

# A service sector analysis of dubai tourism essay



**ASSIGN  
BUSTER**

## **Introduction**

Dubai is one of the countries that have been enjoying its wealth from the services provided in the tourism industry sector. Its fine sands and the silent cool hotels all over the region, has provided a major attraction site to various customers all over the world. Dubai country is a city that is international. That has its various competitors all over the world, from Eastern Asia, the USA and Europe. Dubai is said to have received a total number of 6. 1 million tourists in 2008 than its previous year (Stokes, 2000). It has been vividly seen that the only way an organization can excel in its activities, is by instituting prior planning, while taking measurable strategies that can be implemented in order to work towards the set objectives and attain its goals. In this case, Dubai has worked hard to develop the region and to have alternative cause of action they can rely on, in case of economic crisis. It has been well known that, most of the previous activities were production and manufacturing of oil.

## **Originality of Tourism and Hotel Development**

Impetus to tourism industry in Dubai has grown from the roots to its current state as a multi-billion industry which is not only a backbone to Dubai's economy but has gained international status as a tourism destination. Several factors triggered the growth of the tourism industry in Dubai and they include the need for Dubai to diversify its economy from mere dependency on oil and natural gas to diversifying its economy. Dubai has for a long time been a reserve for oil and natural gas, however, the use of oil has been diminishing and thus the need to diversify. This caused the tourism industry to boom.

The government of Dubai created an enabling environment for the growth of tourism by building infrastructure such as roads and more hotels to trigger the growth of tourism in Dubai. The government of Dubai also gave credit facilities to constructor and invited foreign investors in Dubai. This worked in the favor of increasing tourism in Dubai. The government of Dubai collaborated with the media to advertise and update what is in Dubai. Thus it was converted from a naturally dry land to a center for trade and business. This worked positively to trigger the growth of the tourism industry in Dubai.

Most businesses were started up that later on led to its growth hence becoming larger organizations. The various organizations that were developed in Dubai were such as: joint venture companies, public shareholders company, limited liability company, private shareholding company, share partnership company, General partnership company and share partnership companies (Legal Business Structures, n. d.) were the various businesses that were developed. There are other kinds of business organizations that are not encouraged by the government of Dubai. These businesses includes; the share partnership companies and the partnership-en-commendams. Joint ventures are conducted between two parties of different countries. That is the local business and the foreign business individual that comes together for the purpose of the same interest.

The main success of Dubai was as a result of the resources that were available in the country (Govers, Go & Kumar, 2007). One of the richest resources was the oil lying underneath. That was traded on the different regions of the country. It's vividly known that oil is one of the important natural resources is mostly exported in the Middle East. The second that they

have really used to succeed is by changing 90% of the countries desert to an international financial market. Many foreign individuals have shown great interest in investing in Dubai while making huge profits thus leading to the growth and development of the country of Dubai. This also led to the development of the most known image of the Dubai. Some regard it as the icon of Dubai. It's named as Burj Al Arab which has been ranked as the only world's number one 7 star hotel that has led to the most success of Dubai country since it has been an attraction site for many of the tourists. Strong features it portrayed in the region brought about its success. Various investors from different regions of the world, contributed a lot since they could start their businesses while trading within and without the region, while going to an extent of trading overseas. The more people visited Dubai, the revenue it developed since tourists could pay for hotel facilities, meals and transport while travelling to different attraction sites.

There are other products that are also famous known as the palm Island and the earth. They are the largest manmade island in the whole world that is informed of a beach. This has led to the development of Dubai since most of the tourists from Europe, America, Asia and Africa at large countries have been going to spend time in this island, during most of the holidays with their families and friends to enjoy their leisure time in a trendy environment. However, refer to some scientist researchers that the island shows some features of sinking down the earth, hence, creating another interesting wonder of the region that people desire to see. Since Dubai has diverted most of its activities in the tourism industry other than the extraction of oil, it needs to cope up with the current trends that take place due to globalization

(Stokes, 2000). By implementing the required activities while improving its services, it's has always been found exhaling in the word of tourism.

## **Dilemmas Faced in the Tourism Industry**

Dubai has been recognized as one of the destinations that tourist flock from various parts of the world (Govers, Go & Kumar, 2007). Apart from that, there are always shortcomings that come hand in hand with features and activities of an area. It does not mean that every business does well in each day of its transactions. In the same case, tourism industry in Dubai has been financial crisis at one point. This leads to low business activities at most of the times, hence, ending up losing most of the customers that visits the country during their leisure time. This also leads to business reducing its trading activities since the trading activities may be operating at a loss. This means that most of the hotels becomes vacant, hence, leading to low investments and some of the employees working on these hotels being laid off.

Secondly, at some point, people visiting the country, becomes less in number. This show it's as a result of a greater competition which may be referred as to a rise in direct and indirect competition (Sharpley, 2008). Hotels have been losing clients either to the high class or rather the luxurious hotels in Dubai leaving the other hotels with no clients. Another way is whereby some individuals are evolving to act as agents that accommodate the tourist allowing them in at a lower cost rate. This has led to the reduction in the economic sector of Dubai. Another challenge that has been faced by Dubai is the reduction of travelling by foreign individuals. The number of tourists visiting the country has deteriorated compared to earlier

<https://assignbuster.com/a-service-sector-analysis-of-dubai-tourism-essay/>

times when there was a high population flocking in the country. This is due to the economic boom that has affected almost every part of the world. This has led Dubai to facing a nightmare that they would never had expected of shortage of clients.

Thirdly, solid waste (Al-Qaydi, 2006) and chemical disposal are also challenging Dubai, since the tourism industry especially hotel produce a large amount of solid and chemical waste, and the Dubai government needs to handle them properly so the environment will not be polluted.

The competition they experience from other countries. This is always regarded as cheaper alternates to Dubai thus provide cheaper services and accommodations to the tourist. This leads to most of the tourists proffering the alternate destinations since they can manage to afford them. The issue of cost has not yet been resolved since Dubai has costly services and classy accommodations that cannot be charged underrate. Hence, for Dubai to retain its customer and get back the ones have already left it needs to look deeply into its activities and the budget developed should be in a position of trapping back its customers.

### **Strengths of Dubai**

Dubai is located in the Middle East, which is undoubtedly the world biggest oil producer. Dubai is ranked the world sixth largest oil reserve (Owen, Inderwildi, King, 2010), this combined with natural gas is the backbone of Dubai's economy, because of mining oil and natural gas there has been infrastructural development n prior development of social amenities. This in effect has created an enabling environment for business. Secondly, Dubai

has transformed its natural desert into an international market for corporate investors who have invested immensely in Dubai. Therefore, the corporate investors have not only made profit, but

have also helped develop Dubai.

Some of the social amenities that have developed because of the serene environment in Dubai are such as Burj Al Arab. It is a famous icon voted as the world's most luxurious hotel. It is the world's only and first seven star hotels. Secondly, Burj khalifa is currently the world's tallest building, it is 828 meters tall. People are always recognized Dubai is an international luxury destination. Its travel accommodation is a main feature of this positioning with more than a third of all hotels in the city rated as five and four star hotels.

## **Weaknesses of Dubai Tourism Industry**

Dubai has countable sources of factors that pose as threats to its tourism industry. The economic crisis has served to expose the weaknesses in tourism industry. For example, Dubai has been dependent on oil; its profits have been powered by oil, but, oil is not a sustainable resource, which means one day it will run out. Data shows oil is now only 6% of Dubai's total revenue (Khatib, 1997). And, there are also inadequate diversifications there are threats to the stability of tourism in Dubai. Terrorism threats – Dubai is known to be an oasis of luxury with some of the world's famous and prominent icons such as the Burj Al Arab and Burj khalifa. Such icons serve as terrorist targets. Natural disaster – Tsunami is another threat since Dubai lie on the gulf coast.

## **Keys Stakeholders**

Dubai is an international market with arrivals from diverse regions. Foreign countries such as the United Kingdom, India, Saudi Arabia and the United States have been Dubai's major source markets (Dubai, 2010). In particular cases, there has been good response from South Africa, China and Russia. Statistics obtained in 2010 show that in 2010 alone there were as many as 719, 889 British tourists in Dubai hotels followed by 638, 103 from India 526, 598 from Iran, 519, 001 from Saudi Arabia and 437, 723 the United States. This growth in the number of stakeholders has been regardless of the economic/financial crisis that began in October 2008 (Kehal & Singh, 2006).

## **Community Involvement**

Moreover, the community has played key roles for the success of the tourism industry Dubai has a population of about 2. 3 million people out of which about 17 percent are the local Emiratis, 42 percent are Indian, 13 percent are Pakistani, 8 percent are Bangladeshi and 9 percent are from other nations. Incentives meant to attract local communities at hotels such as Burj Al Arab and the Emirates have been ensured. This is of great significance to the general tourism industry. The growing tourism industry has involved the local communities in Dubai activities; that include cultures of people in Dubai. Infrastructural development evidently shows that development of roads and social amenities has led to the raise in the living standards of people. The tourism industry has also created employment to the local communities at different capacities such as the transport industry, and the hotel and catering industry.



## **Influence of Local Politics on Tourism Development**

Politics in Dubai has been found on a rich Islamic background. The backbone of Dubai is dependent on construction work and the tourism industry due to the uncertain future of oil. Therefore, the government in Dubai has been involved in different capacities in the tourism industry (Mathews, 2003). The government has ensured the success of tourism industry and thus it is involved in the trade by declaring lower tariffs. Politics in Dubai is a major stakeholder in the success of tourism in the following ways.

The government has constructed and created an enabling environment for construction of hotels and apartment blocks to encourage foreigners to visit Dubai. This has been possible by offering credit facilities such as loans to the local communities wishing to put up hotels.

Terrorists have targeted various tourist hot spots and among them Dubai has been targeted. This has made the government of Dubai to allocate vast resources to ensure strict and stringent security measures in order to keep at bay terrorist threats in Dubai hotels the government of Dubai has created The Department of Tourism and Commerce Marketing (DTCM). This has been with the sole purpose of encouraging tourism both at international level and at a local level. This has attracted foreign corporate investors in Dubai. Due to the fact that Dubai's constitution and rules are founded on the basis of Islam, Dubai enforces strict rules on the behaviors of individuals, for example carnal knowledge between un-married people and people of the same sex is highly prohibited. This in turn has landed many foreigners in trouble with the law.

## **Planning Evidence and Strategic Planning**

The government through strategic planning, financing and marketing has to ensure growth in tourism industry as the 6 percent of Dubai's revenue comes from oil (Khatib, 1997). The government has gone a notch higher to inviting inward missions in the tourism sector and the media to promote and show case new projects and update their information on tourism attractions of Dubai. Good Development Plan in 1900-1955: created a period of slow growth and limited physical expansion due to constrained economic growth (Pacione, 2005).

## **Tourism Development Strategies Plan**

Due to the uncertain future of oil in Dubai, the government has been forced to put measures to ensure continuous flow of revenue. Dubai, unlike other countries has only 6 percent of its economy dependant on oil and natural gas. Tourism is therefore the main revenue earner in Dubai. The dollar is now a significant part of the local economy. Secondly, the invitation of inward missions in the tourism sector and the media to promote and show case new projects and update their information has made Dubai have a big market base as a luxurious environment for tourism. Thirdly, the government has involved itself in construction of hotels. This when paired with the construction of infrastructure has ensured a growth in the number of foreigners visiting Dubai.

The government has also constructed apartments for foreigners wishing to stay longer in Dubai. The department of tourism and commerce Marketing has involved itself in research activities meant to broaden the tourism sector. The research finding such as construction of more hotels, uncertain

<https://assignbuster.com/a-service-sector-analysis-of-dubai-tourism-essay/>

ability of oil in the future of Dubai's economy has made the government come up with appropriate measures to counter diverse effects.

## **Evidence of Sustainable Strategy**

The department of tourism and commerce marketing was trying to promote Dubai's tourism sector and to over-see the strategic planning in development of the tourism sector in Dubai. Its other goals have been to make Dubai a leading international tourism destination. According to the Dubai Strategy Plan 2015 (2005), the future strategic plans will be achieved with the aid of this department and they include:

### i) Sector focus and development

This can be achieved by moving Dubai to a new growth path. Dubai has for a long been dependant on oil for its economy to flourish. The future of oil has been diminishing with time as the number of people using oil lesser with time. This has caused a reason for diversification and therefore other sources of revenue have been looked into such as the tourism and business sector and the construction. With diversification, while maintaining focus on high value added sectors can boost overall economic growth.

### ii) Productivity growth

Productivity growth can be ensured if the tourism sector is looked sector ally and by encouraging public-private sector partnerships for the sake of economic growth. This when coupled with high quality of services will transform Dubai into a hub of business excellence. Productivity growth can also be met by raising the productivity of economic sectors.

### iii) Cost of living and doing business management

The economic crisis that hit the world in the beginning of October 2008 has had the effect of raising the cost of living. If the rising cost of living is brought into desirable control then Dubai's competitiveness can be ensured and maintained. The effect of a high cost of living is it discourages local tourism due to opportunity costs. Internationally, the costs of goods are quite high.

### iv) Building adequate infrastructure and social amenities

If tourism in Dubai is to be boosted then infrastructure such as roads should be in good working condition. This encourages population to grow and spread and therefore the development of remote areas for tourism purposes. Tourism is also dependant on a good road network. However, encourage tourism in the future more hotels, catering facilities and other social amenities should be constructed.

### v) Quality of life improvement

Establishing Dubai as a preferred home for current and future residents by improving the well-being of the citizen and residents and helping them live healthier lives enriched with opportunity and choice. This further achieved by ensuring security, supply of necessities such as water, electricity or rather an affordable source of energy. This encourages livelihood and thus tourism.

## **Tourism Development Controls**

The economic crisis that hit the world in the beginning of October 2008 had inflicted a significant rise of cost of living. If the rising cost of living is brought

into desirable control then Dubai's competitiveness can be ensured and maintained. The effect of a high cost of living discourages local tourism due to opportunity costs. Internationally, the costs of commodity are quite high. In 2006, a chemical agreement had reach Dubai, for the government and the industry need to think careful on how to manage chemical, especially on how to dispose them (Kelly, 1998).

Natural disaster is also something that Dubai should be afraid of, e. g. Tsunami, there are a few attractions are near the coastline. When two people came from different country, their cultural background is different, therefore, misunderstanding may occur. Safety is important worldwide, this is one of the basic needs from the Maslow's hierarchy of needs, and people will not go to a place if it's not safe, except military.

## **Mistakes in Development Process**

Between year 1900 and 1955, this period was marked by slow economic growth and therefore limited physical expansion. The population in Dubai was 10, 000 and was concentrated in three residential quarters that included:

Diera has consisted of 1600 households and 350 suq shops. An Al Shindagha, which was the residence of the ruling family where there were 250 houses but no suqs and only Arab residents.

It is clearly seen that Dubai was then the smallest of the settlements areas with 200 houses and fifty suq shops. 1956-1970-this was a period marked by compact growth based on the 1960 master plan that was meant to develop the road network systems and the infrastructures. For provision of a road

<https://assignbuster.com/a-service-sector-analysis-of-dubai-tourism-essay/>

system, the town was divided into regions that were known as zones for the purposes of allocating different uses for the zones and allowing room for creation of new town centers. These goals were in accordance with the emirates pre-oil resources. The master plan was meant to develop the road network systems and the infrastructure. These goals were in accordance with the emirates pre-oil resources.

### **Measure in Different Alternative**

The Dubai government should strengthen strategic and forward-looking focus that set guidelines and build capabilities for improved strategic planning, policy making and performance management so as to enhance organizational structures and accountability. This is to improve the public sector institutional structure and ensure that each government department has key performance indicators (KPIs) against which performance is monitored (Johns, & Mattsson, 2005).

Dubai should also increase efficiency for the country to introduce the latest technologies and systems to enhance the efficiency of operations and to better serve customers also enhance responsiveness and customer service.

Empower and motivate public service employees for the tourism industry to implement HR best practices consistently across the government. A system that measures employee performance while managing the system should be introduced. Thus, the development and implementation of an employee training is vital to identify and nurture talents. It is best to preserve national identity and improve community cohesion to ensure and maintain demographic balance by revising immigration policies and regulations. It is

good to ensure quality social services are provided to meet the needs of the population, hence, the only way of meeting the needs of the population is to improve the social services sector governance structure and establish a planning function to ensure availability of, and access to appropriate services.

It is important to optimize land use and distribution while preserving natural resources. These resources need to be integrated with the elements of the urban planning process through proper coordination amongst stakeholders in order to optimize land use through integrated urban planning. The Dubai government should also provide efficient energy, electricity and water supplies to meet Dubai's growing needs. This is to increase installed power generation and desalination capacity to secure electricity and water supplies (Mathews, 2003).

Establish more enhanced roads and system for transportation to ensure easy access of movement and improve safety. It is always good to ensure mobility of transport networks in order to increase the share of public transportation while reducing private car travel demand. The only way of making the country to be a destination for tourist, is by improving safety design standards and enforce safety audits for transportation networks. This also attracts many investors to the country by developing and implementing safety standards for transportation vehicles. In order to maintain Dubai as a safe, clean, attractive and sustainable environment, efforts in updating and aligning environmental regulation with the best practices and the development of required enforcement mechanisms should be carried out (Middle East Economic Digest, 1995).

## **Conclusion**

As the world of global organization is growing, Dubai has regarded not to rely on oil because they are running out of market with a shortage of oil.

Moreover, for the country to enjoy greater tourism attraction, it has to settle out debt issues and prior disposal of waste. Some of its successes have been experienced as a result of a good development plans and innovations. In order to develop a good future plan, the country together with the tourism and hotel industry must generate a good plan by establishing their strengths, weaknesses, opportunities and threats. From the research carried out in this study, a clear picture of Dubai's imbalance is portrayed hence indicated their inability to sustain its market since they generate so much revenue. For Dubai to achieve the goals of the tourism section, they just need to keep the social relationship between its communities in order to satisfy them. The only way that they are able sustain them is by implementing proper policies.

## **Recommendations**

Dubai is highly recommended to try new methods of technological improvements, use of renewable solar energy since they have huge lands which 90% of them are desert that would do so well by installing solar energies. This desert is also prior for hydro energy systems on coast line. It has also been proofed that windmill would be perfect for this kind of environment since sometimes deserts gets very windy at night.