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RESEARCH ARTICLE

THE TOURISM SECTOR, ITS IMPORTANCE IN ACHIEVING ECONOMIC GROWTH IN THE SULTANATE OF OMAN.

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Abstract

This paper focuses on the importance of Tourism Sector for a country's economy. In order to conduct this research paper, Oman has been chosen as the country. The aim of this paper is to identify how Oman's tourism industry provides opportunities for its economic growth. For this purpose, three articles have been chosen after reviewing more than 20 journal articles. The qualitative research method has been followed in conducting this research. The content of all three articles is linked with the main research question of this paper. The first article is about the performance of the hotel industry of Oman. The reason behind choosing this particular article is because it provides a brief understanding of the hotels situated in different regions of the country and their contribution to tourism and their great economic impact. The second article is about the implementation or utilization of social media for advertisement and encouraging the tourism sector. The last article is about considering the tourism sector as a major contributor to Oman's economy apart from the Oil and natural gas sector. This article involves a number of opportunities which the tourism sector may provide to Oman's economy. The study indicates that tourism sector contributes to Oman's economy in various ways such as the creation of employment, visitors' exports, government spending, increased Oman's GDP, internal consumption, and capital investment. This, therefore, is an indication that if well managed, tourism has the ability to boost Oman's economy significantly. It is upon the government to ensure that it seizes the available opportunity by focusing on accommodation, the security of the country, ensure efficient transportation services, among other essential amenities that would improve tourism industry.

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Introduction:

Tourism has equal important for the majority of countries in the world. The tourism industry has a large contribution to countries' Gross Domestic Product (GDP). Tourism is a major industry that provides several auxiliary services (Antonakakis, Dragouni, & Filis, 2015). It generates an ample amount of revenue for a country, whether a person is traveling inside the country or outside the country. Oman is an Arab Asian country situated in the Arabian Peninsula (Paramati, Alam, & Chen, (2017). According to a report obtained from Oukil, Channouf, and Al-Zaidi (2016),

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tourism will become one of the largest industry in Oman in the near future. There are many of the economic indicators have foreseen that Oman's GDP is growing by 3.5%, in this growth, the tourism sector has tremendous contribution (Matin, 2019). Further, a report, published by Ministry of Tourism Antonakakis, Dragouni, and Filis, (2015) state that the involvement of tourism industry in Oman's GDP has increased by 10% from 6% (by ten percent in 2013 from six percent in 2010) (Seghir, Mostéfa, Abbes, & Zakarya, 2015). Furthermore, a survey conducted by the Oxford Business Group stated that the tourism industry of Oman will surpass all the other economic sectors present in the countries in the near future. Moreover, a report published by the Oman CEO Survey by Martin (2019) illustrates that more than half of all the participating business executives believe that tourism is the most influential sector in Oman's diversification drive.

Research Aim And Objective:

The aim of the paper is to highlight the importance of Oman's tourism industry as a contributor to its economy. It focused on reviewing of many previous journal articles to identify how the tourism industry influences Oman's economy.

Research Question:

"Is the tourism sector of Oman important for achieving the economic growth for the country?"

Literature Review:

In the article titled "Performance evaluation of the hotel industry in an emerging tourism destination: Case of Oman", by Oukil, Channouf & Al-Zaidi, (2016), stated how the hotel industry of Oman represents itself as the emerging tourism destination. The hotel sector is an integral part of the tourism industry, it is also a large contributor to Oman's economic growth (Oukil, Channouf, & Al-Zaidi, 2016). So, it is very much relevant to consider this particular article.

The article focuses on analyzing the performance of Oman's hotel industry with the help of two-stage Data Envelopment Analysis (DEA). Al-Badi1, Tarhini, and Al-Sawaei (2017) define DEA as a linear programming methodology used by researchers ascertains the effectiveness of multiple decision-making units (DMUs). It is the most effective method used because it can give the desired outcome even when the production process presents a structure of numerous outputs and inputs which sometimes prove challenging to other research methodologies (Oukil, Channouf, & Al-Zaidi, 2016).

The authors have reviewed a number of previous research papers, which are linked with the main research topic. In order to analyze the efficiency of the hotel industry, the authors have used two frontier efficiency methods; the Stochastic Frontier and the Data Envelopment Analysis. While Stochastic Frontier modeling approach is used in measuring the effect of informational inadequacies on the profitability of a product, Data Envelopment Analysis, on the other hand, ascertain the effectiveness of multiple decision-making units (DMUs) (Oukil, Channouf, & Al-Zaidi, 2016). As per the Ministry of Tourism in Oman, there are three aspects of attracting tourists, such as Nature, Culture and Activities (Al-Badi1, Tarhini, & Al-Sawaei, 2017). The findings of this research paper revealed that most of the hotels in Oman are not technologically efficient (Oukil, Channouf, & Al-Zaidi, 2016). Further, the paper also reported that most of the efficient hotels are situated in the core city areas for example the city of Muscat. Eventually, the article illustrates that the aspect of star rating and cultural fascinations are the most important factors which influence a hotel's efficiency (Oukil, Channouf, & Al-Zaidi, 2016).

The second article titled "Utilizing Social Media to Encourage Domestic Tourism in Oman", written by Al-Badi, Tarhini & Al-Sawaei, (2017). In this article, the authors stated that the social media platform has effective influence of a customer's decision-making process, particularly in the tourism sector. It also directly stated that the application of social media platform to endorse domestic tourism has economic paybacks for the nation. People usually use social media websites in the tourism sector to conduct promotional events in order to promote and encourage domestic tourism in Oman (Al-Badi1, Tarhini, & Al-Sawaei, 2017).

In this research paper, a primary research method has been used. The study will utilize both qualitative and elements of quantitative research methodologies to examine critical issues that will help answer the research questions. The research will focus mainly on key design aspects that can help yield the intended results. Therefore, this study will use descriptive research designs. The descriptive research design will provide a proper conceptualization of case

studies and surveys. Data was collected by survey approach, with a personalized questionnaire. The questionnaires were distributed to the participants who have interest in the domestic tourism by utilizing the social media websites. The paper revealed that many of social media users rely on this platforms to collect information concerning several eye-catching tourist places within Oman (Al-Badi1, Tarhini, & Al-Sawaei, 2017). Further, it reported that the negative posts regarding a specific destination influence the decisions of other people. Moreover, the paper revealed that the Ministry of tourism should apply more social media platforms, for example Twitter, Instagram etc. to promote domestic tourism in Oman (Al-Badi1, Tarhini, & Al-Sawaei, 2017).

The name of the third article is “Economic Growth and Tourism in the post oil Omani economy: A strategic analysis” and it is written by R. Belwal & S. Belwal, (2010). According to the authors, the Oil and natural gas are the main contributors to the country’s economy. This higher degree of dependence on these two specific sectors has choked the development of other sectors in Oman. Oman has recognized the importance of the existence and abundance of its natural resources and for that the reason the government is searching for substitute industries. Therefore, the Omani government established the tourism sector as one of those identified substitute industries for Oil and Gas (Belwal & Belwal, 2010).

The authors of this article based their research on the Desk Research approach. In this approach the authors have reviewed a number of secondary data sources, which are mainly focused into three different strategic tools, such as PESTLE analysis, Porter’s Diamond Model and SWOT analysis (Belwal & Belwal, 2010). For instance, the researchers used PESTLE analysis to analyze the environmental factors under affecting tourism sector. Additionally, the researchers applied Porter’s Diamond Model to analyze the variant in performance of tourism industry different countries as well as analyzation of the available resources within the tourism sector. While, on the other hand, the SWOT analysis used to identify both internal weakness and strength of players within the industry as well as the external threats and opportunity.

Analysis performed by the utilization of PESTLE analysis model revealed that the current situation in Oman demands the search for new economies that can contribute effectively to the country’s economic growth. Apart from the oil and natural gas industries, there are certain opportunities that may contribute to the economic growth such as; increment in the rate of global visitors, establishment of the tourism industry as the main base of economic growth, job opportunities in the tourism industry for the locals and improvement in tourism infrastructure (Belwal, & Belwal, 2010).

Research Methodology:-

In order to conduct this research paper, secondary research has been done, where three journal articles have been reviewed. All of these articles are integrally connected to this topic. These articles are selected after examining 15 journal articles from Google Scholar.

Meta-Analysis- method for quantitative data analysis. The data collected from several different journal articles and studies combined to produce a single estimate of the effect of treatment and risk factor in the tourism industry. I reviewed 15 journals. I selected the three journals from others because they were published in the past five years and are also peer-reviewed that help insure their accuracy and contribution to their disciplines, thus making them relevant and having updated information.

Findings:

The findings of all these three articles have converged into a single point, that is, for Oman, tourism industry is very crucial for the country’s economic growth.

The first articles has found that the social media websites have some influential factors in the improvement of the tourism industry which is directly linked with the economic growth of the country.

The second articles has reported that the reasons behind its unimproved tourism sector in Oman. These reasons for example are as follow: inefficient hotels, improper distribution of hotels across the country, etc.

The third article has indicated that there are a many opportunities in Oman’s tourism industry which can effectively contribute to the nation’s economic growth.

Discussion:-

Considering the research question, that is, “Is the tourism sector of Oman is important in achieving the economic growth for the country?”. The outcome of this paper supported the importance of tourism industry in driving the economic growth in Oman. The three articles revealed that following: One, Oman should improve its hotel industry, this improvement is expected to directly develop tourism sector that in turn will contribute positively in the economic growth in Oman. Two, the social media websites are important factors for the development of the tourism industry, which also have a positive economic impact.

Recommendation:

Based on the literature review and the findings, the following recommendations are the outcome of the this paper. These recommendations aiming to improve and encourage the tourism sector of Oman.

1. The country should have expanded its hotels across the areas. The local entrepreneurs should start their hotel businesses in urban areas as well.
2. The Ministry of Tourism should implement several other social media platforms to encourage the tourism sector.
3. The existing hotels should improve their policies and services to become efficient in the tourism industry.
4. The government of Oman should improve the policies regarding its tourism sector.
5. The government should market Oman’s Tourism through several mediums.

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