collection and analysis phases. In order to avoid these limitations, a well-chosen diverse participant pool was chosen to improve the representativeness of the findings. Anonymity and confidentiality were key elements throughout the research to enable participants to give honest and open answers. In addition, extended data collection periods were implemented to ensure saturation and a deeper, more comprehensive analysis.

Results

Objective 1: To assess the impact of COVID-19 on businesses of hotels and restaurants

Theme 1: Decrease in Tourists' Influx to Swat: The Swat tourism sector has been drastically affected by COVID-19. Lockdowns, restrictions on travel, health concerns, and fear of COVID-19 have hit the business of hotels and restaurants very hard. The reduced number of tourists to Swat was due to these factors.

Hotel Owner-1 stated: "The pandemic hit Swat's tourism enormously. The government had put in place travel restrictions, and people were afraid of the virus, so the number of visitors was reduced. The reduced number of tourists did a lot of damage to my guesthouse."

Hotel Owner-2 shared: "Swat was an insecure place due to COVID-19. The fear of the virus kept tourists away from camping and tours, and my tour guide business suffered because of this."

Hotel Employee 1 noted: "I have been working in this hotel for 3 years, and I have never seen such a drop in the number of tourists as during the lockdown when the demand for rooms reached zero. The usual influx of tourists to Swat reduced enormously, and we were often sent home earlier due to no services provision."

Restaurant Employee 1 remarked: "In my restaurant, we are used to seeing a lot of tourists in peak seasons. During the pandemic, that came to a halt. We received only a few local customers, and many of our staff members had to take a pay cut."

Theme 2: Closure of Tourist Spots: With the worsening of tourist spots and restriction of gatherings, hotels and restaurants have lost tourists' arrivals, and many businesses have had to close temporarily or at least limit their services.

Hotel Owner-5 noted: "When COVID-19 was rising and the cases of human losses were reported, the government closed the prominent visiting spots in Swat. Our hotel was also closed during this period."

Restaurant Owner-6 added, "The fear of the pandemic reduced the number of customers drastically." Due to the restrictions, our restaurant was severely affected because our expenses were higher than our profits."

Hotel Employee-2 shared: "There were several months when the tourism-related activities were closed." We had no guests and no room service. It was a very hard time for us because the business was dead at the time, and we were down to wages."

Restaurant Employee 2 stated: "As the lockdowns continued, the restaurants around the area also closed their doors. Many of us were given unpaid leave, and those who were retained worked reduced hours."

Theme 3: Financial Losses: "Business operations had been slowing down or even stopped completely, and a lot of hotel and restaurant owners were losing money. The inability to recover from economic setbacks forced several businesses to cut prices, close down business temporarily or permanently."

Hotel Owner-7 explained: "The first quarter of 2020 was normal for tourism in Swat. A gradual decline in the number of tourists was experienced after April 2020 when the cases of COVID-19 were reported. My hotel has been at a loss since April 2020."

Hotel Owner-8 commented: "The demand for rooms in hotels decreased considerably in May 2020 compared to the previous year. This decline reached its peak in July 2020, which severely impacted our business."

Employee 3 stated, "During the lockdown, the hotel suffered great loss. We had reduced hours, and some employees didn't get paid on time. Due to the hotel's lack of profit, some employees were paid less salary."

Restaurant Employee 3 shared: "It was tough seeing the restaurant struggling. Our management kept telling us that profits were down, and we saw a drop in the number of orders. Eventually, we had to reduce staff and hours because the money wasn't coming in."

Objective 2: To examine the effects of the pandemic on employment levels within Swat's hospitality sector.

Theme 1: Increase in Unemployment: During the lockdowns of the COVID-19 pandemic, many businesses were unable to survive and had to lay off many people in the hospitality sector. Hotel Owner-10 shared: "A large number of people working in the tourism sector were terminated due to the uncertain future of the tourism industry in Swat after the attack of the coronavirus. Many employees were working in my restaurant before COVID-19, but I had to let some of them go due to reduced income."

Hotel Owner-11 stated, "The tourism sector is uncertain due to the uncertain economic situation and prolonged lockdown. Hence, the future of people in the tourism sector is uncertain. I am personally worried about my business because the government has not done enough to rehabilitate the tourism industry."

Restaurant Employee 4 explained: "After the pandemic hit the tourism sector in Swat, several employees, including me, were made jobless. It was a tough time, and I was looking for another job. Many employees were left with uncertainty as to when we would get back to work."

Hotel Employee 4 noted: "During the lockdown, I was asked to take a pay cut, and some of my colleagues were asked to take temporary leave. This had a huge impact on my finances because I was using my salary to support my family."

Theme 2: Job Uncertainty and Insecurity: Business instability created insecurity about the future prospects of jobs in the hospitality sector. In such cases, many workers were uncertain about the prospect of long-term employment.

Restaurant Owner-8 remarked: "During the pandemic, I was jobless for several months. Many of my colleagues, who were jobless, also struggled to find other work. It increased the unemployment in the hospitality sector."

Restaurant Employee 5 shared: "It was a time of complete uncertainty for us. Even after the restaurants began to reopen, it wasn't clear how long the recovery would take. I was unsure if my job was even safe."

Hotel Employee 5 explained: "One of the main concerns was notoriety. We didn't know when tourism was going to come, and we didn't know if we would get rehired after everything went back to normal. I was stuck in limbo."

Objective 3: To evaluate changes in consumers' behavior towards hotels and restaurants during and after the pandemic

Theme 1: Change in consumers' preference: "The pandemic drastically changed how consumers saw dining out and staying in hotels drastically. Many people have started being dubious about traditional hospitality serve home-based or online services due to concerns about health and safety."

Restaurant Owner-6 stated, "Due to the fear of the pandemic, the number of customers reduced drastically. Our business was in great trouble during this period because the expenses were higher than the profit."

Restaurant Owner-3 explained: "People preferred to stay at home instead of going out. This caused a great decline in the influx of tourists to Swat's visiting spots. The number of customers in my restaurant also dropped massively."

Hotel Employee 6 remarked, "Even when travelers began traveling again, their expectations changed. Cleanliness mattered more than ever before. Customers were still hesitant, but the hotel was sanitizing rooms more than before."

Restaurant Employee 6 shared: "The number of customers reduced because of the fear of dining out. They got more health conscious. Customers even came in but wanted less crowded times and took extra precautions."

Theme 2: Online Services and Home Delivery: "Health and safety concerns led to a significant shift from order delivery to be delivered, as well as contactless check-in and checkout. The change in behavior helped restaurants to change the process of their operations."

Restaurant Owner-9 shared: "Like any other sector, technology has brought about change to the trends in the tourism industry as well." Safety is a big reason why people are now opting to make online purchases. "There are more online orders than on-site services."

Restaurant Owner-11 added, "Consumers changed their behavior, and restaurants had to adapt to that. They started to offer home delivery services. Customers preferred food delivery rather than dining at the restaurant."

Hotel Employee 7 stated: In the hotel sector, customers preferred to book online rather than give a call or walk in. "Contactless check-in and online booking have become the norm, and we had to adapt quickly."

Discussion

The Impacts of COVID-19 on Hotel and Restaurant Businesses in Swat

Theme 1: Decrease in the number of tourists: The findings of this study indicate a significant decline in tourist influx to Swat due to the pandemic, which directly impacted hotel and restaurant businesses in the country. The primary causes of this decline were travel restrictions, health concerns, and fear of the virus. The participants of the FDGs pointed out the prompt decrease in the number of visitors to Swat, which resulted in financial losses for hotels and restaurants. Hotel Owner-1 expressed that the travel restriction from the government and the fear of the virus among people were the main factors which reduced the number of visitors to Swat. The worldwide decrease in tourism that Gossling et al. (2021) observed was due to travel restrictions and fears about health. According to Sigala (2020), reduced international and domestic travel during COVID-19 disrupted tourism-dependent economies. This study, however, offers a localized perspective, which captures how reduced tourism in Swat affected smaller-scale hospitality businesses that mainly catered to domestic tourists, a phenomenon not emphasized in previous global studies. The study's novelty lies in emphasizing the disproportionate impact of pandemic restrictions on regions heavily dependent on seasonal domestic tourism, highlighted by this localized insight.

Theme 2: Closure of Tourist Spots: The decline in customer inflow to hospitality businesses was aggravated by the closure of key tourist attractions in Swat and restrictions on public gatherings. The participants said these closures not only cut into revenues but helped close many establishments temporarily or on a reduced scale. The finding aligns with the work of Hall et al. (2020), who noted that access to tourist hotspots was restricted to visitors, adversely affecting tourism industries worldwide. Nevertheless, while many previous studies have concentrated on urban tourism hubs, this study brings to the fore the vulnerability of rural and nature-based tourism sectors like Swat. This study has a unique challenge that distinguishes it from other empirical evidence: these regions depend on government-regulated tourism activities. The addition to the discourse highlights the magnified difficulties of peripheral tourism regions in crises.

Theme 3: Financial Losses: The financial losses, as a result of the reduced number of tourists to Swat and the closure of businesses, were significant, as found by this study, in line with the findings by Sharma et al. (2021), who observed that the tourism sector's small and medium enterprises (SMEs) worldwide experienced similar economic challenges. However, this study has a unique feature regarding the prolonged financial hardships in Swat due to its economic diversification. Global studies often focus on recovery trends, but this study shows that recovery is slow in rural and less developed areas, requiring targeted policy intervention.

Effects of the Pandemic on Employment Levels

Theme 1: Increase in Unemployment: The study revealed widespread layoffs and insecurity in the hospitality sector in Swat. Businesses closed as many employees were furloughed or were dismissed. Results are consistent with Brizek et al. (2021), who documented similar patterns of job losses in the global hospitality sector. The difference between this study and the study is that rural hospitality workers had additional barriers to reemployment due to limited local job opportunities. That was unlike urban studies in which displaced workers sometimes had options for alternative employment or social safety nets, exposing a significant gap in rural workforce resilience.

Theme 2: Moving to Online Services and Delivery: The findings revealed a sudden jump in online ordering, food delivery and contactless hotel services. The findings are consistent with research by Wang & Kim (2021) that found the hospitality industry was rapidly digitalizing during the pandemic. However, the study presents a novel dimension, showing how rural hospitality businesses face challenges adapting to these technologies. In the existing literature, barriers to implementing online services for small business owners in Swat were not cited as limited access to digital infrastructure and lack of technical expertise among small business owners. This demonstrates the critical barrier of a digital divide to resilience in rural hospitality sectors.

Conclusion

In Swat, hotel and restaurant businesses are affected by COVID-19 in business operations and employment levels. However, since the pandemic, the number of visitors to the region has plummeted, mainly due to restrictions, health, fear of the virus, etc. Many businessmen say the occupancy rate and customer flow have reduced, and they are suffering massive financial losses. The closure of key tourist spots and public gatherings restrictions also hit many hospitality businesses that had to temporarily close or withdraw the bulk of their services even harder. Other difficulties that caused further crises stopped many establishments in their tracks. Both local and international customers had reduced demand, and many business owners adjusted pricing and reduced costs or even closed down temporarily due to financial losses throughout the sector. For many, the only option was losing their job, getting a pay cut, or seeing their business permanently close. The reduced revenue became a significant concern for employees who were laid off or, whose hours were reduced or salary cut. That led to an environment of uncertainty, with many workers unsure whether or when they would ever return to their pre-pandemic positions.

The pandemic also caused significant changes in consumer behavior. Hotels are now expected to emphasize cleanliness and hygiene, not other important things like dining or staying services as customers demand. However, consumers quickly adapted to the new normal, the post-COVID world, where they quickly moved to online food delivery and contactless hotel bookings. The change in consumer preferences made businesses adopt new technologies to fulfil customer demands and maintain customer satisfaction. Finally, hospitality in Swat has been hit hard by COVID-19, with reduced tourism and financial difficulties, increased unemployment and changes in consumer behavior. How businesses adapt to these changes, regain consumer trust and use technology will determine the sector's recovery.

Policy Implications

This study found that the revival of Swat's tourism sector requires a comprehensive policy. In the post-COVID situation, the industry needs financial support through subsidized loans, grants, and temporary tax relief. Such steps will not only help owners start their businesses again but also make the tourism industry more profitable. In addition, relaxing tax collection can lead to investors' inclination to invest in the tourism sector as much as possible.

In the post-pandemic scenario, the government should create a social safety net for the tourism sector, like unemployment benefits. These programs can include digital literacy, hotel management, and customer service projects. These development programs will not only provide employment to the hospitality sector's workers but will also satisfy market demand with changing economic dynamics.

Another of its critical policy implications is to promote digital transformation in the hospitality sector. Digitizing businesses can get a leg up with government-backed incentives for using digital technologies like online booking systems, contactless payments, and delivery services. Investments in promoting digital infrastructure, namely, more reliable internet connection in rural areas, can lead businesses to meet the expectations of today's consumers. Moreover, There are also programs to reintroduce health and safety certification schemes to restore trust in the sector.

Promoting diversification in tourism, such as eco-tourism and cultural tourism, is an acceptable means of decreasing overreliance on international visitors. This can be diversified with financial incentives or training programs. Promoting domestic travel and growing dependence on it is one way to stabilize the sector.

Swift responses to future crises can be established by creating tourism-specific emergency funds and an integrated crisis management system. The hospitality industry must have region-specific teams to tackle challenges like health emergencies and natural disasters and make the industry sustainable in the long run. Finally, developing such a collaborative governance model through public-private partnerships and local community participation in tourism planning may create an equitable development and overall resilience of the tourism ecosystem.

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