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**CURRENCY FLUCTUATION AND HOW IT IMPACTS
INTERNATIONAL BUSINESS**

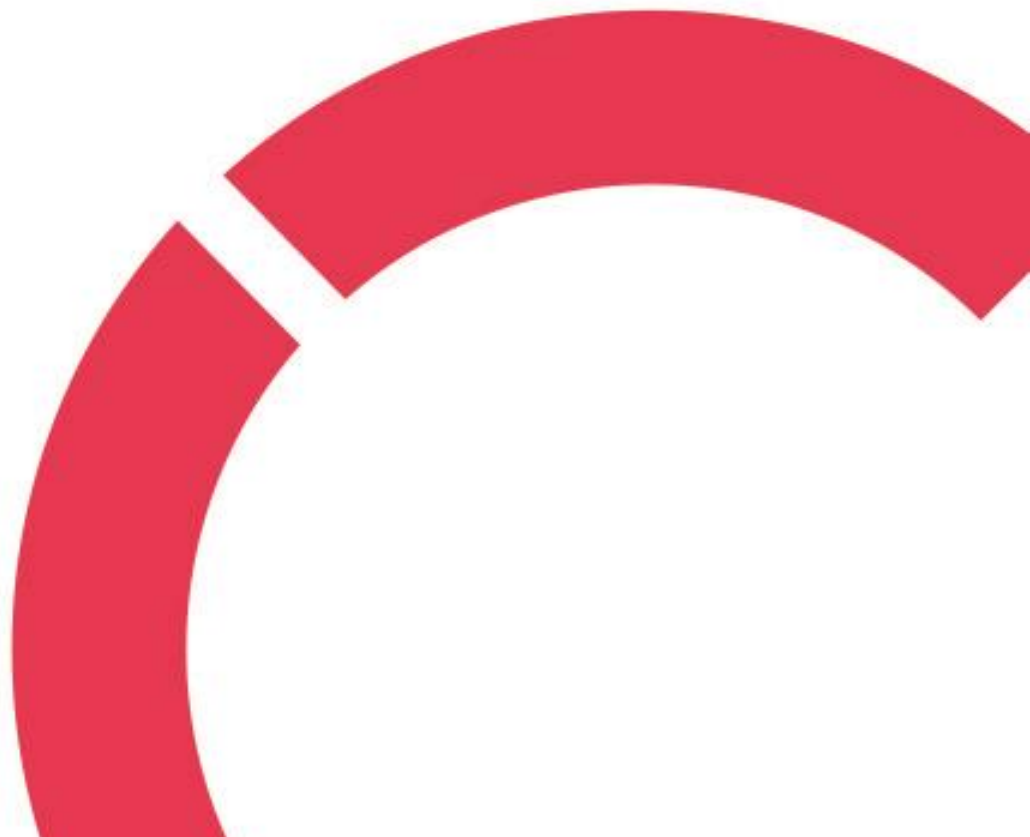
A study focusing on the consumers of travel and tourism industry

Thesis

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ABSTRACT

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<p>This qualitative primary data-based exploratory study had a total of three objectives. The first objective was to investigate how exchange-rate changes affect the economies of different countries. In order to get a regional focus for comparison, the study emphasized impacts in the South Asian country India as well as the UK and the USA. This helped the researcher to get a comparative analysis between these nations' currencies and exchange rates to address the second objective of this research. Lastly, the effect of such fluctuations on the international market was the third objective here.</p> <p>The sources of data included interview responses from 13 individuals from India, Pakistan, Nepal and Finland who are frequent travelers due to study or work purposes. The usage of online travel agencies of the participants was also taken into consideration because it allowed them to understand differences in exchange rates before and after the COVID-19 pandemic. Research findings suggest that changes in currency rates have a large impact on global economies. Exchange rates influence travel decisions, cost of products and services, lower travel-related prices in tourism-dependent regions.</p>		
Key words Currency Fluctuation, International Business, Travel and Tourism Industry.		

CONCEPT DEFINITIONS

ATM	Automated Teller Machine
FDG	Focus Group Discussion
FDI	Foreign Direct Investment
OTA	Online Travel Agency
SDG	Sustainable Development Goal

ABSTRACT**CONCEPT DEFINITION****CONTENTS**

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1 INTRODUCTION

This chapter is set to provide readers with the study background, research motivation, research questions and objectives as well as the structure of the thesis.

1.1 Background of the study

In this era of globalization, the United States of America (USA) and the United Kingdom (UK) possess the healthiest economies (Gourinchas 2023). Brazil, Russia, India, China, and South Africa (shortly known as the BRICS nations) make up a major emerging market. Recent research by Damgaard and Sanchez-Munoz (2022) shows that the most financially successful nations also serve as the primary recipients and providers of foreign direct investment (FDI). Keeping in mind that BRICS is one of the most solid business partnerships worldwide, the countries have appealed many researchers while investigating the connection between tourism and global businesses (Viljoen, Saayman and Saayman 2019; Chaisumpunsakul & Pholphirul 2018). Global business community may think of expanding footprints out of home market which exposes them to the vulnerabilities and opportunities of exchange rate. Chen (2022) asserts that how a firm handles its foreign currency can either help or hinder its international expansion goals. The aforementioned nations, the USA and the UK, are sometimes chosen for business due to their favorable financial, political, social, and technical climates, all of which are essential to the development of companies. According to Homburg, Droll and Totzek (2008), companies should prioritise customer-driven policies which means offering them with services that have more perceived and unique value. However, the degree to which currencies throughout the world change varies, and so do the experiences of individuals from different countries. According to Casiraghi, Habermeier and Harjes (2022), changes in exchange rates may have profound implications for companies. This study investigates how fluctuating exchange rates impact international trade.

Upon looking at varieties of industries operating in different economies as well as globally, it becomes evident that tourism's importance to economies throughout the world has grown substantially in recent years (Scarlett 2021). Although not as high as it was before the COVID-19 pandemic, the number of

global tourists' visits internationally saw some developments in 2022 and reached to be more than 960 million (Statista Research Department 2023a). Data shows that Europe had the highest volume of inbound tourism with around 550 million visits in 2022 (Statista Research Department 2023b). In the UK, inbound visitors had a total expenditure of 26 billion pounds in 2022 (Visit Britain 2023). Despite the figures showing significant yearly increase in tourist number, volume of global arrivals in Europe stayed below pre-COVID levels. Many who work for the tourism sector point to tourists as a major factor in the expansion of the global economy (Khan, Hassan & Fahad 2020). Additionally, globalization has greatly simplified the process of trading products and services across international borders. As a result of greater productivity and globalization, developing countries are moving their financial concentration from traditional to modern industries like trade and tourism. The rise of the tourism sector has several positive effects, including higher incomes, more competitiveness, faster growth in the economy, and lower unemployment (World Bank 2022a).

The increasing value of tourism to international economies has led some to suggest that it may help achieve the sustainable development goals (SDGs). Scholars agree that tourism is crucial to the advancement of our economy (Comerio & Strozzi 2018). Wu, Cao, Liu & Chen (2022) state that tourists from other countries help the domestic economy. There is evidence that international tourism has boosted world trade by at least 1% (Garidzirai 2022). Therefore, the current study investigates how fluctuations in currency rates influence tourist demand.

1.2 Research motivation

Currency rate swings have an immense effect on the economy. If this occurs, policymakers need to update currency-related policies to reflect that both imports and exports are subject to separate tariffs and currency rates. New rules and regulations on exchange rates introduced in many countries may have an impact on a tourism company's global operations (Behsudi 2020). Understanding the specific norms and current trends of each market is essential for the success of any enterprise operating on a global scale. Inflation and interest rate concerns can develop when the market value of a nation's currency is altered by forces outside of its authority (Lowry 2022). There are few more important economic indicators than the exchange rate and inflation. However, in the present economic scenario in the post-pandemic world where

inflation has caused severe price hikes in many nations, this investigation can highlight a lot about how changes in exchange rates affect international trade by looking at the tourism industry. This study is exploratory in nature and makes use of only secondary data.

The effects of a currency's decline on exports and overseas trips may be considered with the help of the exchange rate theory, which is used as the study's theoretical basis. In terms of worldwide commerce and tourism, this theory establishes an analytical structure to grasp the connection between fluctuations in currencies and their consequences for firms (Samirkaş & Samirkaş 2016). The theory of exchange rate analyses how fluctuations in currency values impact the bottom lines, production, and strategy of businesses that compete on global marketplaces. It looks at how different currencies affect export-import activities, pricing strategies, effectiveness in the market, and investment choices throughout the world. Since economic cycles may create fluctuations in FDI, which may have a downstream impact on people's standard of living throughout the world, it is important to examine whether or not company practices should change when times are tough.

1.3 Research questions

There are mainly three research questions to be answered through this study. The first question is about understanding the extent of currency fluctuation's impact in different nation's economies. Secondly, the study aims to examine how currency fluctuation affect business between developed nations, such as the UK and the US as well as emerging markets like India and Pakistan. Lastly, the research questions include investigation of the impacts of currency fluctuations in the global business climate for travel and tourism industries.

1.4 Research objectives

The research objectives were to examine the implications of fluctuating currency exchange rates on global economies, to obtain an understanding of the effects of currency fluctuations on the economies of developed and emerging nations and to identify the effect of currency value changes on global tourism businesses.

1.5 Structure of the thesis

The thesis is divided into a total of five sections. The first one serves as the introductory chapter, providing a glimpse of the study's major aim, objectives and the research questions. This section sets a context or background for the reader before approaching to the methodological parts. Next, in chapter two, a literature review is presented with the analysis of previous literature from various secondary sources. The third chapter consists of research methodology, which informs the reader about the processes I have followed to bring this project to fruition. The following chapter includes analysis of primary data gathered from the interview respondents and supports the findings with relevant discussion. The fifth and last chapter finally concludes the thesis by summarizing the total study and providing guidelines for future research.

2 THEORETICAL FRAMEWORKS

This chapter will introduce the theoretical foundations used to explain why the topic under investigation exists. It will analyze and synthesize what scholars have previously said or found about currency fluctuation and its impact on economies and the travel and tourism industries from an international business perspective.

2.1 Currency fluctuation

Currency fluctuation refers to alterations in the value of a nation's currency. Currency exchange rates vary amongst different countries, which means it is dynamic and has a strong control over the value of money. Ozturk and Cavdar (2021) assert that a nation's currency is influenced by its success or failure in economic performance, inflow of capitals, rates of interest and exchange. It could help people understand the frequencies and variability of numerous interracial factors better. The currency value of a nation is a strong indicator, identifying particular strengths and weaknesses of a country's economic situation. How well a nation's economy is doing, along with the inflow of capitals as well as interest rates are highly influenced by changes in currency values around the globe. Moreover, fluctuations in currency can affect equity investments in terms of trade partnerships on a global level. Changes in the rate of a country's currency contribute to a wide range of impacts, based on the nation's current economic situation, claims Pathirana (2020). From that viewpoint, currency fluctuation can also have a significant impact on the functions of economy within a nation of strong domestic currency. The part after this section (2.2) goes into further detail about this.

Changes in a country's currency's value might make it challenging for regular people to transact business abroad or withdraw money from automated teller machine (ATMs). Exchange rate fluctuations may have an impact on both individual and corporate tax rates. According to Rahman, Akter, Odunukan, Haque (2020), when it comes to the shifting currency rates in other nations, the cost of groceries will also increase over the level. It might also affect people's capacity to find employment. It will have an impact on international trade since it has the capacity to change import and export pricing.

As a result, both the country's trade deficit and surplus will be impacted. A system of freely fluctuating exchange rates exists in the majority of the world's main economies, which occasionally results in currency crises. One currency's value in relation to another is influenced by a number of variables. Examples include demand and supply against the two currencies, the economic development within the two countries, prediction of future inflation and movement of capital and so on. Any changes noticed in these variables cause fluctuations in currencies. A nation's economy, consumers, businesses, and remittance inflows are all influenced by the ups and downs of its currency. Because of this, the impact of currency value going up or down for an economy can bring both good and bad impacts for global businesses based on the nature of the industry they are working under.

2.2 How exchange rate change impacts various economies

The impact of exchange rate changes on global trade is particularly evident. A comparatively weaker currency may help to lessen imbalance in trade by boosting export costs and and prices of imports, depending on the industry (Gopinath & Gourinchas 2022). However, exports would suffer and imports would become more reasonably priced if the currency were to become excessively strong. Although it is generally believed that a strong currency is good for an economy, this may not always be the case (Estevao 2022). Long-term damage to the economy can come from an excessively strong currency, which could render some industries uncompetitive and cause the loss of a large number of jobs. A weaker currency might be advantageous to the economy because exports account for a sizable amount of a nation's gross domestic product (GDP). Because imported goods cost more when a currency's value drops, inflation might result. Any change in currency exchange rates affect a country's monetary policies directly, because a nation's central bank focuses on those rates while forming policies for monetary exchanges. The frequent occurrence of currency fluctuations can have an effect on market volatility and domestic and international trade.

2.2.1 Currency fluctuation's effect on consumers

Currency fluctuations have a significant influence on consumers. A weak currency makes imports more expensive, and consumers are ultimately affected by the price increase (Kramer 2022). A country's inhabitants may pay more to purchase an imported good like a car from another country if the value of the local currency declines. Consumers have more purchasing power, nevertheless, when prices remain constant. This increase in consumer spending is much more advantageous for the entire nation. The price of gasoline is also significantly impacted by currency movements. When the US dollar gains vs other currencies, oil prices tend to decline. Knowing that big oil exporters like Saudi Arabia peg their currencies to the US dollar is necessary to comprehend why this occurs. As a result, the price of imported items decreases as the dollar strengthens together with the Saudi riyal. Saudi Arabia is able to lower its oil prices as a result. The effects of changes in the price of oil will be felt by consumers everywhere in the form of higher or lower commodities costs.

2.2.2 Currency fluctuation's effect on global remittances

The economy and people both benefit from remittances. The second most prominent source of foreign money for a country is remittances, the first being FDIs (World Bank 2022b). Directly impacted will be the ongoing inflow of foreign cash into numerous small and developing nations. Regular money senders from outside pay close attention to exchange rate changes because they could profit or lose money depending on them. When a nation's currency loses value, more of its residents' original currency is sent home by those who live abroad, resulting in an increase in remittances to the nation. Some expats turn to borrowing money in order to fully benefit from favorable exchange rates. Increased remittances encourage domestic spending and investment, which benefits national economy.

India's national currency is frequently compared to the US dollar as a gauge of the nation's economic health. It is difficult to imagine that the value of the Indian National Rupee (INR) and the US Dollar (USD) were virtually similar at the time of India's independence. It's interesting to note that 72 years later, the Indian rupee's value relative to the US dollar is also 72 (Compare Remit 2022). The value of the Indian

rupee in relation to the US dollar decreased from roughly 63 per USD at the beginning of the year to about 69 per USD at the conclusion.

Money sent back to India rises dramatically when the value of the rupee falls. As the AED to INR and USD to INR exchange rates fell (Xpress Money 2019), remittances to the US and the UAE increased. Indian expats sent 25 percent more money home in 2018 as a result of the dramatic decrease in the value of the dollar relative to other currencies.

2.2.3 Currency fluctuation's effect on businesses

As per Varela and Lovo (2016), import-export focused enterprises need to consider external variables caused by other nations which makes them more vulnerable to the implications of currency fluctuations. Changes in currency rates have a substantial impact on a company's bottom line. For instance, if a business from the United States had a prediction of acquiring 6 million USD profit in a year, weakening of USD against INR would reduce the predicted profit down to USD 5.5 million. Therefore, having a strong dollar (currency) against the INR will be extremely helpful for the company's bottom line.

Even for companies that don't engage in foreign trade, these changes can have unexpected effects. If a company uses a truck to carry its goods and the price of fuel varies due to exchange rates, the shipping costs will also fluctuate. In contrast, a declining currency can help domestic businesses by boosting domestic sales and lowering imports (Adler, Casas, Cubeddu & Timmer 2020). Because they lack the capacity to do so, some smaller businesses may find it challenging to weather fluctuations in the currency market. They frequently enter into a "forward contract" to manage their financial risks in order to protect their company from suffering significant losses as a result of fluctuations in foreign currencies (Ganti 2020).

According to recent estimates, the value of the pound has drastically decreased, opening doors for American companies (Inman 2022). Businesses operating in the UK have profited from the sharp decrease in the value of the pound due to the tension created by Brexit. Moreover, companies and governments must analyze whether or not any external factors affect the present business climate (Razak, Abdullah &

Ersoy 2018). Rothert (2020) claims that the pharmaceutical business is having difficulty keeping up with revenue growth that ranges from 5 to 8% in a variety of markets. Additionally, the company needs to have access to a variety of solutions for managing currencies across different business areas. The tourism industry is being impacted by other elements in addition to standard economic conditions. According to Rowland, Lazaroiu & Podhorská (2020), such a situation may result in an increase in the price of both the finished good and the raw materials, which would be detrimental to the tourism industry. Two additional elements that can make managing a research center more challenging are changes in currency rates and rising fuel costs. Additionally, it is critical that the company has enough areas of focus because this could result in changes in the cost and domestic value of different parts when treating probable ailments. Tahir, Ibrahim, Zulkafli & Mushtaq (2020), on the other hand, have underlined that it's equally important to check and acknowledge value in accordance with changing dynamics.

2.3 How currency fluctuation affects different economies

According to historical statistics (de Best 2023), the exchange rate between USD (US currency) and GBP (UK currency) in 2022 was much higher than it was during the pandemic and Brexit. For instance, one dollar only bought 0.80 pounds sterling in January 2021. This was worth 0.8 British pounds on April 13, 2023. Prior to then, the currency's value rose, reaching a peak in the summer of 2022 as a result of the conflict in Ukraine and the ambiguity surrounding how the government of UK was going to respond to the inflation (Romei & Mosolova 2023).

The way the dollar has performed in comparison to other currencies demonstrates how the coronavirus epidemic affected the currency markets differently (de Best 2022). The British pound, the Canadian dollar, and the New Zealand dollar all seem to have depreciated in value relative to the dollar in the first quarter of 2020, while the euro and the yen don't seem to have changed at all.

2.4 The tourism industry and currency fluctuation

Because there are numerous opposing viewpoints regarding the development, the impact of changes in the exchange rate on the local and global economies can have both positive and bad outcomes. Therefore, at the moment, the only factor that can grab the attention of economists and decision-makers from both industrialized and developing nations is the exchange rate's volatility. Every country's monetary system is affected by the sudden financial crisis. As a result, it may disturb financial stability and lower purchasing power in comparison to the state of the world economy. (Ebrahimi & Pedram 2014).

Exchange rate shock can significantly affect how much money is generated from tourism, which will be a major problem. Therefore, several nations have pegged their currencies against other currencies in order to prevent exchange rate shocks. In this manner, other nations have accepted exchange rate shocks and put in place the necessary policies. (Casiraghi, Habermeier and Harjes 2022).

If the country's currency rate rises, it will be simpler for visitors from other countries to buy goods. In layman's terms, international tourists will ultimately gain from the earlier price of the same goods and services (at a certain exchange rate). As a result, it will draw more foreign visitors who will stay longer in the nation. On the other side, a reduction in the exchange rate will result in a decrease in both international visitor arrivals and the number of them. Since foreign-produced goods and services will be more reasonably priced for domestic consumers, more individuals will travel abroad, which will increase demand for travel to foreign nations. In a nutshell, changes in the exchange rate are a major factor in the current demand in the travel and tourist industry. Therefore, risk-averse travelers may postpone or reschedule their travel plans if they can determine that the currency rate fluctuations in the target country are too great to bear. They may also choose to travel to other nations. Therefore, changes in the currency rate will significantly impact international visitors, reflecting the impoverished social state of a nation. (Niazi & Rezaei 2015).

According to traditional beliefs, one factor in improving tourism's contribution to economy is the currency losing value in relation to other currencies and the increase of exchange rate. Following the collapse of the Burton Woods system in 1973, an analysis of the time range of exchange rate fluctuations and their impacts on the payment balance trend shows that short-term impacts of rising exchange rates positively affects the minimum payment balance in tourism.

According to the idea of an actual effective exchange rate, a strong correlation is found between a nation's real exchange rate and trade balance. Therefore, it follows logically from the facts that depreciating the domestic currency and increasing the exchange rate will only make matters worse. However, after going through a financial crisis, things might start to improve. Additionally, examining the relationship between the company's balance and other practical factors is always an important part of doing business worldwide. If emphasis is placed on the relationship between the currency rate and the business balance, the Marshal Learner's approach and the J curve method should both be taken into account. Based on their explanation of the first technique Marshal Learner's method, Thevakumar and Jayathilaka (2022) concluded that it was no longer capable of describing the precise response of a country's business balance to the fluctuating exchange rate. As a result, recent research using the J curve technique came to the conclusion that it is important to adopt the right perspective about a firm's trade balance response towards exchange rate fluctuations (Rajabian & Salmifar 2015).

2.4.1 Foreign tourist demand in the Indian tourism sector

With its spectacular natural environment, culture and history accommodated by educated and English-speaking population, India has got many tourist destinations appealing to travelers and visitors worldwide (Sharma, Mohapatra & Giri 2021). In 2021, the number of foreign tourists and non-residing Indians visiting India was seven million (Keelery 2023). In the first quarter of 2023, arrival of foreign tourists reached approximately 3 million, as told by the Ministry of Tourism (Mint 2023), staying lower than pre-covid numbers. COVID-19 pandemic has curtailed travel everywhere, including to India. India had 66.4 percent fewer international visitors in March 2020 than it did in March 2019. In India, between 30 and 40 million jobs were expected to be lost in this sector, according to FICCI (2020).

2.4.2 Exchange rate and tourism development

In reaction to changes in the exchange rate, several elements, including geographical aspects, national territories, and policies regarding tourism might affect growth of tourism sectors (Ehigiamusoe 2021). The growth of the tourism industry is negatively impacted by real and nominal currency appreciation (Alleyne, Okey & Moore 2020). In developing nations like India, Bangladesh, Pakistan, and Nepal, the slowing of

the tourism industry is strongly correlated with short-term changes in the exchange rate (Munir & Iftikhar 2021). With an aim to evaluate how tourist growth is often shocked by exchange rates, Schmitt-Grohé and Uribe (2022) found that such fluctuations have short-term effects. discovered that exchange rate shocks only have temporary effects. Study by Chi (2020) assessed the reaction of foreign travelers visiting South Korea regarding changes in the Korean Won's value. The results showed that the visitors were highly sensitive of the currency's value, but not sensitive about the value declining. Chi (2020) concluded that tourists visiting Korea care about the changing rate of currencies which further affects travel demand. In light of an increase in tourism, analysis by Dogru, Isik & Sirakaya-Turk (2019) found that changes in the US dollar's value have an impact on travel and tourism between Canada, Mexico, and the United Kingdom. A high US dollar has a negative long-term impact on the balance of tourism commerce with Canada and the UK, but has no impact on the expansion of tourism in Mexico, according to the study. Research by Belloumi (2010) revealed a co-integration between tourism revenue and the value of the Tunisian dinar. Tourism demand goes down when foreign companies make market entry with an appreciated currency, and the demand goes high when a foreign business quits operation and there is depreciation of currency value (Munir & Iftikhar 2021). According to research by Khoshnevis, Homa & Soheilzad (2017), the tourism industry benefits from a decline in FDI and a depreciation of the local currency in relation to the US dollar.

Studies exploring the effect of currency conversion rates on visitor numbers have produced conflicting results (Brida, Cortes-Jimenez & Pulina 2016). The link between exchange rate and tourist demand was found to have high correlation in a few studies (Tang, Sriboonchitta, Ramos & Wong 2014). In their 2004 panel research of OECD nations, Reinhart and Rogoff found that time frames with a general currency along with immobile exchange rate positively affected the arrival of foreign visitors. They emphasized the clear benefits of a stable exchange rate for the tourism industry. According to the findings of Vogt (2008), when the value of dollars changes and so does the discretionary earning of travelers, it has significant impact on tourism demand. The amount of foreign tourists to the United States is significantly influenced by the exchange rate, claim Cheng, Kim, and Thompson (2013). Thompson and Thompson (2010) discovered that Greece's tourism industry grew after adopting the Euro as its common currency.

Only a few studies have examined how welcoming Indian tourists are to foreigners. According to Dhariwal (2005), disturbances on the domestic and international levels have a detrimental effect on India's

tourism sector. When the nominal exchange rate of a currency devaluates, tourism is affected badly, even though the global income of the sector does not get much significance in statistics. A study by Barman and Nath (2018) used yearly data on foreign immigration to India for 15 years (2000-2015) and found that increase of wealth has given rise to tourism demand in the country. While rising costs deter foreign visitors, India's improving infrastructure has drawn an increasing number of tourists from outside its boundaries. According to Sharma and Pal (2019), fluctuations of both short and long terms for the INR have a negative effect on travel demand.

A longitudinal study by Obi and Ogbeide (2022) gathered quarterly currency data for 23 years to understand its relation with economic growth and arrival of tourists. The authors found that higher traffic results in more advancement. Additionally, it was discovered that increased tourist numbers were related to real GDP growth. The information also lends credence to the idea that a declining dollar encourages foreign travelers to come to the United States. Chaudhry, Nazar, Ali, Meo & Faheem (2021) also looked at how the real exchange rate affected the demand for international travel in East Asian and Pacific countries. It was discovered that the underlying currency exchange rate and the demand for tourism were positively associated. The authors discovered that a decrease in travel expenses is one factor in the rise of tourists. A cheap exchange rate will bring down the price of a vacation package.

Other research (Irandoost 2019; Karimi, Faroughi & Rahim 2015) have also backed the strategy of currency rate appreciation to boost tourism income. Luxury travelers might put more value on having one-of-a-kind adventures than letting factors like exchange rates affect their travel plans (Irandoost 2019). According to Karimi et al. (2015), macroeconomic factors including real exchange rate, FDI, trade openness, and price level affect demand in tourism in ASEAN countries. The authors found that increased trade and FDI (foreign direct investment) draw more tourists. However, the study discovered that when costs were increased and the real exchange rate was unfavorable, tourism decreased.

When a nation's economic situation worsens, it is more prone to losing assets that translate to currency, which includes business deals and contracts too. It could be quite difficult to calculate real and nominal exchange rates. Nominal exchange rate refers to the amount at which one currency is quoted against another on a certain day. When any traveler purchases foreign currency, nominal exchange rate is utilized. The actual exchange rate reflects the belief of exchange traders regarding the real value of a currency

compared to other nation's currencies. There are numerous forward contracts that determine different rates for currency purchase before delivery, which indicates to the importance of tracking real exchange rate for transactions that are yet to happen. In the context of tourism industry, tour operators who need to pay in foreign currencies sometime in the future, such forward contracts enable them to protect against significant currency movements and minimize losses from currency depreciation. The governments of poor countries frequently view tourism from countries with strong currencies as a boon.

India's thriving tourist sector helped the nation bring in about nine billion dollars in 2021 (Ministry of Tourism 2021). This was an increase of roughly 26% from the previous year. In 2019, tourism was the third-largest foreign revenue generator for the nation.

The more valuable a nation's currency is, the more appealing it is to tourists (Ding & Timmer 2022; Meo, Chowdhury, Shaikh, Ali & Masood 2018). Changes in exchange rates have a considerable impact on travel spending, according to Dincer, Dincer & Ustaoglu (2015). This consideration is made due to the high cost of international travel (Rosselló, Aguiló & Riera 2005) while choosing between a holiday at home and one abroad.

According to numerous studies (Naseem 2021; Brida, Gomez & Segarra 2020; Jena & Dash 2020), the contribution of tourism is immense for the the global economy and global foreign exchange profits. Over the past three decades, many literatures focused on the topic of how dollar's value and growth in economy is being affected by tourism (i.e., Meyera 2019; Stauvermann, Kumar, Shahzad & Kumar 2018). Although some temporary issues caused setbacks, global travel has increased throughout the years in a gradual manner, grabbing the attention of business scholars (Husein & Kara 2021). Academics also emphasized the connection between tourism and economic growth among nations (i.e., Kyara, Rahman & Khanam 2021; Fuinhas, Belucio, Castilho, Mateus & Caetano 2020). However, when it comes to literature on tourism industries and exchange rate, they only investigate the interrelation between currency fluctuation rate and number of visitors or travelers. As per my knowledge, there is no qualitative study examining how currency fluctuations affect the travel and tourism industry operations around the globe from the perspective of travel and tourism service users.

For multinational firms trying to enter new markets, understanding currency flexibility is crucial since it enables them to choose a place where conducting business won't be considerably affected by currency swings. Like any other sector, the travel and tourism industry in these three nations suffers from currency fluctuations. Despite various studies' focus on contribution of goods, price and raw materials for enterprises operating in different industries, existing literature does not specifically narrow it down to currency fluctuations as an external variable affecting travel and tourism sector (e.g., Rowland, Lazaroiu & Podhorska 2020). There are some qualitative studies on the subject of currency swings, but they are a few in number. In order to look into how currency fluctuations affect the travel industries in the US and the UK, this study uses a qualitative and secondary data collection technique.

2.5 Theories related to exchange rates

A good theoretical underpinning for the study could be the theory of exchange rates and its impact on international business and tourism. This theory provides a conceptual framework for understanding the relationship between currency fluctuations and their effects on businesses, particularly in the context of international trade and tourism (Samirkaş & Samirkaş 2016). The theory of exchange rates looks at how shifts in the value of currencies affect the financial performance, productivity, and decision-making of companies that operate in international markets. It examines the ways in which changes in currency have an effect on several facets of global trade, such as export-import activity, pricing tactics, competitiveness in the marketplace, and decisions regarding investment.

The research may investigate how currency fluctuations especially impact the travel and tourism sector in India by adopting this theoretical framework. It can look at how changes in exchange rates affect travel expenses, interest in travel, foreign exchange risk management techniques, and the overall financial success of travel-related organizations. The theory offers a framework for examining and interpreting how currency changes affect important industry players, such as travel agents, tourists, and destination economies.

Additionally, the theory of exchange rates allows for the exploration of relevant concepts such as purchasing power parity, exchange rate pass-through, hedging mechanisms, and the impacts of currency

volatility on consumer behavior and travel patterns (Taxmann 2022). It provides a comprehensive framework to understand the economic, financial, and strategic implications of currency fluctuations on international business operations within the travel and tourism industry.

3 RESEARCH METHODOLOGY

This section of the thesis will inform the reader about the research methodology designed to reach answers to the research questions. It contains justification of choosing a suitable research approach, strategy, methodological choice, data collection and analysis techniques.

3.1 Research approach

Research approach means the total research plan adopted for the conduction of a study and finding answers to research questions set at the beginning (Goundar 2012). Inductive and deductive approaches are two common approaches to research. The inductive approach involves shifting from particular data or observations to wider ranges of generalizations and theories. Beginning with data collection, analysis, finding of patterns, this approach later builds theories based on the found patterns (Burney & Saleem 2008). It is also known as the "bottom-up" research approach and is often associated with qualitative research methods. In contrast, deductive reasoning is the shift from generalized hypotheses to particular data or observations, which means it starts with a theory that already exists, and later investigates that theory to either agree with it or refute it (Weisberger & Bradford 2023). It is also known as the "top-down approach".

For this specific research, the inductive approach is more justified. The study has chosen three online tourism agencies, which means the context for the research is based on consumers' interaction with these brands to understand the impact of currency fluctuation on these international businesses' performances. Taking an inductive approach would allow the researcher to collect primary data through interviews and explore the experiences, perspectives, and patterns emerging from the consumer interviews. By analyzing the data inductively, the researcher can identify key themes, patterns, and relationships, which could lead to the development of new theories or conceptual frameworks specific to the Indian T&T industry context; more specifically international travel businesses based online.

3.2 Research strategy

Analysis and collection of qualitative data can be done through strategies like Focus Group Discussions (FGDs), observations, case studies, document and narrative analysis etc. In this qualitative study on currency fluctuation and its impact on the travel and tourism industry of India, an in-depth interview approach has been selected as the suitable research strategy. In-depth interviews offer a scope to collect detailed and rich data from unique and subjective experiences of individuals (Rutledge & Hogg 2020). Probing questions, follow-up inquiries, and exploration of participants' experiences and insights are essential for understanding the complexities of how currency fluctuations impact international tourism businesses. Engagement in open-ended discussions reveals the personal impacts, coping mechanisms of businesses, decision-making processes, and strategies employed by individuals within the industry. In-depth interviews will provide a context-specific understanding of the research topic. The travel and tourism industry operates within a complex environment influenced by cultural, economic, and political factors. By conducting in-depth interviews, researchers can explore how these contextual elements interact with currency fluctuations and impact international business operations. In-depth interviews provide flexibility in terms of tailoring questions (Bouncken, Qiu, Sinkovics & Kursten 2021). Such a multifaceted topic like currency fluctuation and impact on online tourism businesses will be enriched with data from consumers of tourism services or travelers.

3.3 Research choice

Three research choices are identified in terms of research design: multi-method, mono-method, and mixed methods (Saunders 2019). A multi-method research design involves using multiple research methods within a single study. It combines both qualitative and quantitative methods or may include different qualitative methods. On the other hand, a mono-method research design focuses on using a single research method or approach throughout the study. In this case, the study exclusively relies on either qualitative data or quantitative data. Goal of researchers utilizing a mono-method approach is to thoroughly examine the study issue via one analytical lens. As a result, the subject of the study may be thoroughly and intently examined within the methodical structure of choice.

Lastly, in a mixed methods research design, qualitative and quantitative approaches are combined into one study. Researchers gather, examine, and integrate both kinds of data to have a more complete picture of their study issue. Every method's advantage can strengthen the others' weaknesses, resulting in a more complete and all-encompassing viewpoint in multi-method research.

Nevertheless, this study on analyzing the connection between currency fluctuation and global businesses will utilize a mono-method approach to solely focus on one type of data and gain in-depth understanding. Researchers can gather context-specific knowledge, cultural impacts, and participant-subjective perceptions about currency volatility and its effects on global trade in the travel and tourism sector by employing qualitative data. This method offers a more refined and comprehensive comprehension of the subject within its unique Indian context.

Moreover, conducting a mixed methods study, which involves both qualitative and quantitative data collection and analysis, can be time-consuming and resource-intensive. A mono-method approach using qualitative data is often more feasible and practical, particularly when the research scope, available resources, and timeline are limited.

3.4 Data collection methods

The method of data collection is one of the most integral parts of research process because it enables researcher to take systematic steps to gather information and knowledge. Different sources provide researcher with relevant data regarding the research topic, which facilitates finding answers to the research questions.

Data collection can be divided into two parts: primary and secondary data collection. While primary sources provide information or data to researcher directly, or is the first source of data gathered, secondary sources are already existing information researcher derives by exploring past literature on specific research topic.

Collecting primary data through interviews from consumer's offline as well as online tourism agencies is a suitable approach for data collection in this study. Consumers (travelers) are directly affected by currency fluctuations when making travel-related purchases. By collecting primary data from these consumers, researchers can gain insights into their experiences, behaviors, and decision-making processes regarding currency fluctuations. Online tourism agencies have a significant customer base, representing a diverse range of travelers with varying preferences and behaviors. By making them target population, primary data collection will increase the chances of obtaining a representative sample.

The researcher can gather rich and detailed information directly from those who have first-hand experience with currency fluctuations in the travel and tourism context. Through methods such as surveys or interviews, researchers can delve into specific aspects such as consumers' perceptions of price fluctuations, booking decisions under varying exchange rates, and the overall impact on travel planning and experiences. This approach provides contextualized insights that are valuable for understanding the intricate dynamics between currency fluctuation and consumer behavior.

The data collected from consumers can shed light on their preferences, satisfaction levels, and concerns related to currency fluctuation. Researchers can explore how these fluctuations influence consumer perceptions of value for money, destination choices, and satisfaction with the overall travel experience. Understanding consumer perspectives is crucial for industry stakeholders to adapt their strategies, pricing models, and marketing efforts to effectively address the impact of currency fluctuations.

3.5 Sample size and sampling methods

Research population is the total set of participants with specific and similar features whereas sample refers to that population's sub-set (Thurmer & Taylor 2021). For this study, the population are tourists and travelers using online tourism services who could reveal how COVID-19 induced currency fluctuation affected their travel habits and the mechanisms of chosen online tourism organizations. A sample size of 10 has been chosen for in-depth interviews. By interviewing 10 participants, there is a reasonable expectation that data saturation can be achieved. Saturation ensures that the researcher has gathered a sufficient amount of diverse and comprehensive data to reach research goals and answer research

questions effectively. Moreover, given the constraints in terms of time, budget, and availability of participants, a sample size of 10 for in-depth interviews may be practical and feasible.

When it comes to choosing the sampling method, convenience sampling, a form of non-probability sampling, can be justified for this study. Convenience sampling allows researchers to select participants who are readily available and accessible (Etikan, Musa & Alkassim 2016). In this case, accessing consumers of online tourism agencies may be more convenient compared to other sampling methods. Researchers can approach individuals who have recently made travel bookings online and who meet the specific criteria for participation. This sampling method is often more time and cost-efficient compared to probability sampling methods. Also, the exploratory kind of this study suits convenience sampling highly.

3.6 Data analysis

The act of arranging, evaluating, interpreting gathered data in order to answer the study's inquiries or goals is known as data analysis in the field of research (Patton 2022). It entails organizing unstructured data into a clear and understandable form, seeing trends, themes, and connections, and generating judgments or interpretations based on the data.

Thematic analysis is a widely used qualitative data analysis approach that can be incorporated for analyzing the data set in this study on currency fluctuation and its impact on the travel and tourism industry of India. This analysis is particularly well-suited for evaluating qualitative data, such as interview transcripts. It also aligns with an inductive approach, which is relevant for this study. As mentioned earlier, an in-depth interview strategy is being employed. Thematic analysis facilitates the identification of themes and patterns that emerge from the data itself, without imposing preconceived categories or theoretical frameworks.

3.7 Ethical considerations

Research is supported by ethical considerations that advance the goals, truth, and information of the research while preventing errors (Drolet, Rose-Derouin Leblanc, Ruest & William-Jones 2022). Failure to uphold research ethics principles can have adverse effects on the researcher's reputation. This study follows all rules and best practices. Specifically, I will comply with the Data Protection Act and will not force anyone to participate in the research project. All personal data is kept safe, and I will not manipulate the data. All information gathered from participants is used accurately. Anonymity and confidentiality were of utmost importance during the entire data collection and analysis process.

4 RESULTS

This section of the thesis will present the results from gathered qualitative data. Through in-depth interviews with 13 participants from diverse backgrounds and residing in various countries, this study sought to gain a comprehensive understanding of how currency fluctuations have influenced travel and tourism in the context of the COVID-19 pandemic and beyond. By using thematic analysis, the participants' stories and observations shed light on the difficulties and effects of currency fluctuations on hospitality and tourism, providing insightful viewpoints from both the target nations (India, the UK, and the USA) along with other regions around the globe. The outcomes provide a detailed and comprehensive study of the difficulties and possibilities resulting from inflations, giving a greater awareness of the interaction between economic forces and the travel sector.

4.1 Sample demographics and travel habits

Although the study aims to understand how tourism and hospitality in India, the UK and the USA are affected due to currency fluctuation, given the time and resources as well the use of convenience sampling method the researcher included participants from various countries to get a broader and more diverse perspective on the topic. A total of 13 participants were found for the interviews, giving me a more diverse sample and results with higher generalizability. Besides 2 respondents being from India, a substantial part of the sample pool included participants from Bangladesh, Nepal and Pakistan, neighboring countries to India. Also, online travel and tourism agencies were added as a factor in the questions to understand how participants receive information about travel costs (air fares/ticket prices, hotel reservations, domestic transportation costs). It is expected that this approach will enable me to identify common patterns or trends which could be relevant to different countries experiencing similar kinds of economic difficulties. Following is a table containing information on sample demographics and their frequent travel destinations or plans:

TABLE 1. Sample of demographics and travel habits

Participant	Home country	Frequent Travel destination(s)	Use of Online Travel Agencies (OTAs)
P1	Nepal	Within Nepal; Amsterdam, Netherlands	Worked as a trekking guide in Outfitter Nepal Tricks and Expedition Company.
P2	Bangladesh	Portugal	None
P3	Philippines	Manila, Philippines; Singapore	No third-party usage. Participant finds it easier and more economical to search for travel information by themselves or visit airlines website directly
P4	Bangladesh	Singapore	None
P5	Nepal	Nepal; India; Italy; Spain	MakeMyTrip
P6	Nepal	Finland	BNB
P7	India	Germany; Finland; India	None
P8	India	Netherlands; the UK	MakeMyTrip.com; booking.com; skyscanner.com; Zectra
P9	Vietnam	Netherlands	None
P10	Nepal	Finland	None
P11	Finland	The USA	Auper Agency
P12	Finland	The UK	Apollomadkat; The Tour; Trivago
P13	Pakistan	The UK	None. Direct contact with websites.

4.2 Participants' awareness on post-COVID currency fluctuation

All 13 participants showed low to moderate awareness about post-COVID currency fluctuation, a few added a little more explanation to their answers. P1 is a business student which led to the knowledge on

the currency market going down right after COVID-19 global pandemic. P2, on the other hand, not only mentions being aware of the issue but also claims to have bad experiences regarding it,

Yeah, actually, I know about this (currency fluctuation) and a few days ago, I have had some bad experience because of that. (P2)

The 4th participant notes that after COVID-19, there have been economic ups and downs and costs for food, travel, and hospitality in Singapore have increased compared to before the pandemic. Similarly, P12 talked about trips to the UK when asked about knowledge on inflation,

Well, I am not sure because I have travelled UK after the COVID-19 pandemic. So, I don't know the situation before the COVID -19 pandemic. But we have seen on our trips that the UK is a cheaper country for travelling. It is still much cheaper than Finland, for example. But some of the expenses are getting higher there, such as groceries and alcohol. (P12)

P9 mentions to have surface-level knowledge about the phenomenon, although it is not the major focus of their academic background. P13 struggles about finding the proper terminology for the price hike after COVID-19 when the same question is asked:

Yes, it definitely has changed not just for my country but every part of the world, I think. Everything is experiencing...what could I say...what is the technical word...Inflation? (P13)

P11 adds an interesting insight where the knowledge of currency fluctuation is realized from money transfer fees from their American bank account to their European bank account in Finland.

I think the prices were same in Europe and in States and I couldn't notice any difference any major difference between those currencies. But after I moved back to Finland, I noticed that one app that I used to transfer dollars from my American bank account to my European bank account and change them from dollars to euros. It became more expensive even though the currency was same. But it was the fee of transferring the money which was bigger. – (P11)

4.3 Participants' observation of pricing changes after inflation

To understand how pricing was affected after the currency fluctuation in post-pandemic circumstances, the participants were asked what changes they have noticed before and after COVID-19 in terms of pricing of transportation costs, air tickets and hotel reservations.

TABLE 2. Observation of participants

Participant	Observation
P1	“After the pandemic, travel, transportation costs and prices at hotel agencies went a little bit off so that people can have a good time and regain what they lost in the last two years. They tried to make it balanced and get people to travel again.”
P2	“Before COVID-19, in 2018, when I travelled to Russia, flight cost was so cheap. But after COVID, most of the flight tickets price skyrocketed everywhere, including my own country. Hotel prices also increased”
P3	“I have noticed in the pricing of online travel agencies that the fluctuations in exchange rate impacted the pricing of plane tickets. So yeah, if the currency of your destination is higher than your home currency, then the international flights prices will be high.”
P4	“After COVID, plane tickets in Singapore and in my country for example changed significantly. They put extra 5% vat and it increased total plane fare.”
P5	“In Hamas tourist places, the airplane tickets were too expensive but in other few places, the ticket price was too below than the normal price. It was so that they can attract more tourists because there was almost no tourist there. So yeah, it depends upon the location. When I travelled to Spain after COVID there was very few tourists, so the hotel prices were lower than normal too.”
P6	“Yeah, I think the price has skyrocketed because so many domestic and international flights were closed. Both long and short travel had increased prices.”
P7	“I am living in Finland so I traveled from Finland to Germany and it was very expensive. Train and bus ticket prices also increased. Hotels not only had increased costs but also demanded COVID-19 vaccination proof and Corona test. Even when I booked hotels online, all these standards had to be met which cost more money.”

P8	"Before COVID I traveled to Germany and it was way cheaper than it is now. Now it's almost double of the ticket prices. For example, I checked on booking.com before going there and saw that something that was 60 euros before COVID in Germany, is now 110 euros or more than that."
P9	"The changes that I have noticed in the travel transportation is that the prices got a little higher. Like I did not experience much changes in Europe, but when I had my trip back to Vietnam, it was a huge change."
P10	"Inflation increased train and other local transportation fare."
P11	"For a while after COVID, I feel like the cost was lower. It cost less because people were still scared of the virus and didn't want to travel that much. Same in terms of the hotels, because less customers dropped the prices. But now I think it's about the same that what it used to be."
P12	"The plane tickets are more expensive than they used to be because there was a long time when people didn't have to have the courage to travel. Hotel prices also increased."
P13	"In terms of price increase, plane tickets are at number one, then transportation, then the hotel reservations, then the food, then the taxis, each and everything is expensive."

4.4 Alignment of findings with research objectives

The first research objective was to investigate the effects of exchange-rate changes on international economies.

Substantial information about the implications of changes in exchange rates on the worldwide economy, especially in light of the COVID-19 epidemic, emerged from the qualitative analysis of the interview data. Subjects from different nations presented their insights and views, illuminating how currency fluctuations affected the structure of the economy. One participant from Bangladesh highlighted the impact on travel costs and hospitality expenses, stating,

...after COVID, the economy did some up and down and nothing was continuous. But in my destination country Singapore, food costs, travel costs and hospitality costs were so high compared to before COVID. (P4)

The fluctuation in exchange rates was noted to influence travel decisions. A participant from Nepal expressed,

Yeah, if the currency that we have has a high exchange rate, then of course we have to minimize our traveling expense or traveling decision also in that way. (P6)

This sentiment was echoed by another respondent (P11) who pointed out the impact on their destination choices, saying that they did not notice any major differences in currency changing during their travels between the United States and Europe. (P11) also mentioned that hotels may have become less expensive at first due to reduced tourism, but the currency fluctuation did not have a significant impact on travel decisions.

Well, I moved to the US from Finland before COVID. Around that time, it did not really affect anything. But yes, later on some places were more expensive to go to due to some extra paperwork and extra tests that I needed to take. (P11)

The price hike after the inflation was reflected through the words of P12.

Finland has become a very expensive country to live in after the inflation happened. For example, mortgages are now harder to get and because the reference rates are higher than it has been in a very long time, loans are now very expensive. Also, the government has increased the taxes almost on every possible level, including alcohol and candy. (P12)

Participants also provided insights into how exchange-rate changes affected travel costs. One individual originally from Pakistan living in Finland (P13) remarked that it has affected traveling and buying decisions highly.

While I was in Turkey, it was also the same. While I was in Saudi Arabia, it was also the same. I think that the entire world is facing the same thing. (P13).

The rising costs of plane tickets and hotel reservations were commonly reported across various countries, as indicated by a participant from Finland.

Well, the plane tickets are more expensive than they used to be because there was a long time when people did not have the courage to travel. (P12).

Moreover, the impact of unfavorable exchange rates on travel decisions was evident in the interviews. Participants expressed their hesitancy to travel due to increased expenses caused by currency fluctuations.

...If I find any extreme emergency in my family, otherwise I do not think that I can decide to go anywhere because of this price hike. So, only extreme level of urgency is the thing which I can travel for despite having high inflation. (P13)

The second research objective was to learn how the United Kingdom, the United States, and India are affected by changes in exchange rates.

Participant 7, originally from India but living in Finland remarks,

I am living in Finland so I traveled from Finland to Germany and it was very expensive. Even ticket for train and buses also increases. (P7).

This indicates how inbound tourism is affected by price hikes in ticketing and reservations, therefore definitely increasing the prices for foreigners from lower currency countries coming to another with a stronger currency.

A participant from Nepal highlighted the repercussions of currency fluctuations on the tourism industry.

"After COVID-19, this currency fluctuation affected many industries like hotels. I know because I am from Nepal and Nepal is a tourism destination. During and after the pandemic, we have faced a lot of currency fluctuation problems." - (P10).

The sentiment followed a similar route in the words of another participant residing in the UK.

Hospitality in Finland has been a very spoken subject recently. Because when the COVID-19 pandemic started, the government basically ordered all the nurses back to work from their summer occasions. And forced them to be at work and do long shifts without any bonuses or raises on their salary. Well, tourism must be a very important source of income to the UK. (P12)

Participants travelling to the USA after the pandemic emphasized the impact on the hospitality sector.

Hawaii was very expensive inside the US because they wanted to protect the islands at all costs. (P11)

Furthermore, the results indicate the challenges experienced by the hospitality sectors due to fluctuations in exchange rates. The effect of unfavorable exchange rates on travel decisions was evident in the interviews. Respondents shared their hesitancy to travel because of increased expenses caused by currency fluctuations.

The third research objective was to recognize the impact of currency fluctuations on global markets.

The interviews offer important insights into the effect of currency fluctuations on international markets, portraying how alterations in exchange rates have deep impacts across different sectors of economy, especially the tourism and hospitality industry.

Nepal's economy is totally based on tourism. Foreigners used to visit the country frequently but the COVID scenario hit our nation badly. All the hospitality industry like hotels, aviation and tourism sector went down. (P1)

Respondents from various countries shared with the researcher their thoughts and opinions on the long-term consequences of currency fluctuations. One participant from Nepal stated,

COVID -19 has affected not only the travel and tourism industry but also the inflation of money. We are facing inflation in every part of the world. (P6)

This sentiment was echoed by another participant from Bangladesh who mentioned,

There was a decline in tourist arrivals at that time because everything got too expensive. There were a lot of job losses and due to the pandemic, social distancing protocols made people stay home and not be near each other. So, the hotel industry was not able to provide the service that they used to offer before and tourists had very bad experience. (P4)

These comments indicate that the pandemic has impacted not only the travel and tourism industry but also overall inflation, making basic living expenses, food, and accommodation expensive.

The overall economic situations in nations influenced all sectors including travel. Respondents discussed the value of their domestic currency after the inflation and how it impacted their travel decisions.

... You know like now if I wanted to change the Indian currency to United Kingdom currency, it's a lot for me although before it was not that much. (P8)

Because Nepal lies in South Asian countries, we have very low standard economy. So, comparing to the other European nations, there is a huge currency margin. For example: One euro equals to 140 Nepali Rupees so this is definitely affecting our day-to-day lives and also if I want to travel somewhere out of my country, I definitely have to pay more. (P1)

I'm from Bangladesh and nowadays we have some issues with our Central Bank Reservation. So, the fluctuation is too much in our country. If in the morning I see that BDT against dollars is 120, it becomes 140 in the evening. (P2)

A Pakistani participant highlighted,

As I am living in Finland, 1 euro is around 350 rupees, so it has affected (my travel decisions) a lot. (P13)

Favourable exchange rates, for example a stronger Philippine Peso or a weaker foreign currency makes my travel more affordable because I can get more value for money and save more, right? So

conversely, unfavourable exchange rate increased travel costs and I have to think twice before making travel plans now. (P3)

...If I'm traveling to a country where my currency is stronger, then it was very good to travel. But in few countries, Nepali currency rates were so weak at that time. So, I had preferred not to travel at that time. (P5)

We need to check the international currency rates. So, if it is in our budget, we can plan. If not, then we need to postpone for next time. (P10)

This indicates that exchange rates play a vital role in determining the affordability and appeal of various travel destinations. It is mention worthy that although travelling after inflation affects their pockets, emergency cases or family-related issues would still make them want to make a visit to destinations. Participant 5 highlighted that despite unfavourable exchange rates, if a location offers unique and exceptional attraction experiences or cultural opportunities, special events like festivals, weddings, family gatherings or business purposes would still make them travel. Only respondent 9 gives a slightly different opinion.

Actually, the exchange rates are not really affecting my traveling decisions because strong reasons or purposes for travelling would make me travel anyway. (P9)

The impact of currency fluctuations on global markets was evident in the interviews. Participants shared their experiences of price hikes in various sectors, particularly in the tourism and hospitality industries within their own countries as well as travel destinations.

Yes, it's the same for both of the countries (Pakistan and the UK) because of the price hike. If I visit, especially the hotel money, food and the fuel prices, everything has raised. (P13)

From the interview data analysis, it becomes evident that the effect of unfavorable exchange rates on businesses and investment decisions are significant. Respondents showed their concerns regarding the increasing cost factors and uncertainties in the international market. A participant from Finland (P12) stated,

It has become expensive for us to live in Finland due to the currency fluctuations. Mortgages are harder to get, and the government has increased taxes on almost every level. (P12)

...if your home currency strengthens against the Philippine Peso, then it may make travel to the Philippines more expensive for you because of the potential reducing outbound travel. And on the other hand, if the Singapore dollar strengthens against your home currency, visiting Singapore may become more expensive because of the potential inbound tourism. (P3)

4.5 Discussion

The research findings suggest that exchange-rate changes affected the global economy significantly, including different international markets such as the travel and tourism industry. To be specific, the COVID-19 pandemic emerged as a major factor impacting exchange rates worldwide. An interesting finding from the interview responses is that countries or regions with more dependence on the tourism sector had lower prices of transportation and hotel reservation domestically. However, air fare/plane tickets were high everywhere as reported by respondents.

The responses also reflected that fluctuating rates of exchange impacted travel decisions of individuals. They mentioned that the strength of domestic currency against other currencies played a vital role in determining timing of travel or travel destinations.

The understanding of currency fluctuation's effect on the T&T sectors of India, UK and USA is bolstered by these interview responses. Transaction fee was something that makes difference in currency much more visible, so do the prices of goods and services in these countries. Prices of food and groceries increased within the UK, making it difficult for foreign students or job holders from Asian countries to survive there. Majority of such participants (from Pakistan, India, Vietnam) stated that they do not feel the effect of currency fluctuation when within Europe, but whenever UK currency is compared against their domestic currency it appears to be a lot. As a result, it influences the cost of living as well as travel expenses in various regions.

In terms of the USA, one participant mentioned that prices within Hawaii were lowered because of drop in the number of tourists. Similar is noticed in the responses of Nepalese individuals, as the economy is highly dependent on tourism. However, internationally, price hikes affected all travelers alike due to increase in hotels and travel-related expenses. This indicates that currency fluctuations can create uncertainties and challenges for businesses in the tourism sector.

The analysis also acknowledged the broader effect of currency volatility on international markets. Attendees discussed how prices have increased in numerous industries, especially since the COVID-19 epidemic. The epidemic affected global commerce and interrupted supply chains, which caused

hyperinflation in several nations. Representatives from several nations talked on how this rise in prices impacted the cost of basic commodities and services. This suggests that exchange rate fluctuations have a huge impact on people, companies, and governments all over the world.

The interviews made clear how intertwined economies are, as well as how crucial it is to control exchange rates in order to maintain security and long-term viability in a world that is becoming ever more interdependent. In order to make smart choices in the face of economic uncertainty, politicians, corporations, and people must fully comprehend these implications. The development of efficient techniques for reducing the negative impacts of currency fluctuations on the global economy can be aided by more research and investigation in this field.

5 CONCLUSIONS

The last chapter of this thesis concludes this study by summarizing major findings, stating the limitations of the research and providing directions to future research.

5.1 Major findings

The discussions made clear that changes in currency rates have a large impact on global economies. Participants reported rising prices and higher living expenses as a result of currency depreciation. These changes were greatly exacerbated by the COVID-19 epidemic, which caused local currency in some areas to decline in value. As an example, a member from India claimed the COVID-19 currency devaluation had an effect on several industries, including tourism.

The results showed that people's decisions to travel are significantly influenced by currency rates. Respondents from several nations, including Finland and Pakistan, agreed that their decision to travel was influenced by how strong their home currency was in comparison to other currencies. Worldwide travel becomes more inexpensive with a stronger native currency, but the domestic currency's weakness may deter tourists from traveling because of higher costs. This finding shows how changes in currency might affect how tourists behave across different geographical areas.

The study emphasized the significant effects of exchange rate changes on the travel and hospitality sectors. Exchange rate fluctuations had an impact on the cost of products and services, including food, drink, and hotel bookings, according to participants from the UK and India. Despite being a desirable travel destination among respondents, the UK saw pricing increases. This conclusion suggests that nations with strong tourism-based industries have difficulty regulating inflation while sustaining fair travel pricing in the face of changing exchange rates.

Travel-related prices occasionally stayed lower in areas where tourism had a substantial economic impact. Due to the COVID-19 epidemic, fewer people traveled internationally, which decreased demand and

consequently lowered costs in various tourist hotspots. One participant, for instance, brought up how several UK tourist destinations had lowered their hotel and ticket costs during the epidemic in order to draw in more travelers. This tactic exemplifies how tourism-dependent nations tried to maintain their competitiveness in the international travel industry amid currency swings.

Foreign exchange changes affected both domestic and international travel. Respondents from Pakistan and Finland, for example, spoke about how currency changes affected their capacity to go abroad. Stronger home currencies made it possible to go abroad for less money, while weaker currencies made it more expensive to travel abroad. Local travel was also impacted by the epidemic.

The hospitality sector faced challenges due to currency fluctuations, particularly during the COVID-19 pandemic. Participants from India and Nepal mentioned how hotels and travel-related expenses became more expensive. Currency devaluation affected the hospitality industry's cost structure, making it challenging to maintain profitability and provide competitive pricing for tourists. This finding underscores the importance of managing currency fluctuations to support the hospitality sector's growth and resilience. Fluctuation in currency posed complications for the hospitality industry, notably during the COVID-19 epidemic. Participants from India and Nepal spoke about rising hotel costs and other travel-related costs. The cost structure of the hospitality sector was impacted by currency depreciation, making it difficult to sustain business viability and provide visitors competitive prices. This conclusion emphasizes how crucial it is to control changes in currencies in order to promote the expansion and sturdiness of the T&T sector.

5.2 Directions on future research

Based on the findings of the current qualitative study, there are several directions for future research that can further enrich our understanding of the impact of currency fluctuations on international economies and the tourism industry. Conducting longitudinal studies to observe the long-term effects of currency fluctuations on international economies and tourism industries would be beneficial. Tracking exchange-rate changes and their impact over an extended period can provide more comprehensive insights into the patterns and trends of currency fluctuations.

Comparing the effects of currency fluctuations across different countries and regions with varying degrees of dependence on tourism can offer valuable insights. Understanding how different governments respond to exchange-rate changes and implement policies to support the tourism industry can provide valuable lessons for policymakers. Exploring in-depth the factors that influence consumer travel decisions in the context of currency fluctuations can be significant. Focusing on the resilience of the hospitality industry during currency fluctuations, particularly in tourism-dependent countries, can be another matter of research. Lastly, investigating the role of digital payment systems, such as cryptocurrencies, in mitigating the impact of currency fluctuations on international travel and transactions can be an emerging area of research.

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Interview Questions

1. Which country are you from?
2. Which country is frequently your travel destination?
3. Are you aware of currency fluctuation happening after Covid-19 pandemic?
4. How do you think the fluctuation affected the tourism and hospitality industries of your own country and frequent destination country?
5. How do the exchange rates affect your traveling decisions?
6. Do you use online travel agencies for travel purposes? If yes, name them.
7. What changes have you noticed in travel transportation costs (e.g., OTAs' pricing for plane tickets and domestic transportation) after post-COVID currency fluctuation?
8. What changes have you noticed in the pricing of hotel reservations for your destinations after post-COVID currency fluctuation?
9. Is there any factor that would make you travel to your destination despite having unfavorable exchange rates?