

## The Role of Hajj and Umrah in Sustainable Economic Development

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### **Abstract**

This research aims to study the economic impact of Hajj and Umrah rituals on sustainable economic development in the Kingdom of Saudi Arabia. Given the Kingdom's status as the religious center of the Islamic world, the economic dimensions of these rituals transcend their religious significance to become a major driver of non-oil growth. The study examines the role of these rituals in stimulating monetary mass, activating the commercial sector, and enhancing infrastructure and services related to religious tourism, within the framework of Saudi Vision 2030. The research relied on verified data from the General Authority for Statistics, the Guests of the Most Merciful Program, and the World Tourism Organization, as well as an electronic questionnaire distributed to institutions operating in Saudi Arabia to test the research hypotheses. It concluded that Hajj and Umrah represent a fundamental tributary to sustainable development by providing job opportunities and achieving effective economic diversification, with all research hypotheses validated.

## 1.0 Introduction

The rituals of Hajj and Umrah are two fundamental pillars of Islam, representing a profound spiritual journey for millions of Muslims worldwide. Their impact extends beyond the spiritual realm to encompass broad economic, social, and cultural dimensions, particularly in Saudi Arabia, which hosts these sacred rites. Over centuries, caravans of pilgrims and Umrah performers have been a major driver of trade, a catalyst for cultural exchange, and a source of economic growth in the holy cities and their surroundings.

In recent decades, with increasing visitor numbers and infrastructure development, the economic role of Hajj and Umrah has become more prominent, emerging as a vital tributary to development. As nations strive to achieve the Sustainable Development Goals (SDGs) adopted by the United Nations, questions arise about how to leverage this economic impact sustainably to ensure benefits for future generations while preserving the environment and cultural identity. This research aims to analyze the role of Hajj and Umrah in achieving sustainable economic development by examining their direct and indirect effects on economic mass, the commercial and service sectors, and exploring future challenges and opportunities. The significance of this research lies in highlighting the non-traditional economic dimensions of these rituals and offering a new perspective to activate their role in development, aligning with Saudi Vision 2030 and its ambitious programs, such as the "Guests of the Most Merciful" Program, which seeks to enhance visitor experience and expand economic benefits.

### 1.1 Research Problem

The research problem addresses the following questions:

1. Is there an impact of Hajj and Umrah on sustainable economic development?
2. Does the Hajj and Umrah season positively affect monetary mass?
3. Is there a positive impact of Hajj and Umrah on the commercial and service sectors?

## 1.2 Research Significance

The importance of this research lies in contributing new insights on the role of Hajj and Umrah in achieving sustainable economic development by examining their impact on job creation, stimulating investment in sectors like tourism and hospitality, and enhancing sustainable development through infrastructure and service investments.

## 1.3 Research Objectives

To identify the role of Hajj and Umrah in achieving sustainable economic development, enhancing religious tourism, creating new job opportunities across sectors, attracting investments in tourism, hospitality, and transportation, and improving local community quality of life through economic services and opportunities.

## 1.4 Research Hypotheses

1. **Main Hypothesis:** There is a statistically significant positive effect at the significance level ( $\alpha = 0.05$ ) of Hajj and Umrah on sustainable economic development.
2. **Sub-hypothesis 1:** There is a statistically significant positive effect at the significance level ( $\alpha = 0.05$ ) of Hajj and Umrah on monetary mass.
3. **Sub-hypothesis 2:** There is a statistically significant positive effect at the significance level ( $\alpha = 0.05$ ) of Hajj and Umrah on the commercial sector.
4. **Sub-hypothesis 3:** There is a statistically significant positive effect at the significance level ( $\alpha = 0.05$ ) of Hajj and Umrah on the service sector.

## 2.0 Literature Review

According to a study by Kenza and Tuqar (2023) titled *Religious Tourism and Its Impact on Economic Development*, which discussed the impact of religious tourism in several Islamic countries on economic development, Hajj and Umrah contribute to increasing government revenues, providing job opportunities, and developing infrastructure and services, especially when leveraging modern technologies and stimulating investment in supporting sectors. The

study also emphasized the importance of integration between government entities and the private sector for sustainable impact.

Additionally, Al-Qahtani's study (2022), "Factors of Sustainable Economic Development in the Asir Region: The Urban City of Abha as a Model," published in the *Journal of Educational Sciences and Humanities*, addressed the integrated impact of human factors, geographical and natural resources, and service/agriculture sectors in promoting sustainable development. Although not directly focused on Hajj and Umrah, its findings contribute to understanding the local framework of economic development in geographically relevant areas, especially given the role of cities like Abha and Khamis Mushait in providing logistical services and seasonal human resources for religious activities.

Regarding income diversification, a 2024 study by Mohammed published in the EBSCO database highlighted the importance of diversifying income sources in Islamic countries and reducing reliance on natural resources, particularly oil. While not focused on religious tourism, its results support Saudi Vision 2030's goal of enhancing contributions from various sectors to diversify state income—contextualizing our study on Hajj/Umrah's impact on the national economy.

### **First: The Seasonal Impact of Hajj and Umrah on Monetary Mass**

Monetary Mass (Money Supply) plays a vital role in evaluating countries' economic activity, defined as the total money circulating in the economy (currency or deposits). Saudi Arabia experiences seasonal increases in monetary mass during Hajj and Umrah seasons due to financial inflows from domestic and international sources.

Monetary mass is a key indicator of monetary policy, affecting inflation, interest rates, and investment activity. Hajj and Umrah seasons influence this indicator through massive short-term liquidity injections from visitor consumption and demand for Saudi Riyals.

According to Saudi Central Bank (SAMA) data, a gradual increase in M1 money supply (currency+current accounts) was observed during Dhul-Qi'dah and Dhul-Hijjah from 2017–2023, with increases of up to 4.2% compared to non-religious periods.

The following difference in monetary mass in 2022 between regular months and Hajj/Umrah season shows averages of 1,950 and 2,050, respectively. This difference is not only temporary but has cumulative effects: revitalizing financial markets via increased bank liquidity, enhancing banks' short-term financing capacity, and providing greater cash cover for private sector growth (SAMA, 2022). The impact extends beyond Mecca to other cities (religious tourism). According to *Mal* newspaper, Hajj contributed 8–12% to Medina's regional GDP.

### **Second: Impact of Hajj and Umrah on Commercial Sector Activation**

The Hajj and Umrah seasons create an "integrated seasonal commercial cycle," starting months before with preparations/imports and continuing afterward with inventory clearance and revenue realization. Hajj is Saudi Arabia's second-largest income source after oil, with revenues exceeding \$8 billion USD (OceanX, 2023).

With rising pilgrim numbers annually—and Saudi Arabia's vision to reach 30 million pilgrims yearly—the impact extends to multiple commercial sectors.

Per General Authority for Statistics data, Hajj/Umrah seasons boost traditional retail sales in Mecca, Jeddah, and Medina by  $\geq 30\%$ . Majid Al Futtaim Retail (Carrefour KSA) opened four stores in Hajj areas to meet seasonal demand (*Sabq* newspaper), creating jobs and improving individual incomes.

Hajj season significantly increases gold sales. *Al-Eqtisadiyah* newspaper cited investors reporting up to 30% sales growth. Gifts, perfumes, and carpets also see increased sales. Retail spending is projected to reach 5.6% in 2022 (OceanX, 2023).

### **Third: Enhancing Service Development Through Hajj and Umrah Systems**

Services for pilgrims represent a civilizational front for Saudi Arabia while acting as an economic artery that feeds the local labor market, attracts global investments in Mecca and neighboring cities, and improves national service quality. Key sectors include:

#### **Hospitality Sector:**

Hajj, Umrah, and Ramadan seasons drive high demand for hospitality services. Mecca leads Saudi hotel investments with >200,000 rooms (64% growth vs. 2023) (*Argaam*, 2025).

### **Transportation Sector:**

The "Haramain High-Speed Railway" links Mecca, Medina, and Jeddah with a 60-million-passenger annual capacity. Over 18,000 seasonal buses transport pilgrims within holy sites (Transport Ministry, 2023).

### **Healthcare:**

25 hospitals and 150 seasonal health centers operated efficiently during 2023 Hajj, offering free services—successful models in mass health crisis management (Health Ministry, 2023).

### **Catering Services:**

5 million daily meals consumed during Hajj. >500 catering companies employ >100,000 seasonal workers, making this sector highly labor-intensive.

### **Religious Tourism:**

After Hajj/Umrah, most pilgrims visit religious sites inside/outside Mecca. With >3,600 archaeological/cultural sites (Famayer & Tuqar, 2023), Saudi Arabia focuses on developing these for tourism.

### **Digital Transformation:**

Saudi Arabia aims for full digital Hajj services by 2030 via initiatives like "Makkah Route" (pre-arrival clearance in pilgrims' home countries) and "Eyb" (simplified luggage transport). The "Hajj Hackathon" (50+ countries, 2,000+ participants) promotes tech-driven pilgrimage improvement, aligning with Mecca's smart-city transition (Hana & Haifa, 2024), creating jobs and attracting foreign investment.

### **Additional Analysis:**

Collectively, these activities create an "economic multiplier effect"—revenue extends beyond pilgrims' direct spending to indirect local economic expenditure (raw materials, transport, energy, utilities), stimulating a comprehensive financial cycle.

#### **Fourth: Hajj and Umrah in Saudi Vision 2030**

Under Vision 2030, Hajj and Umrah are key sectors for sustainable economic development via the "Guests of the Most Merciful" Program, aiming to increase pilgrim numbers, enhance visitor experience, and diversify the non-oil economy.

##### **1. Increasing Capacity**

Vision 2030 targets 30 million Umrah performers annually by 2030, requiring comprehensive infrastructure development, transport efficiency, and expanded hotel/service capacity (Saudi Vision 2030).

##### **2. Improving Service Quality**

A strategy to enhance pilgrim experience includes initiatives like:

- Smart Hajj Card (health/service data).
- Smart booking/guidance apps.
- Crowd management systems in holy sites.

##### **3. Enhancing Environmental Sustainability**

Recent steps to reduce environmental impact include:

- Smart waste management.
- Eco-friendly facilities.
- Reducing visitors' carbon footprint.
- Al Qurashi et al. (2025) via arXiv showed AI/IoT in waste/transport management
- improved operational efficiency and reduced pollution by ~37%.

##### **4. Economic Diversification**

Transforming Hajj/Umrah into an integrated economic industry creates massive investment opportunities, reducing oil dependence and increasing non-oil revenue. Hajj remains Saudi Arabia's second-largest non-oil income source.

### 3.0 Analysis of Study Results

#### 3.1 Demographic Data

Table (1): Demographic Description of the Sample

Variable	Category	Frequency	Percentage
Age	Under 30 years	17	30.4%
	30–40 years	11	19.6%
	41–50 years	17	30.4%
	Over 50 years	11	19.6%
	<b>Total</b>	<b>56</b>	<b>100.0%</b>
Institution	University	25	44.6%
	School	15	26.8%
	Company	9	16.1%
	Other	7	12.5%
	<b>Total</b>	<b>56</b>	<b>100.0%</b>
Current Position	Professor	38	67.9%
	Employee	7	12.5%
	Administrator	6	10.7%
	Other	5	8.9%
	<b>Total</b>	<b>56</b>	<b>100.0%</b>

The table shows the study sample's demographics: service institution workers (universities 44.6%, schools 26.8%, service companies 16.1%, others 12.5%). Ages ranged from 30 to 50+, with university professors being the largest group (68%). This indicates a robust sample expected to yield reliable results.

### 3.2 Validity and Reliability

Cronbach's Alpha analysis showed 82% validity/reliability—a good ratio per standards (minimum 60%; some researchers accept 50% in business management, e.g., Hair et al., 2014). Thus, the data are highly credible and suitable for hypothesis testing.

### 3.3 Descriptive Analysis of Statements

**Table (2): Descriptive Analysis for Main Hypothesis (Impact of Hajj/Umrah on Sustainable Economic Development)**

No.	Statement	Sample Size	Median	Std. Dev.
1	Hajj/Umrah positively affects GDP	56	4.96	0.187
2	Hajj/Umrah positively affects per capita income	56	4.70	0.784
3	Hajj/Umrah increases local job opportunities	56	4.91	0.288
4	Hajj/Umrah positively affects energy supply	56	4.57	0.850
5	Hajj/Umrah positively affects economic growth rate	56	4.88	0.334

The table shows high validity/reliability for the main hypothesis statements (median >0.3; std. dev. <0.1), indicating data stability.

**Table (3): Descriptive Analysis for Sub-hypothesis 1 (Impact on Monetary Mass)**

No.	Statement	Sample Size	Median	Std. Dev.
1	Increased pilgrims raise circulating monetary mass in local economy	56	4.89	0.312

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2	Hajj/Umrah contributes to foreign cash inflow via foreign pilgrims' spending	56	4.88	0.334
3	Increased pilgrims raise demand for local currency	56	4.95	0.227
4	Hajj/Umrah provides investment opportunities affecting monetary mass	56	4.84	0.371

Table (4): Descriptive Analysis for Sub-hypothesis 2 (Impact on Commercial Sector)

No.	Statement	Sample Size	Median	Std. Dev.
1	Increased pilgrims raise demand for goods (clothing, food, gifts)	56	4.98	0.134
2	Hajj/Umrah stimulates local trade via goods/services demand	56	4.95	0.227
3	Increased demand raises prices in host areas	56	4.91	0.288
4	Hajj/Umrah creates new opportunities in e-commerce/traditional trade	56	4.80	0.444
5	Hajj/Umrah improves supply chain management and logistics	56	4.89	0.312

Table (5): Descriptive Analysis for Sub-hypothesis 3 (Impact on Service Sector)

No.	Statement	Sample Size	Median	Std. Dev.
1	Increased pilgrims raise demand for services (accommodation, transport, etc.)	56	4.89	0.562
2	Hajj/Umrah stimulates local economy via goods/services spending	56	4.93	0.260
3	Increased demand raises prices in host areas	56	4.88	0.334
4	Hajj/Umrah creates investment opportunities (tourism, hospitality, etc.)	56	4.89	0.312



### 3.4 Hypothesis Testing Analysis

**Table (6): t-test for Main Hypothesis**

(There is a statistically significant positive effect at  $\alpha=0.05$  of Hajj/Umrah on sustainable economic development)

No.	Questionnaire Item	t-value	df	p-value	95% Confidence Interval	
					Lower	Upper
1	Impact on GDP	198.387	55	0.000	4.91	4.91
2	Impact on per capita income	44.806	55	0.000	4.49	4.49
3	Impact on local job opportunities	127.716	55	0.000	4.83	4.83
4	Impact on energy supply	40.258	55	0.000	4.34	4.34
5	Impact on economic growth rate	109.319	55	0.000	4.79	4.79

All items show t-values  $>1.96$  and p-values=0.000 ( $<0.05$ ), confirming a significant role of Hajj/Umrah in sustainable economic development.

**Table (7): t-test for Sub-hypothesis 1 (Impact on Monetary Mass)**

No.	Questionnaire Item	t-value	df	p-value	95% Confidence Interval	
					Lower	Upper
1	Increased pilgrims raise monetary mass	117.32	55	0.000	4.81	4.98
2	Foreign cash inflow from pilgrims	109.319	55	0.000	4.79	4.96
3	Increased demand for local currency	162.916	55	0.000	4.89	5.01
4	Investment opportunities affecting monetary mass	97.719	55	0.000	4.74	4.94

All items show t-values  $>1.96$  and p-values=0.000 ( $<0.05$ ), confirming a significant role of Hajj/Umrah in monetary mass.

**Table (8): t-test for Sub-hypothesis 2 (Impact on Commercial Sector)**

No.	Questionnaire Item	t-value	df	p-value	95% Confidence Interval	
					Lower	Upper
1	Increased demand for goods	279.000	55	0.000	4.95	5.02
2	Stimulates local trade	162.916	55	0.000	4.89	5.01
3	Price increases in host areas	127.716	55	0.000	4.83	4.99
4	New opportunities in e-commerce/traditional trade	80.973	55	0.000	4.68	4.92
5	Improves supply chain/logistics	117.320	55	0.000	4.81	4.98

All items show t-values  $>1.96$  and p-values=0.000 ( $<0.05$ ), confirming a significant role of Hajj/Umrah in commercial sector.

**Table (9): t-test for Sub-hypothesis 3 (Impact on Service Sector)**

No.	Questionnaire Item	t-value	df	p-value	95% Confidence Interval	
					Lower	Upper
1	Increased demand for services	65.178	55	0.000	4.74	5.04
2	Stimulates local economy	141.925	55	0.000	4.86	5.00
3	Price increases in host areas	109.319	55	0.000	4.79	4.96
4	Investment opportunities (tourism, hospitality, transport)	117.32	55	0.000	4.81	4.98

All items show t-values  $>1.96$  and p-values=0.000 ( $<0.05$ ), confirming a significant role of Hajj/Umrah in service sector.

## 4.0 Future Challenges and Opportunities

### 4.0 Challenges

1. Despite significant positive impact, Hajj/Umrah face challenges:
2. Infrastructure pressure: Capacity gaps persist despite megaprojects.
3. Crowd management: Logistics/security challenges with millions of culturally diverse visitors.
4. Limited qualified personnel: Need for specialists in religious tourism, hospitality, and healthcare.

#### 4.2 Future Opportunities

With technological advancement and private sector expansion in pilgrim services, strategic opportunities emerge:

1. Smart city investments: e.g., Mecca Smart City integrating IoT systems.
2. Comprehensive digital transformation: Accommodation, catering, transport bookings.
3. Empowering women/youth: Training in hospitality/healthcare sectors.
4. International partnerships: With Islamic nations for Umrah/cultural trip programs.

#### 5.0 Conclusion

This research demonstrates that Hajj and Umrah transcend religious/spiritual dimensions to form a vital economic pillar supporting sustainable development in Saudi Arabia. Analysis confirms their direct impact on monetary mass, commercial/service sectors, and non-oil GDP contribution.

Under Vision 2030, Hajj/Umrah are integral to restructuring Saudi Arabia's economy for greater diversification, sustainability, and innovation. Digital initiatives, smart infrastructure, and environmental focus position Hajj as a global model for crowd management and integrated development. While infrastructure/seasonal management challenges exist, opportunities—bolstered by government support and international partnerships—prevail.

## 6.0 Recommendations

- Increase infrastructure investments in holy cities to accommodate projected pilgrim growth without compromising service quality or environment.
- Launch specialized programs to qualify national cadres in crowd management, catering, seasonal healthcare, and religious tourism.
- Incentivize private sector engagement in innovative Hajj/Umrah projects, especially service technology.
- Enhance transparency in annual Hajj economic indicators to empower researchers/policymakers.
- Expand environmental sustainability initiatives, directly linking them to Hajj/Umrah operators' KPIs.

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