

ECONOMICS OF TOURISM IN OMAN

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Abstract

We are living in an era of "Global Village" where everything is within our reach. People of any country are no more alien to other countries. People around the world, travel across other countries to explore the flora and fauna of those countries. The countries of Middle East become places of tourist importance in the recent years. There are so many places of both historical and tourist importance in the Sultanate of Oman. The number of tourists visited Oman has remarkably increased and made an impact in the phase of tourism development of Oman. Tourism industry directly and indirectly impacts the global economy. The table below shows that the contribution of tourism industry is significant global growth. In modern days, the countries are aimed to diversify their GDP sources and tourism proves to be a major contributor to GDP of nations. Every country is putting its maximum efforts to reduce unemployment through various measures. Travel and tourism is another important fast growing sector which has a great scope for those countries and the data shows that Travel and Tourism in Oman helps to minimize the problem. The study tries to analyze the places of tourist importance in Oman and at the same time their role in the economic development of the country.

Keywords: Global village, GDP, Tourism, Oasis.

Introduction

Tourism is one of the fastest, largest developing sectors of an economy. Every country in the world is interested in developing and maintaining the places of tourism and historical importance. It is a pride to develop and maintain such places in a country. It attracts domestic as well as foreign tourists. It also helps the country to make good revenue out of it. It leads to a lot of political, cultural and social changes. At the same time no country wants to lose its tradition and culture. Tourism development has a positive impact on the economy.

Wikipedia defines that "Tourism is the act of travel for predominantly recreational or leisure purposes, and also refer to the provision of services in support of this act"^[1]. According to the World Tourism Organization, "tourists are people who travel to any stay in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited".

One of the very old definitions of tourism was provided by the Austrian economist Hermann Von Schullard in 1910, who defined it as "the sum of total operators, mainly of an economic nature, which directly relate to the entry, stay and movement of foreigners inside and outside a certain country, city or a region"^[1].

Hunziker and Krapf, in 1941, defined tourism as "the sum of the phenomena and relationship arising from the travel and stay of non-residents, in so far as they do not lead to permanent residents and are not connected with any earning activity"^[4].

In 1976 Tourism Society of England defined it as "Tourism is the temporary, short-term movement of people to destination outside the places where they normally live and work and their activities during the stay at each destination. It includes movements for all purposes."

In 1981 International Association of Scientific Experts in Tourism defined Tourism in terms of particular activities selected by choice and undertaken outside the home environment^[5].

Methodology

This research mainly focuses on the role of travel and tourism sector in the global economic growth with special reference to the Sultanate of Oman, in the Middle East. The data used here are mainly provided by the Ministry of tourism, Oman and World Travel and Tourism Council. Most of the data are collected through internet sources. Different statistical tools are used to analyse and interpret the data.

Importance of Tourism

The Travel and Tourism sector contribute much to the world development. According to World Travel and Tourism Council's latest Economic Impact Research shows that world Travel and Tourism was robust in 2012 despite many economic challenges. The total contribution of this sector to the world GDP grew by 3% in the year 2012. This was faster than growth of the world economy as whole (2.3%), and also faster than growth of a number of broad industries including manufacturing, financial & business services and retail^[2]. The total contribution from Travel & Tourism to the world GDP grew by 3.0% in 2012.

Contribution Travel and Tourism to Global Economy

Tourism sector not only provides employment opportunity to the people but also contributes much to the nation's economy. The direct contribution of tourism sector to GDP ranges from 0.8% to 46.6% in the year 2012. Moldova records lowest contribution to its GDP in year 2012 (0.8%), followed by Uzbekistan (0.9%), Canada (1%) and Macau shows the highest share (46.6%)^[7]. It is obvious that tourism sector plays an important role in the economic development of the developing countries.

Tourism industry directly and indirectly impacts the global economy. The table below shows that the contribution of tourism industry is significant global growth^[3]. In modern days, the countries are aimed to diversify their GDP sources and tourism proves to be a major contributor to GDP of nations. The table below shows the direct and total contribution of travel and tourism to the global economy from 2006 to 2016 (in trillion U.S. dollars).

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Direct	1.91	1.99	1.94	1.89	1.93	1.99	2.06	2.16	2.36	2.22	2.31
Indirect	6.03	6.32	6.33	6.08	6.24	6.44	6.63	6.99	7.58	7.17	7.61

Source: Economic contribution of travel and tourism to GDP worldwide 2006-2016

Employment Opportunity for the Locals

Large number of domestic and foreign tourists keeps visiting the tourist places and hence the locals involved get employed. It is a service sector which involves tourist guides, transport, hotels and restaurants, kiosks etc. People of that country either directly or indirectly get employed when tourism industry is developed. The International Labour Organization (ILO) is very clear in its appreciation of the tourism industry. "Hotels, Catering and Tourism is one of the fastest growing sectors. It is highly labour intensive and a valuable source of employment and income in rural areas, especially for those who with limited access to labour market, such as women, youth, and migrants. Sustainable rural tourism based on Local Economic Development and decent work can significantly support socio economic development and poverty reduction"^[10].

Gender Equality

Tourism sector attracts the women work force. It gives them the opportunity to work and involves their participation and cooperation. The nature of job is conducive and so the women folk prefer to work in this sector. Their status, economic background and standard of living improve. They are treated equally in the country. It gives them confidence, recognition in civic and social lives.

Environmental Sustainability

When a country develops its historical and tourist important places, it needs to preserve them. Those places are to be maintained and preserved because they are historically and archaeologically important. Even the United Nations council insists on that. The natural beauty of the country, environment, ecology and ancient monuments are well protected.

Exchange of Cultural and Social Values

People have different culture, heritage, tradition and social values. It differs between countries, states, and even different areas of the same state. When people of different parts of the same country or foreigners visit the tourist places, exchange of cultural, social and moral values take place. Tourists interact with the locals and learn more about the cultural values and appreciate them. It helps both the tourists and the locals to enrich their social values, preserve their culture, tradition and heritage.

Popularity of the Country

In the modern days, no country can be a closed economy. Countries need to involve in international trade, take part in international organizations, participate in regional cooperation etc. This helps the country to showcase its cultural, social, political and economic values to the world. When a country opens its doors to the international tourists, then it gets exposed to world. The name, fame and reputation of the country will go high and will receive international attention.

Travel and Tourism Total and Direct Contribution to GDP

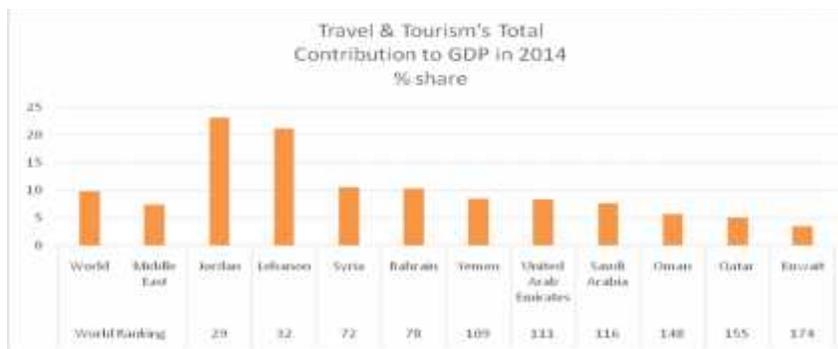
Travel and tourism has a great impact on the economy, affecting the GDP of the country, employment opportunities, investment potential etc. Though the study focuses mainly on the travel and tourism sector in Oman, the data of the countries in the Middle East has been selected for the purpose of comparison. In some countries the contribution of this sector to GDP is very high, as it is 27 percent in UK Virgin Islands. It is moderate in some of the countries like Cyprus, Austria, Syria and Egypt. Its contribution is very less in some of the countries like Haiti, Germany, Qatar, Japan, Canada and India. But every country is introducing new programs and projects to increase the contribution of this sector.^[10]

Total Contribution of Travel and Tourism to Oman GDP

Travel and tourism is one of the major components of service sector which accounts for a greater contribution to the GDP of the world. The total contribution refers to all industries involved in this service sector such as transport, travel agencies, hotels and restaurants, etc. Though the contribution of Travel and Tourism in Oman looks smaller but significant to the economy to become less oil dependent. (**Table: 1**)

Travel & Tourism's Total Contribution to GDP		2014 % share
World Ranking	World	9.8
	Middle East	7.4
29	Jordan	23
32	Lebanon	21.1
72	Syria	10.6
78	Bahrain	10.3
109	Yemen	8.5
111	United Arab Emirates	8.4
116	Saudi Arabia	7.7
148	Oman	5.7
155	Qatar	5.1
174	Kuwait	3.5

Source: WTTC Travel & Tourism Economic Impact 2015

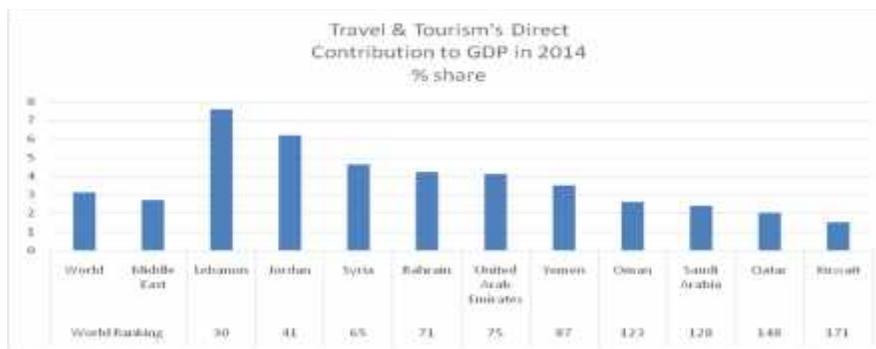


Direct Contribution to GDP (Table: 2)

The above table highlights the total contribution of travel and tourism sector to GDP, whereas the following table shows the direct contribution to GDP. It is understood that travel and tourism sector plays a major role in the economic development of a country. Though there is a slight decline both in total and direct contribution of travel and tourism sector to GDP in some countries, it is on the rise in most of the countries.

Travel & Tourism's Direct Contribution to GDP		2014 % share
World Ranking	World	3.1
	Middle East	2.7
30	Lebanon	7.6
41	Jordan	6.2
65	Syria	4.6
71	Bahrain	4.2
75	United Arab Emirates	4.1
87	Yemen	3.5
123	Oman	2.6
128	Saudi Arabia	2.4
148	Qatar	2
171	Kuwait	1.5

Source: WTTC Travel & Tourism Economic Impact 2015



Travel and Tourism Total Contribution to Employment

The table below shows the percentage share of Travel and Tourism employment in the Middle East. Unemployment is one of the major problems the world faces today, which leads to economic crisis of some countries. Every country is putting its maximum efforts to reduce unemployment through various measures. Travel and tourism is another important fast growing sector which has a great scope for those countries and the data shows that Travel and Tourism in Oman helps to minimize the problem.

Total Contribution to Employment (Table: 3)

Travel & Tourism's Total Contribution to Employment		2014 % share
World Ranking	World	9.4
	Middle East	7.6
31	Lebanon	20.3
32	Jordan	20

71	Saudi Arabia	11.1
78	Bahrain	10
91	United Arab Emirates	9.2
109	Yemen	8.1
118	Syria	7.6
134	Qatar	6.1
143	Oman	5.7
169	Kuwait	3.7

Source: WTTC Travel & Tourism Economic Impact 2015

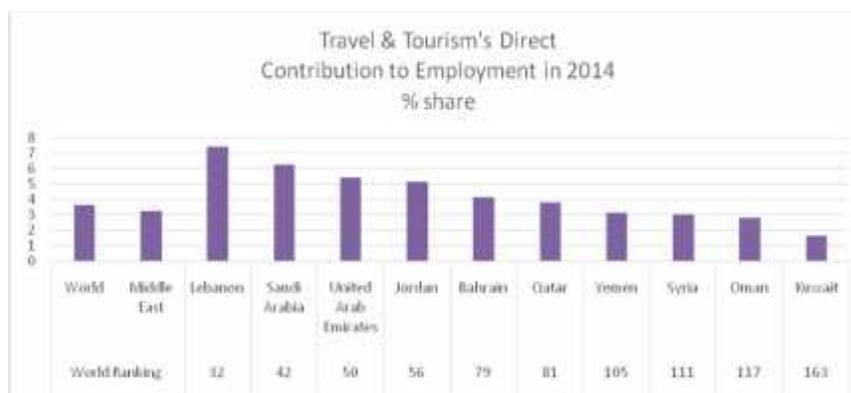


Direct Contribution to Employment (Table: 4)

The direct employment in travel and tourism is high in Lebanon among the Middle East countries, where as it is low in Kuwait. Oman is close to the world average in direct contribution to total employment level in the country.

Travel & Tourism's Direct Contribution to Employment		2014 % share
World Ranking	World	3.6
	Middle East	3.2
32	Lebanon	7.4
42	Saudi Arabia	6.2
50	United Arab Emirates	5.4
56	Jordan	5.1
79	Bahrain	4.1
81	Qatar	3.8
105	Yemen	3.1
111	Syria	3
117	Oman	2.8
163	Kuwait	1.6

Source: WTTC Travel & Tourism Economic Impact 2015



Capital Investment on Travel and Tourism Industry Table: 5)

From the table below, it is evident that the countries are making huge investment, realizing the importance of travel and tourism sector. Saudi Arabia, among the Middle East countries, makes higher investment in travel and tourism sector, whereas Kuwait makes the least investment.

Travel & Tourism Investment Contribution to Total Capital Investment		2014 % share
World Ranking	World	4.3
	Middle East	6.8
32	Saudi Arabia	13.6
47	Lebanon	9.6
64	Jordan	7.3
77	United Arab Emirates	6.5
83	Bahrain	6.1
114	Syria	4
128	Oman	3.6
133	Yemen	3.5
165	Qatar	2.3
174	Kuwait	1.8

Source: WTTC Travel & Tourism Economic Impact 2015

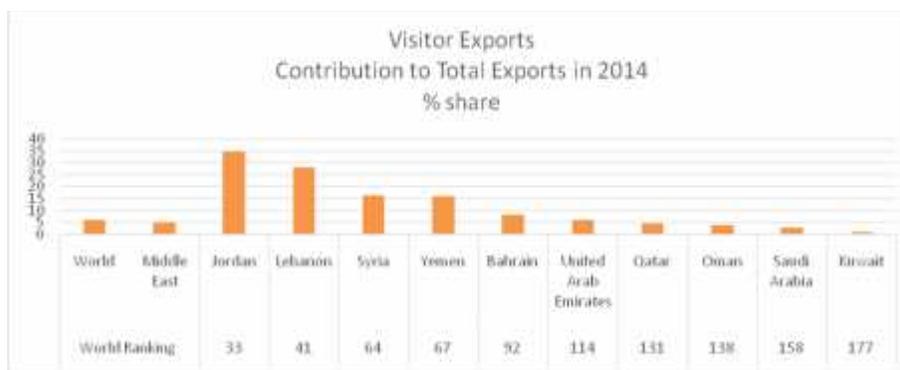


Government, Individual Travel and Tourism Spending (Table: 6)

The amount spent by individuals and government shows the importance of the sector. Jordan spends more on travel and tourism whereas Kuwait spends the least. This is reflected on the employment and GDP of this sector. Hence due importance to this sector will certainly have a positive effect on the economy.

Visitor Exports Contribution to Total Exports		2014 % share
World Ranking	World	5.7
	Middle East	4.6
33	Jordan	34.4
41	Lebanon	27.8
64	Syria	16.2
67	Yemen	15.6
92	Bahrain	8
114	United Arab Emirates	5.7
131	Qatar	4.4
138	Oman	3.6
158	Saudi Arabia	2.4
177	Kuwait	0.6

Source: WTTC Travel & Tourism Economic Impact 2015



The table below shows the contribution of travel and tourism sector in Oman, the Middle East and the global economy. Oman is moderately placed, compared with many other countries of the Middle East. The tourism sector as well as service sector plays a major role in the GDP of UAE and Lebanon, followed by Bahrain and Jordan. Oman and Saudi Arabia show a moderate contribution, whereas Kuwait shows a lesser role of this sector.

Percentage Share of Travel and Tourism Sector in the Service Sector (Table 7)

Oman	2014 1 US\$mn	2014 % of total	2015 Growth2	US\$mn1	2025 % of total	Growth3
Direct contribution to GDP	1,989.7	2.6	5.2	3,779.8	3.3	6.1
Total contribution to GDP	4,414.4	5.7	3.8	8,379.6	7.3	6.2
Direct contribution to employment4	44.5	2.8	11.0	71.8	3.7	3.8
Total contribution to employment4	90.6	5.7	9.4	143.4	7.5	3.8
Visitor exports	1,934.2	3.7	6.0	4,070.0	5.7	7.1
Domestic spending	1,252.5	1.6	8.9	1,999.8	1.7	3.9
Leisure spending	2,273.0	1.8	10.2	4,605.8	2.5	6.3
Business spending	913.7	0.7	-0.5	1,464.0	0.8	4.9
Capital investment	694.5	3.6	10.3	1,407.0	3.9	6.3
Middle East	2014 1 US\$bn	2014 % of total	2015 Growth2	1 US\$bn	2025 % of total	Growth3
Direct contribution to GDP	73.7	2.7	4.8	121.0	3.1	4.6
Total contribution to GDP	200.5	7.4	4.6	328.1	8.3	4.6
Direct contribution to employment4	2,255	3.2	4.5	3,202	3.4	3.1
Total contribution to employment4	5,330	7.6	4.4	7,635	8.2	3.2
Visitor exports	68.3	4.6	2.6	109.1	4.6	4.5
Domestic spending	65.8	2.4	5.9	106.0	2.6	4.3
Leisure spending	109.2	2.2	4.6	178.0	2.5	4.5
Business spending	24.9	0.5	2.9	37.1	0.5	3.8
Capital investment	43.8	6.8	6.5	75.6	7.0	4.9
Worldwide	2014 1 US\$bn	2014 % of total	2015 Growth2	1 US\$bn	2025 % of total	Growth3
Direct contribution to GDP	2,364.8	3.1	3.7	3,593.2	3.3	3.9
Total contribution to GDP	7,580.9	9.8	3.7	11,381.9	10.5	3.8
Direct contribution to employment4	105,408	3.6	2.0	130,694	3.9	2.0
Total contribution to employment4	276,845	9.4	2.6	356,911	10.7	2.3
Visitor exports	1,383.8	5.7	2.8	2,140.1	5.6	4.2
Domestic spending	3,642.1	4.7	3.7	5,465.0	5.0	3.8
Leisure spending	3,850.2	2.3	3.3	5,928.8	2.5	4.1
Business spending	1,175.7	0.7	4.0	1,679.0	0.7	3.2
Capital investment	814.4	4.3	4.8	1,336.4	4.9	4.6

Source: WTTC Travel & Tourism Economic Impact 2015

Contribution of Travel and Tourism Sector to Oman Economy

The government of Oman is taking keen efforts to diversify the economy. Unlike most oil dependant countries, Oman tries to balance by not predominantly depending on oil. The table below shows the direct and total contribution of travel and tourism sector to Oman GDP. Though, there is slight decline in its percentage share of contribution, remarkably it is a substnsial contribution. It is also a major source of employment for the residents.

Factors influencing Travel and Tourism

There are many factors which influence the development of travel and tourism sector in a country. Some of the major factors are, changing socio-economic circumstances, increase in car ownership, increase in leisure time, more disposable income and paid holiday, increased air travel facility, extensive use of technology, introduction of holiday camps, low cost airlines, changing customer needs and expectation, climatic conditions, political stability, absence of terrorism etc.

These factors are more important for a country to attract a good number of domestic as well as international tourists [7]. Some factors such as absence of terrorism, political stability, introduction of holiday camps, increase in car ownership, extensive use of technology etc. are more contributory to travel and tourism sector than the others. These important factors are very much prevalent in Oman. As the Oman vision 2020 tries to diversify the sources of its GDP, travel and tourism could be one of the sources of employment and GDP.

Efforts taken by Oman

The Sultanate of Oman has been taking all possible efforts to diversify its revenue sources. Travel and Tourism has been made as one of the alternative sources of income. The government has been investing more in this sector so as to promote employment opportunities and its contribution to GDP. The following steps are taken to strengthen tourism in the country.

1. High investments on infrastructure – Excellent roads are formed to all important tourist places, so that the tourists can have an easy access to those places.
2. Tourist guides- tourist guides appointed at most of the places who are trained and also have good knowledge about the places. They furnish historical and relevant information to the tourists.
3. Museums are set up – museums are set in most of the places which give detailed information about the tourist places. It is an additional source of information to the visitors.
4. Accommodation facilities – Many tourist places have night camp or staying facilities, such as Wahiba Sands, Turtle beach at Ras Al-Hadd, etc. This attracts more tourists.
5. Colleges in Oman offer a four year Bachelor Degree program in Travel and Tourism. The citizens are well trained to meet the need in the tourism sector.
6. Travel Agencies are encouraged to venture in to tourism. They take care of the accommodations, transport, and other required facilities.
7. Online facilities – it provides details about the places, agents, tourist guide, online booking etc. which make the travel much easier.

Conclusion

Every country tries to diversify their sources of income and keeps working with well framed plans and projects. Travel and tourism becomes one of the core areas which will help the countries in achieving their objective. The Travel and Tourism sector can be a good source of both employment and GDP to all countries and Middle East is no exception. The tables and the analysis reveal that there is a greater potential for employment and income to be taped in travel and tourism sector of Oman and also in the Middle East. It will help the economy to be less dependent on oil and a step towards diversifying their economy.

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