

# Impact of Education Tourism on Bahrain's Economic Growth: A Perspective

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## Abstract

The existence of international students makes an investigation of the impact on a country's economy topical. Despite the complexity of measuring the economic impact of education tourism, many countries have conducted analyses to justify that international higher education students have a positive impact on the public economy. In the Gulf States, efforts to reform and modernize higher education to create knowledge-based societies are ongoing. Member states of the Gulf Cooperation Council (GCC) share a regional vision to make the Arab Gulf a hub for a world-class education. Arab higher education systems that were long characterized by mass production of graduates and incremental support from the state are now shifting to new Western models of higher education. Several factors, including the development of the knowledge economy, massive access to higher education and increasing higher education differentiation are contributing to this push. To achieve this vision, the Gulf States have

adopted the Western research university model by hosting international branch campuses (IBCs) in the region. GCC governments have also embraced study abroad scholarship programs that sponsor large numbers of Gulf nationals to study in Western universities.

**Keywords:** education tourism, international students, education hub, knowledge based societies

## 1. Introduction

The Kingdom of Bahrain is witnessing a growing private education sector that counts for more than 40% of the total education services provided. It is now evident that universities in Bahrain are aiming at boosting interest from prospective international students through accreditation from the British Accreditation Council. In addition, Bahrain national higher education strategy aims at making Bahrain a regional hub for quality private higher education institutions with a strong quality brand. Hence, making Bahrain as a first choice education destination for GCC students. Alongside public universities, private institutions are open to enroll international students. In bound international students are generally not regular full-time residents of Bahrain. They are either nonresidents who have temporarily moved to Bahrain to attend a course or to earn a qualification, students who commute on a daily basis, or families who reside in Bahrain but work in Saudi Arabia to allow their children benefit from educational opportunities.

It is, therefore, an interesting exercise to give a forward-looking at the contribution of education tourism to Bahrain economic growth. There is a need to find a new source of economic growth in light of the kingdom's strategy to diversify its economy and be non-oil dependent. One avenue is looking at the impact of inbound international students in stimulating the economic growth of Bahrain.

The rest of the paper is organized as follows. In section 2, we provide the theoretical framework and literature review. Section 3 presents the results and empirical findings, while section 4 reports the concluding comments.

## 2. Theoretical Framework and Literature Review

### 2.1 *The Economic Effect of Tourism*

According to the World Travel and Tourism Council (2018), the travel and tourism sector plays an essential role in the economies around the globe. It creates job opportunities, increases exports and supports prosperity. The travel and tourism sector represented 10.4% of global GDP and created 313 million jobs that represented 9.9% of total employment in 2017. In fact, 2017 witnessed a worldwide growth of about 4.6% in the travel and tourism sector. The sector provides a tenth of the jobs on the planet. During the last decade, about 100 million jobs related to travel and tourism was created. However, it is undeniable that tourism also benefits from the economic growth in a country in the form of improved facilities and infrastructure such as developing transportation, information and communication technology, hotels and all different types of entertainment services and facilities (Alhowaish, 2016).

Tourism development has been the focus of many countries around the world as it is considered

a way to achieve long-run sustainable economic growth and development. According to the WTTC (2013), the tourism sector globally generates five times the job opportunities created by the automotive industry, five times the employment created by chemical industry, four times the jobs of the mining industry, twice the jobs of the global communications sector and about 15% more jobs that created by the financial sector globally. In 2017, The Middle East witnessed a percentage of 13% increase in revenues made by international tourism (United Nation World Tourism Organization, 2018). The majority of developing countries around the world benefit greatly from tourism as it has a good effect on their economy (Sharma, 2015). Worldwide, tourism is an essential source of revenue for different countries (Ajake & Amalu, 2012). Apparently, statistics indicate that the travel and tourism sector has a big share in the economic growth around the globe.

The long-term effect of tourism on economic growth is referred to in the literature as the tourism-led growth hypothesis. This hypothesis suggests that the economic growth of a country is affected by the number of tourists entering the country in addition to the other typical factors such as labor, capital, export, and more (Alhowsaish, 2016). For example, in a study conducted by Alhowsaish (2016), they aimed to examine the causal relationship between tourism development and economic growth in Gulf Cooperation Council (GCC) countries in multivariate model based on panel data for the period 1995-2012. The study conducted a panel Granger causality analysis to measure the contribution of tourism to the economic growth in each GCC country including Bahrain. The hypothesis that tourism contributes to economic growth was supported for Bahrain. The study recommends that the notion of sustainable tourism must be strongly promoted in the region. The World Tourism Organization defined sustainable tourism as “leading to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, and biological diversity and life support systems” (Bahrain Economic Development Board, 2016, p.5). Thus, sustainable tourism has a significant impact not only on economic growth but also on social and cultural aspects.

The literature suggests a number of reasons why tourism can be a positive long-run factor in the economic growth of a country. These reasons include the foreign exchange generated, the efficient utilization of the country’s endowment, job creation, improvements in the country’s infrastructure, the transfer of new technological and managerial skills to the country, and the link between different sectors of the economy (Alhowsaish, 2016 and Abdeldayem, 2018). Tourism’s impacts on local economies come in three different ways: direct, indirect and induced. The structure of the sector in the country and the way tourism activities are linked to the local economies the more the tourism activities are linked to the local economy, the more positive its influence on the economy. The link between tourism and local economies is created by sourcing the goods and services locally thus lessening importing supplies to meet the demands of tourism enterprises. The direct, indirect and induced effects of tourism on the economy can be explained as follows (Lemma, 2014):

1. Direct impacts: it refers to the direct contribution of the tourism activities to the GDP of the country. These tourism activities include hotels, travel agents, airlines, tour operators, restaurants as well as other tourism activities. These impacts can be

categorized into three types namely industries, commodities, and spending (Lemma, 2014).

The direct impact on tourism occurs through six main channels (Sharpley & Ussi, 2012):

- Job opportunity creation such as hotel staff, tour operators, cooks and more. In fact, the tourism sector is an essential creator of employment around the world.
- Supply of goods and services via local companies such as food and furniture.
- Sales of goods and services as retailers in tourist destination sell their products to tourists.
- Tourism enterprises foundation as this creates job opportunities.
- The generation of tax and levy collected from tourism companies.
- Investment in infrastructure to meet the needs of the tourism sector and its expansion.

2. Indirect impact: these are the effects of the activities done by the sector of tourism. These are directly related to three elements: capital investment in tourism, government spending on tourism, and supply chain effects (Lemma, 2014).

3. Induced impacts: such impacts are related to the expenditures of the direct and indirect staff employed by the tourism sector. These include food & beverages, recreation, clothing, housing, and household goods (Lemma, 2014). The travel and tourism sector plays a significant role in the economic state of a country. Statistics show that the sector creates jobs and is a great source of foreign currency, among others.

## *2.2 Tourism in Bahrain*

Bahrain is the only island country in the Middle East, and its geographical location greatly benefited its economy in the past years before the discovery of oil in 1932 (Kreishan, 2015). In the past, the economy of Bahrain depended on production and commercial activities including the pearl industry and trade as well as small-scale agricultural activities (Mansfeld & Winckler, 2008). Interestingly, Bahrain was the first country in the Arabian Gulf that made financial use of oil. However, it was also among the pioneering countries to follow a policy of economic diversification (Kreishan, 2015). Within the context of the GCC countries, economic diversification means reducing heavy dependence of the oil sector by developing a non-oil economy, non-oil exports, and non-oil revenue resources. By implication, it also means reducing the leading role of the public sector in the GCC economies by promoting the growth rate of the private sector (Nakibullah, 2018). As the case for all the Gulf countries, Bahrain has made serious attempts to achieve economic diversification in order to alleviate the dependency on oil. The country focuses on empowering the private sectors by encouraging productivity and skills development (Nakibullah, 2018). Bahrain provides support to all non-oil sectors that can help the country achieve the economic diversification it aspires to create. These non-oil sectors include business services and tourism. Thus, tourism is an essential factor in fulfilling the ultimate goals of Economic Vision 2030, which is doubling the disposable income of each Bahraini family in real terms by 2030 (Nakibullah, 2018). For Bahrain, tourism is not only a

current essential source of income, but also a future essential contributor to the economic diversification.

The majority of the GCC countries are new in the global tourism domain. This is especially true for modern tourism activities such as sport and adventure tourism activities. Recently, many GCC countries have established huge projects in tourism infrastructure development based on long-term development strategies for tourist destinations and niche tourism (Al-Hamarneh & Stephenson, 2013). These strategies give great priority to sports events, and large-scale urban development such as Ferrari Land, Formula One, Atlantis Dubai, Sharjah Biennale, The Asian Games. Currently, over 12 sites in the GCC countries are included in the UNESCO list of world cultural heritage including Qal'at Al-Bahrain (Alhowsaish, 2016).

Bahrain is the second most popular leisure tourism place in the GCC after UAE. Tourism's influence on the economic growth in Bahrain is explained clearly in the light of the tourism attraction policy adopted by the policymakers there. For example, Bahrain has been considered the regional center for international services and international leisure facilities (Chang, Khamkaew, & McAleer, 2010). The country's established tourism attraction helps it to get tourist inflows, which supports the economic growth (Tugcu, 2014). Bahrain has made great steps to boost tourism around the country.

Tourism has always been an essential factor in the economy of Bahrain. Bahrain receives several categories of tourists as explained below (Bahrain Economic Development Board, 2016):

**International visitors:** they are travelers from outside the Middle East region. This category includes the expatriates who work and live in Bahrain. They represent about 50% of the Bahraini population and comprise 75% of the labor force.

**Regional visitors;** this category includes visitors from inside the Middle East mainly the Saudi families and individuals who visit Bahrain for leisure or business. Their visits take place typically on weekends and holidays.

**Regional commuters:** those are the people who cross the Causeway or travel by the airport for daily or weekly business activities. They include people who live in Bahrain and work in Saudi Arabia or the other way round.

**Hospitals and schools:** people who regularly get into Bahrain for education or health care needs.

**Domestic tourism:** residents of Bahrain who do some tourism activities inside the country. Statistics indicate that Saudis represent the majority of tourists visiting Bahrain (refer to figure 1)

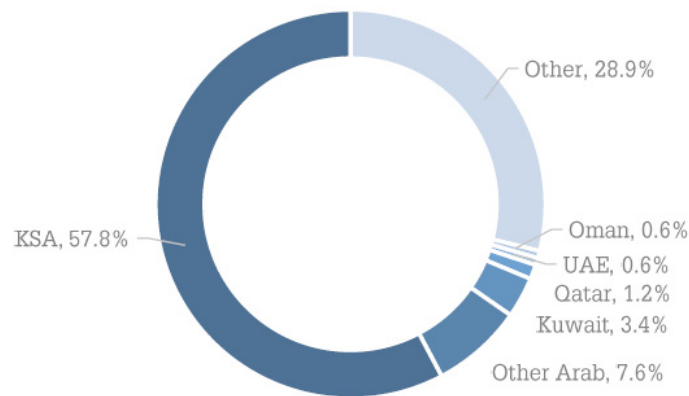


Figure 1. Bahrain's visitors by nationality, 2014. Source: Ministry of Interior

Bahrain's location at the heart of the GCC region plays an essential role in making it an attractive tourist destination for GCC people. Bahrain is considered the perfect vacation destination for the people of the neighboring countries as they easily access it by car. The main way of reaching Bahrain from the surrounding countries, mainly Saudi Arabia, is King Fahd Causeway, and it witnesses the highest number of arrivals by road (Kreishan, 2015). In addition, Bahrain is near Saudi Arabia's tri-city Eastern Province including Dammam, Al Khobar, and Dhahran. Moreover, the industrial city of Jubail that has more than 220,000 residents lies 150km far from Bahrain (Bahrain Economic Development Board, 2016). As shown in Figure (2) below:

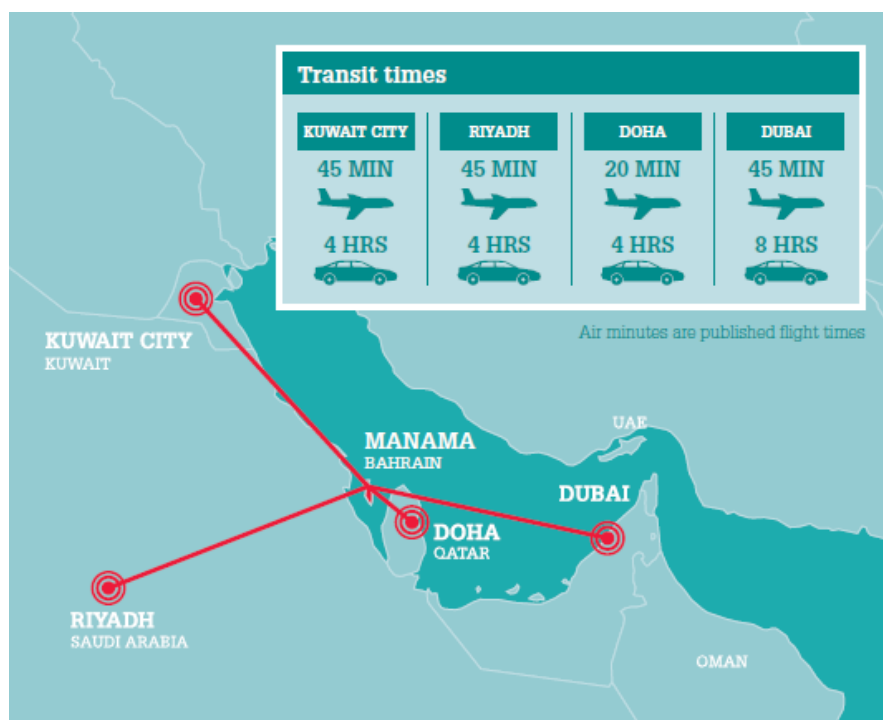


Figure 2. Bahrain's location at the heart of the GCC region

Source: (Lemma, 2014)



Bahrain has been at the forefront of establishing connective infrastructure and developing products and services for tourists. It has made great success in utilizing its unique geography and rich historical and cultural legacy (Bahrain Economic Development Board, 2016). Evidently, the country has the oldest airlines in the Gulf region, Gulf Air. It first operated as Gulf Aviation Company in 1950. In 1986, the King Fahd Causeway, which acts as an overland link between Bahrain and the Eastern Province of Saudi Arabia. Bahrain started to welcome international flights in the late 1920s as the first commercial flight arrived in October 1932. At present, the Bahrain International Airport serves 32 passenger and 11 cargo carriers. The weekly 825 Flights head to 51 destinations around the globe. As for hotel and accommodation facility development, the establishment of the Gulf Hotel in 1968 is considered a milestone in the hospitality sector. By 2015, there were around 113 hotels with 10100 rooms. This number includes many high profile hotels such as the Four Seasons, ART Rotana and Rotana Downtown (Bahrain Economic Development Board, 2016). Therefore, Bahrain has invested intensively in the infrastructure necessary for supporting tourism.

Bahrain also possesses interesting cultural and historical attractions including two UNESCO World Heritage Sites: Qal'at al-Bahrain – Ancient Harbour and Capital of Dilmun that is about 4500 years old and includes a Portuguese fort and an archeological museum. Pearl, Testimony of an Island Economy is also a UNESCO site that shows the history of pearls, which was the main business activities in Bahrain for centuries, before the oil discovery. It has 17 heritage buildings (Bahrain Economic Development Board, 2016). Bahrain also has other important archaeological and historical sites such as the ancient burial mounds belonging to the Dilmun and Tylos eras in addition to the Saar settlement, which dates back to the 3rd millennium BC. Al Khamis Mosque is one of the oldest mosques in the Arab world as it was built in 692 as well as many different cultural and historical sites. Bahrain also has many museums such as the Bahrain National Museum that was established in 1988. Bait Al Quran museum includes also a number of Quranic manuscripts that belong to the 7th century in addition to a 50,555 book library. Interestingly, The Bahrain International Exhibition and Convention Center serve as a great tourist attraction because it hosts international exhibition and conferences (Bahrain Economic Development Board, 2016).

The country makes serious initiatives to promote the tourism sector such as hosting the Formula 1 Grand Prix starting from 2004. The same event attracted about 90,000 visitors in 2016. Also, the International Air Shows that take place every two years attracted more than 30000 people in 2016 (Bahrain Economic Development Board, 2016). Furthermore, the Spring of Culture has been among the efforts to boost cultural offerings since 2006 and is now the most significant cultural event in the Kingdom. The efforts of the state to boost culture haven been very effective to the extent that Manama was nominated in a UNESCO even to be Arab Capital of Culture in 2012. In 2013, Manama was awarded the title of Capital of Arab Tourism. After three years, it was called Capital of Gulf Tourism (Bahrain Economic Development Board, 2016).

Bahrain has made extensive efforts to increase the contribution of travel and tourism to the GDP by establishing a new Tourism Authority to regulate and enhance the sector, to increase tourism's contribution to the economy by developing unique products and experiences that

increase the countries' ability to attract tourists. In 2015, the Travel & Tourism Competitiveness report ranked Bahrain among the topmost tourism-ready economy in the Middle East and North Africa. A total of 45% of non-GCC arrivals come to Bahrain for leisure while 36% come for business and journalism (World Economic Forum, 2015).

According to World Travel and Tourism Council (2018), In Bahrain, the travel and tourism sector's direct contribution was BHD538.3mn (USD1,431.6 mn), which represents 4.2% of the GDP in 2017. As for the total contribution of the travel and tourism sector to GDP, it was BHD 1,258.0 mn (USD 3,345.7 mn), 9.7% of GDP in 2017. In the same year, the sector directly created 24,500 jobs (4.0% of total employment) in addition to 58000 jobs indirectly related to travel and tourism, 9.4% of total employment. Visitor exports contributed BHD769.4 mn (USD 2,046.3 mn), 7.9% of total exports. The sector's investment was BHD123.4 mn, 6.5% of total investment (USD 328.3 mn). These statistics indicate that the travel and tourism sector is a significant contributor to the economic growth of Bahrain as shown in Figure (3) below.

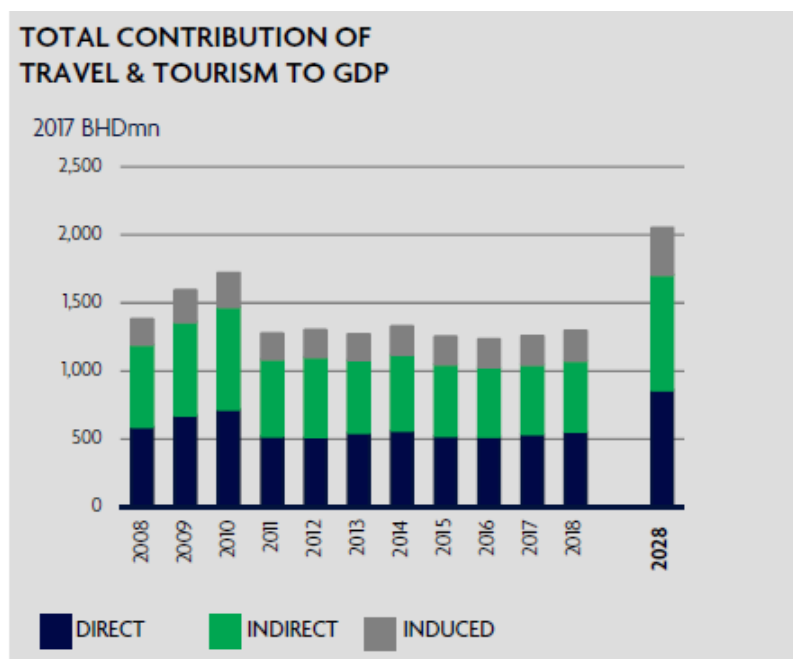


Figure 3. Total contribution to the economic growth of Bahrain

### 2.3 Educational Tourism

Educational tourism happens when students travel to distant countries to learn and gain knowledge. Traveling for educational purposes is not a new phenomenon, and it is on the increase over time (Smith, 2013). It first emerged as a means by which learners gain technical and vocational education that enabled them to become skillful and knowledgeable personnel (Salindo & Yousif, 2018). "Learners have always traveled to a location as a group with the primary purpose of engaging in a learning experience directly related to the location" (Smith, 2013, p.4). Thus, educational tourism is as old as time immemorial.



Educational tourism has many definitions in the literature. Knight (2004, p11) defines international education as: “the process of integrating an international, intercultural, or global dimension into the purpose, function or delivery of post-secondary education”. Richards (2012) stated that educational tourism is a branch of cultural tourism, and it is different from volunteer tourism, language tourism, and creative tourism. Educational tourism comes in two main kinds: general learning or purposeful learning, which both happen while traveling. The first type takes place when individuals take part in guided tours and programs that they organize on their own while traveling. The second type is when travelers attend educational or training courses. However, Ritchie et al. (2003) classified educational tourism into two types: tourism first or education first depending on which of the two is the main aim of the traveler. Ritchie, Carr & Cooper (2003) categorized the market share of the educational tourism into several groups of tourists (i.e., adults, elderly, school students and university students). Moreover, Pedersen (2016) stated that educational tourism is categorized into cultural, eco-tourism and study abroad programs. Accordingly, educational tourism includes people who travel to get education and people who gain knowledge while traveling. The first type is more focused on education than traveling, contrary to the second type that is more concerned with traveling than knowledge (Haukeland, Vistad, Daugstad, & Demark, 2013).

Similarly, the term “educational tourists” is also defined many times in the literature. Abubakar, et al. (2014) stated that educational tourists are the people who travel across international borders to gain an education. According to the World Tourism Organization (2018), edu-tourists are “individuals or groups who travel to and stay in places outside their usual environment for more than 24 hours and not more than one year”. UNESCO defines internationally mobile students as “students who have physically crossed an international border between two countries with the objective to participate in educational activities in the country of destination, where the country of destination of a given student is different from their country of origin”. Educational tourists are well-educated, academics, and care about the environment and cultures (Pitman et al., 2010). Accordingly, it can be said that educational tourists are individuals who travel to another country to get an education there.

Pine and Glimore (in Richards, 2012) presented the concept of “Experience Economy” by which they mean that in the last two centuries economies have moved from depending on extracting raw materials, producing goods, to the provision of unique experiences including tourism and education. Tourism products are the goods and services provided to tourists as experience activities (Cohen, 2008). Typically, edu-tourists are willing to acquire experience by being exposed to different culture. Therefore, they are keen on visiting tourist attractions and spending money in the country where they are studying, which is a great source of income for the country.

Educational tourism has gained popularity recently because of the changes in the global market employment demands. Multinational organization look for individuals who do not only have exceptional work knowledge but also have good communication, analytical, and critical thinking skills (Asgari & Borzooei, 2013). Therefore, higher education institutions around the world have made significant changes to the education system by focusing on the skills, not paper credentials. Universities have started to give priority to the graduate employability.

Examples of factors increasing a graduate's employability are good computer skills, problem-solving, evaluation and creativity (Mundia, 2012). These changes have made the competitions between countries more intensive to attract tourists looking for education opportunities.

In fact, many students prefer international education because they often enjoy more global awareness and open-mindedness than other learners, which makes them preferred by international companies (McGladdery & Lubbe, 2017). Educational tourism "contributes to cultural integration and is a force for fighting xenophobia, ethnocentrism, and cultural misunderstandings" (Smith, 2013, p.5). Thus, it is the best choice for students who seek quality education.

The international education industry has become a multimillion-dollar sector during the last few decades. Many countries have presented themselves as educational tourism attraction to take its share in the huge internationally mobile student market. This is especially achieved by the Anglo-American countries (Rhoades, 2016). The UK, Australia and New Zealand have applied massive marketing strategies to attract students to different educational programs such as full degree and diploma. In the US, the Institute of International Education is responsible for marketing education to attract international students (De Wit, 2017). Examples of the most successful countries in branding themselves for being hubs for international education are New Zealand, Australia, and Finland. In Canada, international education is the main sector for economic development (De Wit, 2017). The positive economic effect of educational tourism has been realized by many countries.

The Finnish National Agency for Education (2014) reported a study conducted in Denmark showed that international students have long-term economic benefits even when education and training are funded by the government. In Germany, the state would get back the money invested in four-year higher education degrees of international students in five years. In the Netherlands, the net benefit of an international student to the public economy is between 10,000 to 90,000 Euros. Other analyses use a theoretical economic framework by investigating the determinants of economic growth such as higher education services. By looking at the causality relationship between economic growth and higher education, many have concluded the existence of a long-run causality. To illustrate, a study conducted in North Cyprus has found a long-run causality from higher education and economic growth.

Table 1 below gives a snapshot of the inbound internationally mobile students over the past three years for comparison purposes:

Table 1. Inbound internationally mobile students

	2014	2015	2016	2017
Oman	3108	3571	3878	-
Bahrain	5036	5397	5128	5616
Saudi Arabia	71773	73077	79854	-
Jordan	..	40378	47022	39577
UAE	64119	73445	77463	-
Lebanon	17495	21332	19621	19670
Malaysia	99648	111443	124133	100765
Arab States	307373	330208	348706	346504
UK	416693	428724	430687	-

Source: UNESCO Institute for Statistics.

The statistics also show that an East Asian country such as Malaysia has witnessed a tremendous increase in education tourism. A study by Matahir and Tang (2015) showed that education tourism has great potential to be a new source of the Malaysian economy, with a claim that its GDP, on average, would increase around 1.4% to 1.5% if inbound education tourism increased by 10%. Obviously, education tourism in the UK benefits from large inbound of international students. There is evidence that higher education (defined as the universities together with the expenditure of their staff, international students and international visitors) is a substantial industry, with a significant impact on the national economy. It also reveals that higher education is particularly effective in generating GDP per capita, compared to several other sectors of the economy. Overall, the higher education sector in the UK contributed £39.91 billion to GDP in 2012, equivalent to 2.8% of 2011 UK GDP. This is a greater proportion of GDP than observed in previous studies (eg 2.3% in 2007-08). Given the current economic climate of the UK, this greater proportion of GDP shows the UK higher education to be countercyclical and tending to promote macroeconomic stability.

#### *2.4 Educational Tourism in Bahrain*

In the past, The GCC countries used to import foreign experts for carrying out the technical and managerial functions. Therefore, universities in the Gulf are not more than 30 years old. In the case of Bahrain, its first universities were established about 20 years ago. In the mid-1990s, the number of secondary school graduates witnesses an exponential growth and the Gulf countries found themselves in need of providing high quality higher education locally (Coffman, 2015). Accordingly, the GCC countries approach to higher education has changed greatly over the years based on their demands.

Currently, the GCC countries attract many international students to seek higher education there

for many reasons including their strategic geographic location, political stability, friendly culture, peace, and hospitality (Fida, et.al. 2017). On the other hand, GCC countries are politically stable and free from terrorism, which are the two reasons that typically discourage students from seeking education in certain places (Adam, 2015). Most importantly, the GCC countries have a well-established education sector with a reputable academic accreditation. When the number of inbound students (international students studying in GCC) was compared with the number of outbound students (GCC students studying outside their home countries) (Fida, et al., 2017). Bahrain and the UAE are different from the rest of the GCC countries in that they developed their higher education system inside the country to attract more international students and provide proper education to its citizens in the country. This is contrary to the other GCC countries such as Saudi Arabia and Kuwait, which have increased the number of students sent to American and European universities as an approach to provide quality education to its citizens. Bahrain has been investing in developing its educational system since its independence in 1971 with the aid of international organization such as the World Bank (Donn & Manthri, 2010). Accordingly, Bahrain now has the most developed education in the GCC region and they comprise the largest percentage of the Bahraini labor market (Donn & Manthri, 2010). Bahrain's different approach to higher education development is the reason why Bahraini students represent the minimum number of GCC students studying abroad. For example, in 2015, there were only 469 Bahraini students in the US (Al-Tamimi, 2017).

Bahrain is on top of the countries who have a higher number of inbound students, which indicates that Bahrain has internationalized its higher education more than other countries in the GCC region (Fida, et. al.2017). There are four public universities in the Kingdom of Bahrain in addition to eleven private universities and higher education institutions, which are considered essential factors in the progress of educational tourism in Bahrain. The public universities are Arabian Gulf University, Bahrain Polytechnic, College of health sciences, and the University of Bahrain. Private universities and higher education institutions are Arab Open University, AMA International University, Applied Science University, Ahlia University, Bahrain Institute of Banking and Finance, Gulf University, the Kingdom University, Royal College of Surgeons in Ireland (RCSI)- Bahrain, Royal University for Women, Talal Abu Ghazaleh University College of Business, and University College of Bahrain (Salindo & Yousif, 2018). Bahrain has given priority to higher education in many ways including establishing institutions for higher education.

Educational tourism has been flourishing in the kingdom of Bahrain because of its strategic geographical location, cultural openness, reputable universities and schools, and liberal regulation. The reasons for Bahrain's ability to attract a great number of international students can be explained in the light of the fact that Students' choice of the destination where to seek education is affected by many factors. For example, educational programs taught in the English language and an easy admission process attract many students from around the world (Maggi & Padurean, 2009).

In addition, Bahrain is considered a perfect destination for international students because it enjoys safety, internationally recognized educational programs, reasonable cost of living, top

quality expertise, future prospects in the labor market, which are essential factors in attracting international students (Abubakar, et.al. 2014). Educational seekers come to Bahrain in many forms. Some are not residents and temporarily come to Bahrain for a short period of time. Others come on a daily or a weekly basis (Salindo & Yousif, 2018). Moreover, among the main factors affecting students' decision while determining the country to get an education from are geographical proximity, common language, and the availability of science and technology-based programs (Jason, et. al. 2011). All these factors are readily available in Bahrain.

Bahrain is known for its efficient education sector, especially higher education. The majority of international students seeking education in Bahrain are from GCC countries on the top of which is Saudi Arabia then Egypt, Lebanon, Iraq, Syria, Jordan, and more. However, some students come from other countries such as India, USA, Pakistan, France, UK, Philippine and Canada (Salindo & Yousif, 2018). The statistics displayed for the Kingdom of Bahrain show that the inbound international students between 2014 and 2016 counts for only 1.48% of the total numbers in all Arab countries. Salindo and Yousif (2018) conducted a survey to investigate the characteristics of international students in the kingdom of Bahrain. They concluded that 83% of international students in Bahrain were non-residents who visit the country for a certain period. More than half of the students who participated in the survey expressed their willing to be employed in Bahrain after graduation, which reflects that they are satisfied with their experience there. Most of the students expressed their satisfaction with the faculty members and described them as respectful, welcoming, and friendly. However, some complained about the shortage of facilities for sport activities and parking. In general, Bahrain is considered the first choice of Middle East students.

### **3. Research Findings and Results**

Analyzing the impact of education tourism on the economy varies from a straightforward cost-benefit analysis to a more sophisticated macroeconomic- based approach. Nevertheless, gathering data on the costs and benefits of international students during and after studies is not trivial. Costs vary from provision of education to scholarship or grants to students. Benefits on the other hand range from indirect tax revenues from money spent by international students to tuition fees and direct tax revenues from working during studies.

Conducting analysis on the Kingdom of Bahrain would certainly take a macroeconomic approach due to the low inbound of international students and the unavailability of data on especially the economic benefits knowing that Bahrain is a tax-free economy. Hence, the analysis conducted in this paper relies on an economic growth model that has been developed by Feder (1983).

The data is extracted from the International Financial Statistics that is published by the International Monetary Fund and UNESCO Institute for Statistics. Such data includes the GDP per capita (labeled as GDP), the export of goods and services per capita (labeled as EGS), and the inbound international students as a proxy for economic tourism (labeled as IIS).

In carrying our analysis, we realized that the inbound internationally inbound students in

Bahrain has only been available from 2014 as opposed to the other two variables of interest. Therefore, a forecast has been performed to accommodate enough sample size to run proper tests of statistical significance. The forecasts are based on projected growth rates available by the data providers and by the author of this paper. The sample size therefore stretches from 2014 for 36 years and hence gives the analysis a forward-looking aspect. The economic model writes as follows:

$$\text{Ln}(\text{GDP}) = \alpha + \beta \text{Ln}(\text{IIS}) + \gamma \text{Ln}(\text{EGS}) \quad (1)$$

All variables are in natural logarithm to allow for interpretation in terms of elasticities, and 2014 is taken as a base year. Table (2) displays the estimates of the long-run impact of education tourism and another growth determinant.

Table 2. Long-run Elasticity Estimates

Coefficient	Value	T-Stat
$\alpha$	6.95	6.680***
$\beta$	0.04	3.380***
$\gamma$	0.14	3.354***

\*\*\* : 1% significance level.

The estimation results of the model parameters are all significant in explaining the economic growth at 1% significance level. GDP, on average, would increase by 0.4% if inbound education tourism increases by 10%. This estimate is lower than the estimate of conventional growth determinant of the exports of goods and services and it is in line with the current economic trend of Bahrain a being dependent on other external sectors.

#### 4. Concluding Comments

Despite some drawbacks that this analysis presents, we can infer that education tourism in the Kingdom of Bahrain could be an important sector playing an important role in boosting the economy in the long run. Consequently, it could be seen as an alternative contributor to the national income of Bahrain as it helps to enhance the tourism sector in the region. This is without ruling out the importance of exports of goods and services as a major contributor to the economic growth in Bahrain.

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