

RESEARCH REPORTS

Exploring Tourism Diversification: The Case of the Maldives

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ABSTRACT *In 2023, the Maldives was named the world's leading travel destination for the fourth consecutive year, owing to its outstanding natural attractions. Consequently, Maldives' Fifth Tourism Master Plan sets a new vision to lead the world in sustainable tourism, provide the best visitor experiences, and achieve a \$6 billion annual international tourism target by 2027. This research primarily aimed to investigate the feasibility of tourism diversification in the Maldives. The specific objectives were: (i) to assess the level of confidence among tourism industry stakeholders regarding the geographical dispersion of tourism in the Maldives, and (ii) to identify key bottlenecks and recommend strategies to support successful tourism diversification. The research sample consisted of 30 tourism industry professionals and policymakers in the Maldives. Data were collected through surveys, interviews, and the analysis of secondary sources, such as government reports, industry publications, and academic literature. The collected data were analysed using SPSS, and NVivo. The findings offer valuable insights into tourism diversification in the Maldives, focusing on areas such as investment, marketing, skills development, and stakeholder collaboration. The study concludes that tourism diversification is viable, with new segments such as eco-tourism, coastal tourism, and wellness tourism enhancing competitiveness, broadening appeal, and fostering industry growth. It suggests short, medium, and long-term strategies to address the challenges identified, including infrastructure gaps, environmental sustainability, sociocultural impacts, and human resource skill shortages. However, success will require collaboration among all stakeholders, including the government and local communities, to address bottlenecks and implement the recommended mitigation strategies. This research contributes to a better understanding of tourism diversification in small island nations. Further research is needed to identify specific actions by stakeholders and mechanisms required for implementing the diversification strategies.*

Keywords: *Coastal tourism, Ecotourism, Maldives, Tourism diversification, Wellness tourism*

Introduction

The vision for Maldives tourism strives to lead the world in tourism by providing the world's best luxury tourism services and memorable experiences to visitors. To achieve this vision, the Maldives needs to continuously improve its performance and competitiveness, and reach the target of USD 6 billion a year in international tourism receipts by 2027 (Ministry of Tourism, 2023). The Maldives, comprised of 1,192 coral islands across an area of over 90,000 square km (Cerri et al, 2024), is known as a luxury beach destination, with its tourism industry heavily reliant

on the 3S – “sun, sea, and sand” model for the past decades (Melli et al., 2024). While successful, this narrow focus on the 3S model leaves the country vulnerable to economic shocks and changing travel trends. Tourism diversification has been identified as a priority to expand the Maldives’ tourism market, enhance economic resilience, and promote sustainable development (Ministry of Tourism, 2023). The COVID-19 pandemic’s devastating impact on the tourism-dependent Maldives highlighted the need to diversify its economy to reduce macroeconomic instability and insulate it against future shocks (Ali et al., 2023). assessed learning, that forms part of a formal qualification. He further expands on the definition by describing a credit-bearing micro-credential as one that earns credit towards or provides admission to a formal qualification.

The Maldivian tourism industry is the biggest sector in the Maldivian economy. While few other sectors, such as construction, transport, and communication, have made modest contributions to the economy recently, much of the vigour and dynamism of these emerging industries also depend on the vitality of the tourism industry. It is not only the largest industry but also the biggest employer and steward of the largest bands of land allocated for economic activity (Shakoor, 2020).

In 2023, the Maldives saw a decline in economic growth while tourist visitor numbers rose. Due to a decrease in visitor expenditure, the rise in tourist arrivals did not translate into stronger GDP growth. Early in 2023, rising tax rates and high commodity prices contributed to inflation. Due to significant capital spending and subsidies, the budget imbalance grew to 13.2 percent of GDP (Ministry of Tourism, 2023). While medium-term prosperity is anticipated to be driven by tourism, there are still downside risks because of monetary and external weaknesses. The planned modifications to subsidies are expected to cause inflation to increase in 2024. The World Bank (2024) emphasised that long-term growth depends on creating alternative growth drivers.

This paper examines the opportunities and challenges for the Maldives in diversifying its tourism offerings, including ecotourism, coastal, and wellness tourism. The study aims to assess the potential for these tourism segments in the Maldivian context and identify strategies for successful implementation. By diversifying its tourism portfolio, the Maldives can attract more travellers, reduce seasonal fluctuations, and create new economic opportunities.

Global Tourism Background

Global tourism performance reached 1,300 million tourists globally, resulting in international tourism receipts of USD 1,507 billion (UNWTO, 2024). The main factors weighing on the recovery of international tourism include higher transport and accommodation costs, the economic environment, extreme weather events, the Russian offensive on Ukraine, the Hamas/Israeli conflict, low consumer confidence, geopolitical risks, airport congestion, flight delays and cancellations, travel restrictions, including visa requirements, and COVID-19-related issues (UNWTO, 2022). From an economic perspective, tourism is one of the most significant economic pillars in many countries, generating numerous job opportunities, significant tax income, and helping eliminate hunger and poverty by creating jobs for people working directly in the tourism industry (Buhalis et al., 2023). Increasing quality of life and access to well-being and medical facilities is

one aspect of tourism contribution.

Various travel contexts, including health and wellness tourism, as well as nature-based ecotourism, have been demonstrated to have powerful psychological effects (Buckley, 2021). Coastal tourism relies closely on the sustainable development of the ocean. In contrast, many itineraries heavily involve ferries and speedboats to offer an experience on the sea (Lau et al., 2019). However, the extensively developed tourism industry also harms the ocean, damaging wildlife and habitats, and reducing biodiversity. Water and leisure activities, such as surfing, yachting, and scuba diving, are crucial motivations to travel and attract tourism (Dai et al., 2022). Tourism is a highly labour-intensive sector; therefore, it requires a skilful and well-trained workforce to deliver, operate, and manage tourism and hospitality services and destinations. In response to the steady growth of tourism, several countries have invested in tourism education by providing a range of formal and informal training. The tourism industry also contributes to infrastructure upgrades and renovations in destinations, such as building new roads, improving water and sanitation facilities, and enhancing public spaces, thereby improving the quality of life for permanent residents (Airey, 2020).

With new approaches to tourism that involve the development of ecotourism and protected areas, the tourism industry has been an agent of environmental conservation and protection. From an environmental perspective, ecotourism destinations are favoured by responsible tourists to protect the environment, support conservation, reduce waste, and prevent pollution (Buhalis et al., 2023). Tourism development relies on the consumption of resources. Thus, the tourism industry's use of natural resources is crucial to achieving sustainable consumption. To achieve a more sustainable way of consuming natural resources, individuals need to change how they view nature and treat it. (Sheldon, 2022).

Local Tourism Background

Tourism is the engine that propelled the Maldives from a least-developed country to an upper-middle-income one in 40 years. Maldives strives to lead the tourism industry globally. Despite the severe impact of COVID-19, the Maldives was one of the top destinations that witnessed decent tourist arrivals amid the pandemic (Kaushal & Yadav, 2023). However, COVID-19 was the biggest shock to the Maldives tourism industry in its 50-year history, as international visitor arrivals fell 67.4%, the industry's contribution to GDP dropped 62.5%, and 70% of industry jobs were lost. Fewer visitors meant lower revenue from tourism, which fell to MVR 5.4 billion in 2020, a 50% decline compared to pre-pandemic 2019 (Ministry of Tourism, 2023). To achieve the new vision of tourism, Maldives needs to continuously improve its performance and competitiveness. It is in this context that the Maldives has the target of USD 6 billion a year in international tourism receipts by 2027 (Ministry of Tourism, 2023). This target requires a concerted effort from industry stakeholders, the government, and communities to achieve through a balanced approach to meet environmental, social and economic needs.

Study Aims and Objectives

Although specific goals and strategies were outlined in the Maldives' fifth tourism master plan developed by the Ministry of Tourism (2023), achieving the specified targets by the end of 2027 will take time to materialise through the implementation

of policies, guidelines, and strategic objectives. This study, however, proposes the following primary objectives and specific aims, which have the potential to significantly impact the future of Maldives tourism. Based on the gaps in the literature, two research questions were developed.

(i) Is the Maldives tourism industry ready for the potential growth of alternative tourism segments with the geographical expansion of tourism nationwide?

(ii) What are the key bottlenecks and mitigation strategies to facilitate successful tourism diversification in the Maldives?

Based on the two research questions, this research's primary objective of this research is to investigate the viability of tourism diversification in the Maldives. The specific aims are:

(i) To assess the confidence level among tourism industry stakeholders on the geographical dispersion level of tourism in the Maldives.

(ii) To identify critical bottlenecks and suggest mitigation recommendations to facilitate successful tourism diversification in the Maldives.

Justification for this research

Tourism diversification has received little attention in the literature (Weidenfeld, 2018). The Maldives tourism industry has experienced rapid growth since establishment of the country's first resort in 1972. By the end of 2024, the Maldives will welcome over two million tourists. However, the Maldives must achieve greater destination competitiveness to be selected as the preferred destination and lead the global tourism industry, over global rivals offering comparable 3S (sun, sea, and sand) models of tourism products. To address this challenge, the Maldives must enhance its overall destination competitiveness. This will help the country identify, influence, and attract more tourists when they choose their vacation or leisure travel options. Improving the Maldives' current competitive edge in the global tourism industry is crucial, as it will ultimately impact the travel decisions of potential visitors in the long run. Achieving this enhanced competitiveness is essential for the Maldives to reach its target of \$6 billion in annual international tourism revenue by 2027.

Material and Methods

This section focuses on the research design and methods applied in the study and provides ethical considerations.

Research Design

This study employed a mixed research approach, utilising qualitative and quantitative methods. The mixed design follows the approach proposed by Creswell & Clark (2007) and involves three key steps. The first step was to record the key points made by each participant in response to each question to identify significant patterns. The second step was to draw meaning from the data, and the final step was to build a logical chain of evidence (Neuman, 2006). Content validation of the instrument for this quantitative and qualitative survey was carried out by an expert group comprising of seasoned members from the tourism industry and experienced academic researchers, ensuring a diverse range of perspectives and a high level of expertise. The second and third steps of the study involved qualitative aspects, including a focus group discussion and individual interviews, based on the

quantitative data obtained from the first step.

The survey respondents were randomly selected from the resorts and guesthouses registered with the Ministry of Tourism. The participants for individual interviews were chosen based on their years of service in the tourism industry, ensuring that their industry knowledge and experience in tourism segments were adequately represented. Participants with more than five years of work experience in the tourism industry were considered for study interviews to enhance the diversity of the data sources. These focus group discussions were conducted among representatives from various job hierarchy levels, including senior management, middle management, and operational levels in the tourism industry. Utilising a focus group setting allowed participants to provide more comprehensive insights into their opinions and explore various aspects of strategy, investment, and success measures in tourism diversification in the Maldives context.

Cronbach's Alpha on the scaled variables, calculated from the pretested data among a small group of participants representing resorts, guesthouses, and the tourism value chain, was 0.768. This value is considered acceptable, indicating that the steps taken were appropriate for proceeding with data collection from a larger group of respondents. A total of 30 responses were received after data cleaning. Among these 30 respondents, a further 12 were identified for group discussions based on the quantitative data. With prior consent obtained from the survey participants, a subsequent interview was conducted to engage these 12 potential participants in the focus group discussion to comprehensively examine and analyse their opinions regarding tourism diversification in achieving the Maldives' tourism targets.

The survey was administered over a three-month period, spanning from May to July 2024. Google Forms was used for data collection, covering a comprehensive range of participants, including tourism industry experts working in tourist resorts, guesthouses, and the tourism value chain. This approach ensured the inclusion of a wide spectrum of the Maldives tourism industry, thereby providing a thorough understanding of the research context.

As this research employed a mixed-method approach, the data was analysed using Microsoft Excel 2013 and the Statistical Package for the Social Sciences (SPSS version 25.0). Descriptive statistics and cross-tabulations were conducted. The data was checked for clarity, completeness, accuracy, missing values, and unlikely responses.

Ethics

Ethical considerations are paramount in conducting research, particularly in studies involving human participants (Sekaran & Bougie, 2020). This research adhered to strict ethical guidelines, ensuring the integrity and welfare of all participants involved in both qualitative and quantitative aspects. Confidence in the research's integrity is further bolstered by adherence to the proposed guidance by Sekaran & Bougie (2020).

Informed consent prior to data collection: All participants were thoroughly briefed about the purpose of the research, the nature of their involvement, and their rights as participants. Informed consent was obtained to ensure all participants willingly agreed to participate without compulsion.

Respect for Participants: The study was conducted with full respect for participants, recognising their diverse backgrounds and experiences. Care was taken to create a respectful and supportive environment during interviews and focus group discussions.

Anonymity and Confidentiality: All participants’ anonymity was maintained throughout the study. No identifying information was collected, and any data reported in the findings was aggregated to prevent individual identification. Participants were assured that their responses would be kept confidential and used solely for research.

Right to Withdraw: Participants were not only informed but also reassured of their right to withdraw from the study at any time without any consequences. This provision was emphasised to instil a sense of security and respect among all the participants, ensuring their comfort and well-being.

Results and Discussion

The tourism industry in the Maldives is rapidly expanding, and multiple projections for continued development suggest that it will continue to grow. The government envisions expanding the tourism sector by increasing bed capacity, venturing into new tourism markets, and introducing innovative tourism concepts (Ministry of Tourism, 2023). The study was conducted with 30 professionals from the tourism industry in the Maldives, including respondents from a job hierarchy of senior management, middle management, and operational-level employees. The key findings of the study are summarised in Table 1.

Table 1 Descriptive statistics

Job Hierarchy Level	Frequency	Percent
Middle Management	8	26.7
Operational	8	26.7
Senior Management	14	46.7
Total	30	100
Number of years served in industry	Frequency	Percent
Less than 5 years	1	3.3
Between 5-10 years	6	20
Between 10 to 15 years	12	40
Between 15 to 25 years	10	33.3
Over 25 years	1	3.3
Total	30	100

Table 1 indicates that nearly half the respondents are from senior management, while the remaining are split equally among middle management and operational staff. As for the number of years served in the industry, 40% of respondents have served the industry between 10 to 15 years, followed by 33.3% of respondents who have served the industry for a duration between 15 to 25 years. 20% of the

respondents have served in the industry for 5 to 10 years. The results show 328 years of total experience behind all the respondents who participated in the survey. This confirms the enriched insights shared by the respondents for this study, based on their years of experience in the Maldives tourism industry.

Table 2 Reliability of scales used

Cronbach's Alpha	Cronbach's Alpha based on standardized items	n
.788	.800	20
Scale	Cronbach's Alpha	n
Investment and Strategy items	.714	14
Success measures	.701	6

The results in Table 2 confirmed that the reliability of all 20 items used in the study shows an acceptable reliability value. The scale items of investment, strategy, and success measures provided an acceptable level, indicating a good reliability score above .70.

Table 3 Mean and Standard Deviation

Variable	Mean	SD	Variable	Mean	SD
Item 1	3.93	1.143	Item 11	3.47	.937
Item 2	3.47	.973	Item 12	4.23	.817
Item 3	3.73	1.112	Item 13	4.23	.679
Item 4	3.63	.928	Item 14	4.27	.583
Item 5	4.07	.944	Item 15	3.90	.712
Item 6	4.33	.844	Item 16	3.73	.868
Item 7	4.57	.568	Item 17	3.70	.837
Item 8	4.47	.629	Item 18	3.93	1.048
Item 9	3.50	1.009	Item 19	3.73	1.112
Item 10	3.90	.845	Item 20	4.33	.884

According to Table 2, the Standard Deviation (SD) values ranged from 0.568 to 1.143, which indicated a normal dispersion of a dataset relative to its mean.

When it comes to tourism diversification, the stakeholder confidence level on geographical dispersal is not just important; it is crucial. The participants' responses to Question 1, as shown in Figure 1, underscore this point.

Figure 1 Stakeholder confidence on the geographical dispersion of tourism in the Maldives

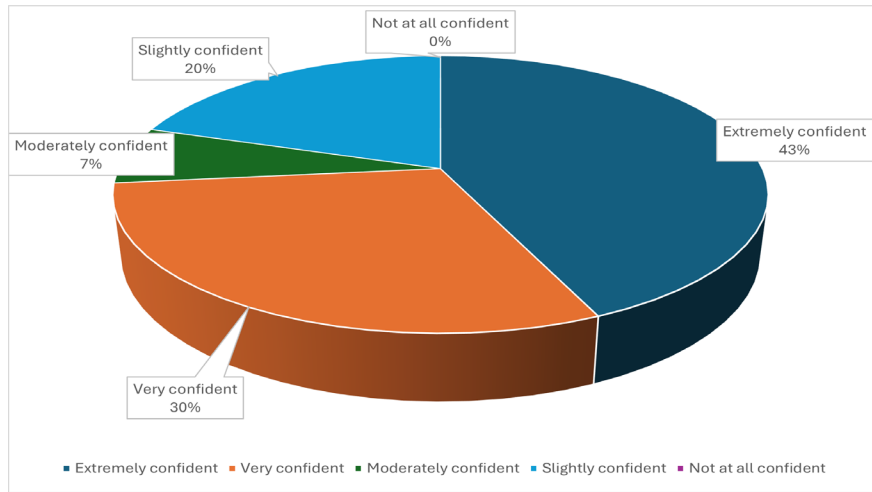


Figure 1 revealed that 73% of the respondents agree with the geographical dispersal level of tourism in the Maldives. The following statistical evidence available from the Ministry of Tourism website provided reports supporting the respondents' confidence level.

Tourism Zone 1, which includes the northern atolls of Haa Alifu, Haa Dhaalu, and Shaviyani Atoll, currently has five resorts, one hotel, and 46 guesthouses as of January 2024. By the end of July 2024, the number of resorts increased to six, and the number of guesthouses increased to 22. The airport facilities at Haa Alifu Hanimaadhoo, Haa Alifu Hoarafushi, Haa Dhaalu Kulhudhuffushi, and Shaviyani Atoll Funadhoo make a significant impact in bridging the geographical gaps between the north and the Greater Male' Region.

Zone 2, comprising Noonu, Raa, Baa, and Lhaviyani atolls, is a thriving hub for the tourism industry. As of January 2024, the zone boasted 54 resorts, two hotels, and 85 guesthouses. By July 2024, this number had increased to 55 resorts and 93 guesthouses. Notably, with its 71 guesthouses, Baa Atoll has emerged as a key hub for the guesthouse industry. The airport facilities at Noonu Atoll Maafaru, Baa Atoll Dharavandhoo, and Raa Atoll Ifuru have significantly improved transportation to and from other zones, contributing to the overall growth of the industry.

Zone 3, comprising Kaafu Atoll, Alifu Alifu Atoll, Alifu Dhaalu Atoll, Dhaalu Atoll, and Vaavu Atoll, hosted a total of 90 resorts, 10 hotels and 586 guesthouses as of January 2024. By the end of July 2024, Zone 3 had 33 additional guesthouses. Zone 3 is another critical hub of the guesthouse industry, where all four atolls host 50% of all the resorts, 53% of all the hotels, and 68% of all the guesthouses in the Maldives. Zone 3 islands are geographically closer to the capital, Malé City, and Greater Malé region. As a result, sea transportation and seaplane transfers are shared. Alifu Dhaalu Maamigili Airport provides transfer to Sun Island Resort, Conrad Maldives Rangali Island, and Centara Grand Island Resort and Spa.

Zone 4 comprises Meemu Atoll, Faafu Atoll, Dhaalu Atoll, Thaa Atoll, and Laamu Atoll and comprises 16 resorts and 31 guesthouses. Faafu Atoll and Thaa Atoll each have eight guesthouses. Dhaalu Atoll stands out from others with nine

resorts. The airport facilities in Dhaalu Kudahuvadhoo, Thaa Thimarafushi, and Laamu Kadhdhoo make a difference in livelihoods.

Zone 5, comprising Gaafu Alifu and Gaafu Dhaalu atoll, currently hosts nine resorts, one hotel, and 19 guest houses as of January 2024. By the end of July 2024, this number is expected to increase to 23. The airports in Gaafu Dhaalu Kaadedhdhoo, Maavarulu, and Faresmaathodaa, as well as the airport in Gaafu Alifu Kooddoo, play a crucial role in bridging the geographical gaps between other tourism zones, ensuring seamless connectivity and accessibility.

Zone 6 comprises Fuvahmulah City and Addu City, also known as Seenu Atoll. Addu City Gan Airport is the critical transportation link to and from other zones. As of January 2024, this zone has two resorts, one hotel, and 43 guesthouses. Two additional guesthouses were built by the end of July 2024.

While a geographical dispersion of tourism development is evident in the Maldives, there is a clear need to accelerate further investment and innovative financing solutions. A significant challenge facing the tourism industry is the inadequate access to financing for developing leased islands, particularly those in the north and south, away from the main Velana International Airport. Due to global and national economic difficulties in recent years, several resort development projects assigned to the more remote northern and southern atolls have unfortunately been unsuccessful (Ministry of Tourism, 2023). This has come at a heavy economic and social cost to the government and local communities through lost employment opportunities, forgone tourism revenue and tax receipts, and delays in lease-rent payments.

Addressing this lack of financing for developing resorts beyond the central regions is crucial for achieving more balanced and sustainable tourism growth in the Maldives. This goal is in the best interest of all stakeholders in the industry.

The next question asked to respondents was about their confidence in positioning the Maldives as a future global leader in the tourism industry, a goal that is within reach with the right investment and financing strategies.

Figure 2: Stakeholder confidence level to position the Maldives as a future global leader

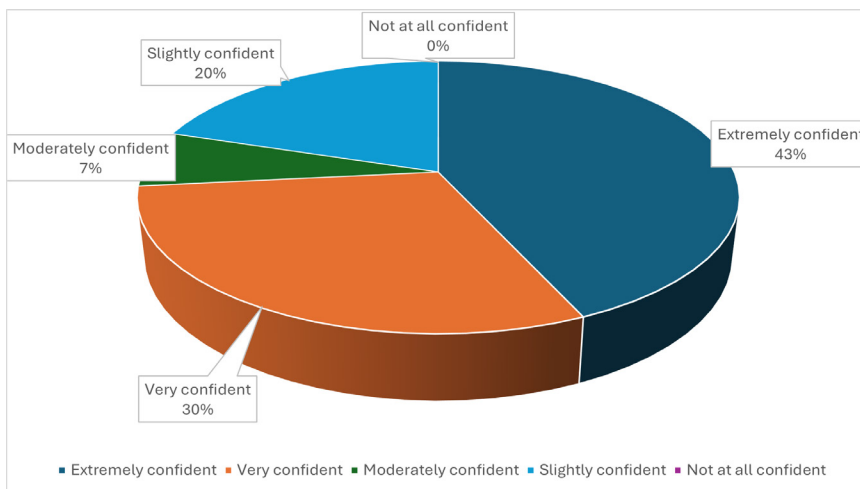


Figure 2 reveals a significant finding: 73% of the respondents are extremely confident in positioning the Maldives as a global leader in tourism. This high level of confidence is a testament to the potential and strength of the Maldives tourism industry. Only 7% were slightly confident and 7% were moderately confident. The results indicate a strong overall confidence in the industry's future and support a previous study by Shakoor (2020).

Based on the participants' responses to the initial quantitative survey, further interactions with 12 consenting respondents were carried out as focus group discussions. These respondents identified several key opportunities and challenges for tourism diversification in the Maldives. The feedback is tabulated in Table 4.

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Table 4 Challenges, Barriers, Opportunities and Solutions towards tourism diversification in the Maldives

Tourism diversification sector	Challenges and Barriers	Opportunities and Solutions
Eco-tourism	<ul style="list-style-type: none"> Limited infrastructure on many islands (SM01). Risk of environmental degradation if not properly managed (SM06). Lack of skilled local guides and ecotourism operators (SM15). 	<ul style="list-style-type: none"> Abundant natural assets including coral reefs, marine life, and pristine islands (OL06). Growing global demand for sustainable and nature-based tourism experiences (SM15). Potential for community involvement and economic benefits (SM09).
Coastal tourism	<ul style="list-style-type: none"> Environmental concerns related to coastal development (MM08). Need for sustainable waste management and water treatment systems (MM11). Potential conflicts with local communities over land use (MM16). Limited infrastructure and facilities (OL06). Seasonal weather patterns affecting certain events (MM04). High costs associated with equipment and event hosting (SM09). 	<ul style="list-style-type: none"> Extensive coastline and numerous uninhabited islands for development (MM04). Potential for diverse coastal activities beyond traditional beach tourism (SM01). Ability to attract a wider range of travellers (OL09). Ideal conditions for water sports like surfing, diving, and fishing (MM11). Potential to host international events and training camps (OL21).

Tourism diversification sector	Challenges and Barriers	Opportunities and Solutions
Wellness tourism	<ul style="list-style-type: none"> • Lack of specialised medical facilities and trained personnel (SM15). • Regulatory hurdles for medical and wellness tourism development (SM06). • Competition from established wellness destinations in the region (SM09). 	<ul style="list-style-type: none"> • Natural environment conducive to relaxation and wellness (MM04). • Existing high-end resorts that can incorporate wellness offerings (OL21). • Potential to attract health or medical tourists for specific treatments (OL13).
Areas identified for tourism diversification.	<ul style="list-style-type: none"> • Environmental Constraints and Sustainability concerns (OL06). • Resource, skillset, and Capacity Limitations (SM01). • Accessibility and Connectivity (OL01). • Regulatory, Policy, and Institutional Challenges (MM11). • Destination Branding and Marketing (SM06). • Socio-cultural Impacts (OL13). • Infrastructure Challenges (MM08). • Financing and investment challenges (SM15). 	<ul style="list-style-type: none"> • Adopt a comprehensive and collaborative approach (MM16). • Involving robust planning (SM01). • Sustainable development practices (MM16). • Capacity-building. • Skill Development (OL06). • Stakeholder engagement (MM08). • Innovative financing mechanisms, and Investment Facilitation (SM06). • Stakeholder Collaboration and Coordination (OL21). • Sustainable infrastructure development (MM11). • Regulatory and Policy Reforms (OL09).

Table 4 provides potential challenges and barriers identified by study respondents. The term OL indicates a respondent working at the operational level, whereas the term SM indicates a respondent working at the Senior Management level, and the term MM indicates an employee working at the Middle Management level in the tourism industry.

The medium-term revenue strategy 2024–2028 released by the Maldives Ministry of Finance indicated that with over 175 resorts, 15 hotels, and 810 guesthouses established across the country, the tourism industry had become the predominant economic sector in the Maldives, making a direct contribution to GDP of 20.4 per cent in 2022. Shakoor (2020) explained that the tourism industry impacts not only the employees in the resorts but also has its roots in almost all aspects of Maldivian life. Effectively, the employees of the industry include tour operators, travel agents, resort representatives, dive boat operators, beach cleaning crew from nearby islands, small laundry operators in guesthouse islands, cafes and small shops on guesthouse islands. All are employees of the tourism industry, even if they are not directly employed at a tourist resort.

Recent government administrations have demonstrated a solid political will to ensure the Maldives remains the global leader in the tourism industry. A recent indication is during the inaugural address at the first sitting of the 19th Parliament of 2024, where President Dr Mohamed Muizzu announced an ambitious plan to

increase the current capacity of 61,518 beds in the tourism sector by an additional 2,851, with the prospect of 20 new resorts by the end of 2024. Furthermore, eco-tourism will be promoted. Other factors supporting this direction include Haa Dhaalu Atoll Keylakunu becoming an eco-tourism hub. In February 2024, the Maldives Ministry of Tourism launched the Eco-tourism Framework and Roadmap - a project that aims to assess and map new eco-sites, set guidelines, regulations and standards, and establish eco-tourism services that adhere to sustainable and eco-friendly principles.

However, one of the respondents who participated in this study provided a different perspective, expressing only slight confidence in positioning the Maldives as a global leader in tourism:

“In my view, the Maldives has become overly involved in global geopolitics in an unnecessary manner, especially getting caught in the middle between China and India. India is now in 6th position instead of 1st in tourist arrival rankings. I believe the Maldives would be better off reverting to a more non-aligned foreign policy stance, as it had followed in the past. The country should aim to maintain balanced and neutral relations rather than aligning too closely with any single major power” (OL21).

One of the respondents working at an operational level in the tourism industry raised concerns about tourism diversification.

“Compared to the capital city and even the resort areas, our local islands are severely underdeveloped. The reason for this is that the government seems to only focus on developing Male’ and Hulhumale’. They appear to want all the local people to move to the Greater Male’ region, where they then have to pay exorbitant rents, water bills, electricity bills, and food costs, leaving them barely able to get by paycheck to paycheck. The government is neglecting the local islands and not providing enough support and development for those areas” (OL01).

Along with tourism diversification to other geographies nationwide, respondents raised financial issues regarding the development new leased islands. One respondent explained:

“One major challenge facing the Maldives tourism industry is inadequate access to financing for developing leased islands, especially those located in the northern and southern atolls, away from Velana International Airport. Due to global and national economic difficulties, several resort development projects assigned to the more remote northern and southern atolls have unfortunately been unsuccessful. The lack of sufficient financing options has proven to be a significant obstacle in expanding tourism infrastructure beyond the central regions near the main international airport” (MM04).

Another respondent voiced concerns regarding environmental issues including erosion and climate change:

“Climate change is an indisputable fact that we must all confront, especially in a country like the Maldives, where we heavily rely on our coral reefs and beaches as the main source of our income. We can no longer ignore the alarming rate of erosion occurring on

certain vulnerable islands. The recent legislation passed by the government to ban single-use plastics was a positive step forward in our fight against the devastating impacts of climate change” (OL09).

The Ministry of Tourism (2023) identified that international capacity needs to grow by 25%–40% and domestic capacity by 50%–60% in aviation capacity requirements. The current situation is that about 40% of tourist arrivals are transferred by domestic carriers from Velana International Airport to their place of stay. Aeroplanes operated by Maldivian, FlyMe, and Manta Air fly to 18 atoll airports whereas seaplanes are operated by Trans Maldivian Airways, Maldivian, and Manta Air. One out of two tourists use speedboats to reach their place of stay from Velana International Airport. Marine transport businesses are an essential part of the national economy, and are also important to atoll economies by generating jobs and providing essential amenities to residents (Ministry of Tourism, 2023). The current status at the Velana International Airport indicates the need to reduce congestion, decrease waiting times, and improve passenger comfort.

To sustain the Maldives’ position as a global leader in the tourism industry and to increase international tourist visits, the Maldives Minister of Tourism and a high-level government team attended the ‘Welcome India 3-City Roadshow series’. The Maldives Marketing and Public Relations Corporation (MMPRC) played a significant role in concluding ‘The Explore Maldives Roadshow’ in India and promoting the Maldives at OTM Mumbai. Notably, in January 2024, Hong Kong Airlines resumed flights to the Maldives after a three-year interruption. In February 2024, Xiamen Airlines of China launched scheduled flights to the Maldives. China Eastern Airlines also resumed flights to the Maldives. In June 2024, Chongqing Airlines commenced direct flights to the Maldives. In August 2024, Malaysia Airlines resumed direct flights to the Maldives. These actions align with the goals and objectives of the Maldives Ministry of Tourism (2023), which aims to achieve \$6 billion in annual international tourism targets by 2027.

According to the Ministry of Tourism (2023), tourism is currently the largest employer in the Maldives. The tourism sector provides jobs for one in every five workers in the country. It is estimated that in 2020, the tourism industry directly employed over 70,000 workers across various roles, including in resorts, guesthouses, hotels, restaurants, cafes, travel agencies, airlines, airports, and other passenger transportation services. With a total workforce of 333,777 people in the Maldives, including 20,000 expatriate workers, the tourism sector accounts for about 20% of total national employment. Despite statistics indicating positive trends, a respondent of this study, who works at an operational level in the tourism industry, highlighted the need for job opportunities closer to their homes and families:

“Local Maldivians are eager for the job opportunities that come from having resorts located within the atolls they are from. They don’t want to have to leave their home atolls and move to the Greater Malé region, which is far away from their families, just to find work. The local people hope the resorts in their own atolls can provide sufficient employment options so they don’t have to relocate long distances” (OL13).

Aim 1 of this study was to assess the confidence level of tourism industry

stakeholders regarding the geographical dispersion of tourism in the Maldives. The data analysis revealed that a significant 73% of respondents expressed confidence. This high response level underscores the positive outlook on the potential for expanding tourism beyond traditional hotspots, which are currently concentrated in central atolls. Such expansion is crucial for enhancing economic resilience and sustainability.

Similarly, aim 2 of the study, which is to identify critical bottlenecks and suggest mitigation recommendations to facilitate successful tourism diversification in the Maldives, revealed several key challenges delaying tourism diversification initiatives, including:

- Infrastructure gaps: Inadequate infrastructure on many islands limits the potential for new tourism developments.
- Environmental concerns: Risks of environmental degradation due to poorly managed tourism growth.
- Lack of skilled labour: A shortage of trained personnel in emerging tourism segments, particularly in ecotourism, coastal tourism, and wellness tourism.
- Financial constraints: Difficulty accessing financing for development projects, particularly in remote areas away from the Male City.

The findings related to aim 2 of this study also identified opportunities for growth. This study suggests that diversification into new sectors such as ecotourism, coastal tourism, and wellness tourism could enhance the Maldives' competitiveness and appeal to a broader range of visitors. However, it is crucial to note that overcoming the identified bottlenecks and ensuring sustainable tourism practices will require strong stakeholder collaboration.

The study proposes strategies to address the identified challenges, including investing in infrastructure improvements, enhancing training programmes to build a skilled workforce, and developing innovative financing solutions to support tourism projects in less-developed areas. These strategies provide a clear roadmap for the stakeholders to follow in their efforts to diversify the Maldives' tourism sector.

The Maldives can implement the identified tourism diversification strategies within the following timeframes:

- Eco and wellness tourism are short-term diversification, with a target completion within 1-5 years.
- Coastal tourism is a medium-term diversification with a target completion within 5-10 years.
- Destination branding and marketing for all diversification areas as a long-term strategy, to be completed in 10-15 years.

Conclusion

In conclusion, this study on tourism diversification in the Maldives highlights the viability and necessity of expanding the tourism sector beyond its traditional reliance on the "sun, sea, and sand" model. The research findings reveal robust confidence among stakeholders regarding the potential for geographical dispersion of tourism, with 73% expressing optimism about diversifying offerings to include eco-tourism, coastal tourism, and wellness tourism. However, the study also identifies significant challenges, such as a lack of infrastructure, environmental

concerns, skilled labour shortages, and financial constraints hindering progress.

The study underscores the importance of strategic stakeholder collaboration and investment in necessary infrastructure and training programmes to capitalise on the identified opportunities. By addressing these challenges, the Maldives can enhance its tourism competitiveness, achieve its target of \$6 billion in annual international tourism revenue by 2027, and foster sustainable economic growth. The findings contribute valuable insights for policymakers and industry stakeholders, emphasising the need for a coordinated and collaborative approach to implement effective tourism diversification strategies.

The study findings contribute to understanding tourism diversification in small island nations like the Maldives. The study also acknowledges that further research is needed to identify specific stakeholder actions and implementation mechanisms across the tourism value chain for the proposed tourism diversification strategies.

Acknowledgements

The author wishes to acknowledge the support from the Maldives tourism industry, and thank all the respondents who participated in this study, without whom this study would not have been possible. Furthermore, the author wishes to thank the anonymous reviewers who provided constructive feedback to improve the contents of this article.

Disclosure statement

No potential conflict of interest was reported by the author.

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