The Maldives: A sustainable tourism success story?

For many Small Island Developing States (SIDS) tourism has emerged as a panacea for their inherent development constraints. This is certainly the case for the Maldives which is considered by many to be an example of ‘successful’ sustainable tourism development. It is within this context that this paper chronicles some of the key activities in the development of the Maldivian tourism industry. The paper argues that while tourism has done much to improve the overall economic situation of the country, the financial returns accrued from tourism flow out of the country, and those that are kept within the Maldives are not widely distributed amongst the local population. This paper illustrates that despite tourism being promoted as a sustainable development tool, local employment and subsequent increase in income of local communities has not been fully realized. Consequently tourism in the Maldives is not as ‘successful’ or ‘sustainable’ as it is often claimed to be.

Key words: Maldives, SIDS, economic impact, social impact, sustainable tourism

Dr Aishath Shakeela
Department of Tourism, Leisure, Hotel and Sport Management
Griffith University
Gold Coast QLD 4222
Australia
Phone: [+61] (7) 5552 7568
Fax: [+61] (7) 5552 8507
Email: a.shakeela@griffith.edu.au

Dr Lisa Ruhanen
School of Tourism
The University of Queensland
Brisbane QLD 4072
Australia
Phone: [+61] (7) 3346 7095
Fax: [+61] (7) 3346 8716
Email: l.ruhanen@uq.edu.au
Dr Noreen Breakey
School of Tourism
The University of Queensland
Brisbane QLD 4072
Australia
Phone: [+61] (7) 3346 7092
Fax: [+61] (7) 3346 8716
Email: noreen.breakey@uq.edu.au

Dr Aishath Shakeela is a research assistant involved in the Griffith University’s new Area of Strategic Investment in Sustainable Tourism (ASIST). Dr Shakeela’s research interests entail sustainable tourism development, climate change impacts in tourist destinations, small islands, employment issues and tourism education.

Dr Lisa Ruhanen’s research interests include sustainable tourism, destination planning, impacts of climate change on policy and planning for tourism destinations and Indigenous tourism. She has coordinated a number of research projects for the Sustainable Tourism Cooperative Research Centre. Dr Ruhanen now acts as a consultant for the UNWTO for their UNWTO.TedQual certification program and is a member of the UNWTO Education and Science Council Steering Committee.

Dr Noreen Breakey is a lecturer in the hotel and hospitality management stream and is currently the coordinator of the undergraduate foundation course. Dr Breakey has more than a decade of industry experience, having worked in hotels and resorts throughout Australia and in the travel industry in the UK. Her research interests are in sustainable visitor usage of the world’s existing, developing, and potential tourism destinations.
Introduction

Supporters of tourism developments generally base their arguments on the notion that tourism can enhance the lives of local people, largely through improving their economic circumstances (Telfer & Sharpley, 2008). That is, creating employment opportunities, generating foreign exchange earnings, and increasing income levels (UNWTO, 2010). For these reasons, Small Island Developing States (SIDS) are often extremely dependent on tourism to overcome inherent developmental constraints. As Sharpley (2002, p. 20) notes, “certainly, in many smaller, less developed nations with highly limited resource bases, in particular island micro-states, tourism has become the dominant economic sector”. While greater emphasis is placed on the ‘sustainable’ development of the destinations, Simpson (2009, p. 186) notes that “a key challenge in sustainable tourism is to develop economically viable enterprises that provide livelihood benefits to local communities while protecting indigenous cultures and environments”. Indeed, the inability of local communities to fully participate and genuinely benefit from tourism is identified as the major reason for the unsustainable development of tourism in SIDS (Jithendram & Baum, 2000). Surely then tourism can only be considered ‘successful’ when it serves the actual needs and demands of the local population, and importantly, provides equitable socio-economic returns.

Authors such as Domroes (2001) and Vellas and Bécherel (1995) claim the SIDS case of the Maldives to be an exemplar of ‘successful’ sustainable tourism development. Others have suggested that “the Maldives have in place one of the most comprehensive planning and control systems used for tourism development” (UNWTO, 2004, p. 208) representing “one of the most successful examples of planning and developing environmentally controlled and regionally staged small island tourism in the world” (Inskeep, 1991, p. 358). Yet, other studies have questioned the extent to which tourism is sustainable in
the Maldives (for example see: Brown, Turner, Hameed, & Bateman, 1997; Shakeela, Ruhanen, & Breakey, 2011). Utilizing a range of secondary sources, including Maldivian government policy, this paper reviews key activities in the development of the country’s tourism industry, it’s position as a lead economic sector, and critiques the extent to which tourism in the Maldives can be considered a sustainable tourism ‘success’ story.

Sustainable Tourism in SIDS

Following the Brundtland Report in the early 1980s (World Commission on Environment and Development, 1987), greater emphasis has been given to the sustainable development of tourism destinations. This focus has included the sustainability issues facing SIDS (for example see: Apostolopoulos & Gayle, 2002; Briguglio, Butler, Harrison, & Filho, 1996; Twining-Ward & Butler, 2002). For example, Apostolopoulos and Gayle (2002) looked at the reasons behind why socio-economic development remained elusive for the majority of local population in the Caribbean despite the increase in tourist arrivals. Looking at the case of Samoa, Twining-Ward and Butler (2002) investigated how to monitor sustainable tourism development in SIDS. In general, these studies are restricted to the island destinations of the Mediterranean and the Pacific region. Although there are many commonalities in SIDS, depending on the geo-political, socio-economic and environmental scenario of the destination, the extent to which sustainable tourism is emphasized in tourism policies will differ.

Certainly there are varying definitions of sustainable tourism development (Butler, 1999). Although the concept has generally been accepted, there are continued debates concerning sustainable development. Some analysts have illustrated the concept as an oxymoron while others have stated that sustainable development is uneven and unequal (for example see: Mowforth & Munt, 2009; Wall, 2009). Yet, for tourism to be sustainable it must take “full account of its current and future economic, social and environmental impacts,
addressing the needs of visitors, the industry, the environment and host communities” (UNWTO, 2005, p. 12).

Due to numerous challenges facing SIDS, they are compelled to pursue any economic sector that can alleviate the developmental constraints (Wilkinson, 1989). Consequently, as Freitag (1994) noted, in pursuit of development, tourism has replaced traditional industries such as fishing and agriculture in these island destinations. While tourism is recognized as a core factor in the economic growth performance of many SIDS (Seetanah, 2011), the introduction of tourism however does not necessarily mean job creation or economic prosperity for local communities. For example, the Fijian tourism industry is dominated by multinational corporations, with foreign exchange leakages accounting to around 70% (Rao, 2002). Further, the Seychelles, due to a lack of local skills available, particularly at technical, managerial and professional levels, have a high dependency on expatriates (Small Island Developing States Network, 2004). As McLaren (2003) has noted, except for low-paying and seasonal employment, the industry has failed to create quality employment for local people. This also appears to be the case in the Maldives.

Tourism in the Maldives

The Republic of Maldives, situated in the Indian sub-continent, consists of 1,190 coral islands and are geographically formed as 26 natural atolls (Department of National Planning [DNP], 2010). Formerly administered as 20 atolls, following the recent decentralization plan, as of May 2010 the atolls are administered as seven provinces. Only 194 islands are inhabited and 68% of the islands are home to less than 1,000 people. Of the 320,000 local people, approximately 35% live on the capital island Malé, an island of approximately two square kilometers. The population of Malé is boosted by a large number of expatriates and a transient population from outer atolls as well as tourists visiting the capital island. After Malé,
the highest populated islands are Gnnaviyani Atoll Fuvammulah (population 7,636), Addu Atoll Hithadhoo (population 9,465), and South Thiladhunmathi Atoll Kulhudhuffushi (population 6,998) (DNP, 2010). Out of the uninhabited islands, 97 have been developed as individual self-contained resorts (Ministry of Tourism, Arts and Culture [MTAC], 2010c) under the Maldives’ former one island-one resort policy.

The Maldives face a number of development challenges, of which many stem from the country’s geographical dispersal and relatively small and scattered population. The country also lacks land-based natural and mineral resources, and large scale agricultural production is not possible due to the poor soil quality of coralline islands. Other industries, such as forestry and manufacturing are non-existent. Hence, most of the staple foods and basic necessities required in the country are imported. By end of 2010, the Maldives had imported goods worth over US$1,090 million (DNP, 2011). Consequently, the country is highly reliant on tourism for foreign exchange earnings. Fortunately, the Maldives has many qualities which make it a favorable tourism destination: a year round tropical climate and a strong destination image as a high quality, sun, sea, and sand destination.

Tourism is the centre piece of the Maldivian economy. In 2010, tourism contributed 28% to GDP, 48% to government revenue and approximately 70% of the country’s foreign currency (DNP, 2010). By comparison, the second largest foreign exchange generator and key employer, the fishing industry, contributed only three percent to the country’s GDP during the same period. In fact, following a long period of rapid economic growth, contributed largely by the tourism sector, as of the 1st of January 2011 the Maldives has graduated from a Least Developed Country to that of a Developing Country status (Ministry of Foreign Affairs, 2011).

The Maldives economic situation changed dramatically following the 1972 development of two resorts which were opened with a total capacity of 280 beds and just over
1,000 international tourists arrived that year (Ministry of Tourism [MOT], 1998). Almost forty years on, the Maldives has a total bed capacity of over 24,000, and receives in excess of 700,000 international tourists annually (MTAC, 2010c). With some exceptions (see Figure 1) arrivals have grown dynamically. Like other destinations, the Maldives is highly susceptible to shocks and crisis in the external environment.

Figure 1: International Tourist Arrivals, 1972-2010
Source: Ministry of Planning and National Development [MPND] (2005); MTAC (2011a)

The Maldivian tourism industry faced significant declines in international tourist numbers following the Asian tsunami of 2004 (Figure 1) as the country’s tourism infrastructure was significantly affected. However, the Maldives performed better than the global average during the global economic crisis in 2008-2009 (The World Bank, 2010). By end December 2010, Maldives received 792,000 international tourists, creating an all time record high in international tourist numbers and assisting the Maldivian tourism industry in its recovery from the declines and instability over the last few years (Figure 1).
European long-haul tourists continue to be the leading market generator for the country, although over the past few years the Asian market has grown rapidly. As indicated in Table 1, the average length of stay is nine days; attributable to the major tourist markets from Europe visiting on package holidays. In 2009, the average tourist occupancy was 70% (MTAC, 2010c). During the same year, of the 97 resorts registered, 42 were operated by local companies (43.3% market share), 35 by foreign companies (36.1% market share) and 20 by joint venture companies (20.6% market share) (MTAC, 2010c).

Table 1: Key Maldives Tourism Statistics, 1972-2009

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourist arrivals</td>
<td>1,079</td>
<td>74,411</td>
<td>235,852</td>
<td>484,680</td>
<td>655,852</td>
</tr>
<tr>
<td>Average duration of stay (days)</td>
<td>N/A*</td>
<td>8.0</td>
<td>8.4</td>
<td>8.4</td>
<td>8.6</td>
</tr>
<tr>
<td>Total tourist bed nights ('000s)</td>
<td>N/A*</td>
<td>593</td>
<td>1,975</td>
<td>4,067</td>
<td>5,147</td>
</tr>
<tr>
<td>Number of resorts</td>
<td>2</td>
<td>44</td>
<td>69</td>
<td>87</td>
<td>97</td>
</tr>
<tr>
<td>Total bed capacity</td>
<td>280</td>
<td>3,984</td>
<td>8,487</td>
<td>16,400</td>
<td>20,804</td>
</tr>
<tr>
<td>Local operated beds (%)</td>
<td>N/A*</td>
<td>N/A#</td>
<td>N/A#</td>
<td>58.6</td>
<td>49.8</td>
</tr>
<tr>
<td>Foreign operated beds (%)</td>
<td>N/A*</td>
<td>N/A#</td>
<td>N/A#</td>
<td>30.9</td>
<td>28.4</td>
</tr>
<tr>
<td>Foreign/local joint venture operated beds (%)</td>
<td>N/A*</td>
<td>N/A#</td>
<td>N/A#</td>
<td>10.5</td>
<td>21.8</td>
</tr>
<tr>
<td>Capacity utilization (%)</td>
<td>N/A*</td>
<td>46.4</td>
<td>66.2</td>
<td>69.0</td>
<td>70.2</td>
</tr>
<tr>
<td>Tourism tax (million US$)</td>
<td>N/A*</td>
<td>1.0</td>
<td>10.0</td>
<td>23.8</td>
<td>41.4</td>
</tr>
<tr>
<td>Tourism revenue (million US$)</td>
<td>N/A*</td>
<td>1.6</td>
<td>14.9</td>
<td>68.7</td>
<td>111.3</td>
</tr>
<tr>
<td>Tourism expenditure (million US$)</td>
<td>N/A*</td>
<td>0.1</td>
<td>0.7</td>
<td>2.8</td>
<td>11.9</td>
</tr>
<tr>
<td>Tourism receipts (million US$)</td>
<td>N/A*</td>
<td>19.8</td>
<td>138</td>
<td>337.1</td>
<td>608.3</td>
</tr>
<tr>
<td>Tourism contribution to GDP (%)</td>
<td>N/A*</td>
<td>16.1</td>
<td>33.4</td>
<td>30.9</td>
<td>26.5</td>
</tr>
</tbody>
</table>

N/A*: Statistical data gathering began formally in 1980, and hence previous figures are unavailable. N/A#: Statistical breakdown of operators unavailable.
Source: MOT (2002); MTAC (2010c)

Employment, another key economic factor in the tourism industries, is estimated to account for some 55% of the country’s labor market (World Travel and Tourism Council, 2010). According to DNP (2010), in 2006, the economically active population (aged 15-64 years) was just over 187,000 with an unemployment rate of 14%. Concurrently, by end 2009, the
country had an expatriate workforce of over 74,000 (DNP, 2011); the majority of whom were directly or indirectly employed in the tourism industry.

Although the tourism industry does create employment, Shakeela, Ruhanen and Breakey (2010) have previously noted that locals are not fully engaged in the tourism industry. Estimates suggest that approximately 53% of the tourism workforce is comprised of expatriates (Clique Associate Trainers and Consultants, 2007). In terms of employment quality, a human resource situation analysis conducted by the Ministry of Tourism and Civil Aviation (MTCA) in 2006 indicated that 59% of expatriates were employed in managerial level jobs and just over half of the supervisory level positions were also staffed by expatriates (MTCA, 2008). In comparison, over half (57%) of the functional or front-line positions were staffed by local employees. More significantly, the study identified disparities between local and expatriate employees’ income levels with the average salary of local employees significantly lower than that of expatriates. While the managerial and administrative employees were the highest paid with an average monthly salary of US$1,400 for expatriates, a local employee in the same position was paid US$800. An expatriate working in the clinic/health centre of a resort was paid an average monthly salary of US$700, in comparison to US$200 paid to a local employed in the same role (MTCA, 2008). Further, although the first Employment Bill of 2008, introduced work contracts that set minimum wages, working hours, work conditions and employee benefits, employees are yet to benefit with many industry operators yet to implement the legislation. This prompted many resort employees around the country to go on a series of strikes, during 2009 and 2010, demanding the legislation be enforced (Ahmed, 2009; Haveeru Daily Online, 2010; Mohamed, 2009). Issues of discrimination and pay differential between local and expatriates (MTCA, 2008), in addition to issues of local employees being unjustly sacked, are becoming a common feature of employment in the tourism industry in the Maldives. Further, as Shakeela and Cooper...
(2009) noted, employee turnover, perhaps reflecting the more casual attitude of Maldivians towards employment, remains a widespread problem for the tourism industry.

**Tourism Development Policy**

Tourism development in the Maldives has been guided by a series of ‘Tourism Master Plans’. Additionally there are mandatory regulations requiring an Environmental Impact Assessment (EIA) to be conducted prior to the construction of a resort. However, EIAs for resort development are insufficient and many of the baseline conditions for environmental sustainability are not addressed (Zubair, Bowen, & Elwin, 2011). Up until late 2008, the Maldivian tourism industry was developed under a ‘one island-one resort’ enclave tourism policy. According to Niyaz (2002) the government introduced ‘enclave’ tourism during the early 1980s to mitigate negative socio-cultural impacts associated with tourism development. The resort islands are self-contained in that they have their own power generators, telecommunication system, water desalination plants, sewage treatment system, and other essential requirements (Shakeela & Cooper, 2009). Under this ‘enclave tourism’ policy, previously uninhabited islands developed for tourism are “off-limits to the local people” (UNWTO, 1997, p. 13). Enclave tourism to an extent can benefit the wider socio-cultural sustainability of a destination. For instance, in destinations such as the Caribbean, enclave tourism has been successful in reducing tourism related crime (de Albuquerque & McElroy, 1999). As Sathiendrakumar and Tisdell (1989) noted, to an extent the Maldives has been able to reduce some of the social costs of tourism through the enclave resort policy. While there are advantages to this tourism policy, there are also drawbacks, including the need to provide facilities for the employees, which are often not up to appropriate standards, especially for the those not working at a managerial or supervisory position; the need for local people to live away from home to benefit from tourism employment; and the negative perceptions of the
industry held by the local communities due to a lack of understanding what the industry is about (Shakeela, Breakey, & Ruhanen, 2010; Shakeela, Ruhanen, & Breakey, 2008; Shakeela, Ruhanen, et al., 2010; Shakeela, et al., 2011).

In 2008 however the government amended the tourism policy to allow for the more rapid expansion of the tourism industry. The current Third Tourism Master Plan (2007, p. 38) states “(by) developing tourist resorts and hotels throughout the country in a manner that directly benefit island communities … Maldivians would find it an attractive option to obtain employment in resorts”. Under this new policy, government has withdrawn the earlier restrictions of safari dhonis (yachts) and now they can travel throughout the country. The Parliament amended the Tourism Act (Law No. 2/99) to allow for guest houses and hotels to be developed on inhabited islands on the basis of allowing equitable distribution of wealth among the local population. Hence, now hotels and guest houses can be established on all inhabited islands, not just the capital island Malé. In pursuit of tourism expansion, currently, there are a further 72 new resorts being developed with a bed capacity of nearly 11,000 (MTAC, 2010c). Among these are seven reef locations off locally inhabited islands which are being developed as ‘reef resorts’. The government has also announced public tendering for the lease and development of eight new uninhabited islands for resort development (MTAC, 2010a), and have leased five lagoons for a period of 50 years to a foreign investor, to establish floating resorts and golf courses (MTAC, 2011b).

While the government has had influence and control over the tourism sector on a policy level, it is in fact the private sector which has driven tourism in the Maldives, particularly with regard to the development and management of resorts. During the early stages of tourism development, except for the purposeful development of Hulhulé International Airport, the government played no active role in tourism development. Until the late 1970s the government ‘gave’ islands to affluent local élites for tourism development.
Today, however, uninhabited islands are leased to resort developers who pays an annual rent to the government. Islands are leased for a period of 25-35 years. However, under the changes successfully brought to the Tourism Act, resort developers have the option of extending the lease of lands and uninhabited islands for a maximum of 50 years, where the lessee pays the government US$1 million for every extended year (MTAC, 2010b). Moreover, now the resort operators are able to sell water villas and beaches for a period of 50 years to their clients (Yoosuf, 2010). By the end of first quarter of 2011, some 20 resort operators have obtained government approval for extending the lease period to 50 years. Under the revised Act, the resort rent has also been restructured (Table 2).

**Table 2: Resort Rent Structure**

<table>
<thead>
<tr>
<th>Land Area (sq m)</th>
<th>Where Annual Rent Payable (US$)</th>
<th>New Annual Rent Structure (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;200,000</td>
<td>exceeds 1 million</td>
<td>1 million</td>
</tr>
<tr>
<td>&lt;200,000</td>
<td>is less than 1 million</td>
<td>rent calculated at rate of US$8 per sq m</td>
</tr>
<tr>
<td>200,001 - 400,000</td>
<td>is 1.5 million</td>
<td>1.5 million</td>
</tr>
<tr>
<td>&gt;400001</td>
<td>is 2 million</td>
<td>2 million</td>
</tr>
</tbody>
</table>

Islands leased during the first phase (1972-1978) and second phase (1979-1988) of resort development had a fixed annual rent. In contrast islands leased after 1989 were based on a competitive bidding process which has allowed the government to maximize rents from the island leases. However, with recent changes brought to the Tourism Act, now the resort rent structure is based on the land area.

The new structure is expected to decrease government revenue from the resort land rent. However, the introduction of new taxes is expected to reduce any negative impact on fiscal policy. The Maldivian government had previously generated much of their economic revenues from tourism bed tax, import duties, land and resort rents, and royalties. The bed tax is levied on accommodation providers for each tourist per day of stay at the establishment. In 1981 a bed tax of US$3 per bed night was introduced. The bed tax was doubled in 1988 and during 2004 was increased to US$10 (Shareef & McAleer, 2008). As of the 1st of January
2011, the government has introduced a Tourist Goods and Services Tax (T-GST) which will replace the existing resort lease rent with a land rent (Table 2). The T-GST will also impose a 3.5% ad-valorem tax on all tourist spending (Maldives Inland Revenue Authority, 2010). The T-GST will be in addition to the bed tax until 2013, when the bed tax is phased out.

**Is the Maldives a sustainable tourism success story?**

Clearly, defining a destination as a tourism ‘success’ is difficult, as success is inherently subjective and has differing interpretations (Harrison, 2003; Mowforth & Munt, 2009; Wall, 2009). For instance, the Maldivian government and the private sector measure success in terms of increases in the number of international tourist arrivals and receipts (for example see: MTCA, 2007). Arguably this is not specific to the Maldives and is indicative of the industry’s approach globally. However, as a sole success indicator this does not take into account the full range of factors associated with tourism activity. For instance, this does not identify whether there has been a fair distribution of socio-economic benefits to all stakeholders, nor whether tourism provides stable employment and quality income generating opportunities for local communities (Shakeela & Cooper, 2009; Shakeela, Ruhanen, et al., 2010; Shakeela, et al., 2011). Yet while the government and industry in the Maldives consider tourism to be success, there are considerable disparities in income and access to social services, infrastructure and other opportunities, particularly between the capital Malé and the outer atolls (Asian Development Bank [ADB], 2007b; 2009; United Nations Development Programme, 2008). While there is no abject poverty or severe malnutrition in the Maldives, according to ADB (2007b, 2008), in 2005 up to 21% of the population lived below the international poverty line of US$1 a day.

Although the one island-one resort policy may have lessened the acculturation process, research indicates that this has impacted negatively on the socio-cultural fabric of the
host communities. Indeed, the social isolation while working at the enclave resorts is one of the factors mitigating local employment in the industry (Shakeela, Ruhanen, et al., 2010). Consequently, after nearly 40 years of tourism in the country, many locals do not see the industry as a sustainable source of employment. It has also been noted that the Maldives also has one of the highest divorce rates (ADB, 2007a). While no research has been conducted to understand the effect of locals working away from their families, what is commonly known is the effect on children growing without their fathers, resulting in juvenile delinquency and substance abuse (Keller, 2010).

Further, the Maldives has high economic leakages as many of the resorts are foreign owned and the provision of tourism services, such as travel bookings, is undertaken by tour operators and travel agents in the origin countries (MTCA, 2007). Additionally, the Maldives does not have financial exchange control legislation and so there is no restriction imposed on financial transactions. Therefore, resort operators often transfer their profits to overseas banks. This further limits the foreign exchange cash flow within the country. Moreover, most resort operators have established sub-companies within the parent company to cater to all the needs of the resort operations. To a large degree this is because the majority of locals do not possess the business capabilities, knowledge and skills required to be established as suppliers for the tourism industry.

The Maldives Tourism Development Corporation (MTDC) was established in early 2006 with the objective of distributing tourism’s wealth among the local communities more equitably. The mandate of MTDC was to develop tourist resorts with the local population as its shareholders. The company was headed by two local entrepreneurs who were also tourist resort owners and operators. In order to raise the funds required to develop the awarded resorts, MTDC sold one million shares, each with a face value of MRf 100 (approximately US$7) to the local population. However, as nearly a quarter of the population lived below the
international poverty line (ADB, 2007b, 2008); this did not represent a very plausible way of equitably redistributing the returns of tourism amongst the local communities. Furthermore, as Naseer (2006) noted, there were insufficient regulations governing the sale of MTDC shares and so the loopholes were exploited by certain well established tourism conglomerates to position themselves as major shareholders of the corporation. Such incidents highlight the challenges faced by the Maldives in the absence of an established financial market and a proper legal framework for tourism development.

Similarly, the case of Handhufushi Island Resort, which was developed by MTDC and started its operations in mid-2007 on the island of Herethere in Addu Atoll, is another example of poor planning which did not give locals the opportunity to participate meaningfully in tourism. This was the first resort developed on a locally inhabited island. However, the potential jobs that could have been created for the locals did not materialize as they were filled by expatriates (Ashiya, 2009). This situation ultimately led to the atoll community demanding locals be given an opportunity to compete for the jobs that were being created at this resort operation (Adshan, 2009). In contrast, local community action against tourism development was seen in response to a proposal to build a hotel on the locally inhabited island of Fuvahmulah. The local community protested on the basis of the negative impacts that it could bring to the locale (Zahir, 2005). Such situations are indicative of a lack of community engagement in support, planning, and decision-making for tourism. As Telfer and Sharpley (2008, p. 43) note, “local communities should be encouraged and expressed to participate in the planning, development and control of tourism with the support of government and the industry”. Certainly there is a plethora of literature (for example see: Butcher, 2008; Gursoy & Rutherford, 2004; Tosun, 2000) that shows that the success and sustainability of any form of tourism depends on active support of the local population.
Conclusion

This brief review of tourism development in the Maldives has illustrated that despite the considerable economic benefits generated by tourism, there is still some way to go before tourism can be considered a success in terms of sustainable development. While the change from a Least Developed Country to a Developing Country status, due to tourism activity, is laudable there is still significantly more that can be done in terms of improving community involvement in tourism development, and enhancing the direct and indirect economic benefit of tourism for the local communities. In the case of the Maldives, tourism development has not meant equitable distribution of wealth nor that the industry has been developed in a manner which benefits the current and future Maldivians.

If the Maldivian tourism industry is to truly operate in a sustainable manner then both the government and private sector industry developers need to ensure that local communities are involved in the development of the industry. Further, tourism industry operators need to establish backward and forward linkages with the local communities. The industry also needs to establish a sound employee compensation plan. This must include effective human resource policies, pay differential through employee assessment, attractive remuneration packages, and providing tourism education and training within local communities in order to sustain local employment within the industry. Such a developmental policy would be a catalyst for the economic development of local communities. Community perception of tourism impacts can also be used as a guide for tourism developmental policies.

In this context, future research should address the extent to which local communities have, and could have, a voice in the tourism development of the Maldives. Further research also needs to study the multiplier effects of tourism within these communities which can be used to make informed decisions about developing practical strategies to enhance the benefits for
local residents and ensuring that the local people understand the often indirect benefits of tourism.
References


