

**Factors contribute to underdevelopment of tourism industry in Iran**

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**Abstract:** The objective of the article is show the barrier of tourism industry in Iran. This paper uses qualitative approach to delineate barriers of tourism. According to UNESCO reports, Iran ranks tenth in terms of her very rich civilization, historical monuments, cultural attractions and climatic diversities, and in term of ecosystem richness is among countries of WTO. Despite having so many advantageous factors and parameters Iran has not been able to attract her deserved number of tourists and ranks 75<sup>th</sup> among 150 countries. Whereas the worldwide tourism income exceeded \$432 billion in 1996; Iran's share was only \$300 million from tourism with 660000 foreign tourists visiting the country. The paper identifies socio- cultural and political barriers of tourism industry in Iran. The paper also highlights various other perceived barriers like economic issues and image issues.

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**Keywords:** tourism industry, barriers, development

**1. Introduction**

Tourism is an on-going process and one of the fastest growing economic sectors in the world, which has expanded dramatically over the last 50 years and has become a global industry (Aref & Sarjit, 2009). Tourism is constantly thought to have both positive and negative impacts on a destination, whether it is the local people, the environment, the government or the available resources (Obonyo & Fwaya, 2012). Tourism has been seen as a key strategy that can be used for achieving local development (Ramukumba, 2012). Although it has been underestimated until quite recently, tourism has long been a central component of the economic, social and cultural shift that has left its imprint on the world system of cities in the past two decades (Dumont, Ruelle, & Teller, 2005). According to World Trade Organization (2009) statistics, there were a total of 693 million tourist arrivals across the globe in the 2002.

Furthermore, WTO is forecasting that by 2010 there will be over one billion arrivals. At the Asia level, tourism is one of the biggest economic sectors and belongs to the largest key industries of the 21st century (Dumont, et al., 2005; UNESCO, 2010; World Tourism Organization, 1996).

The process of developing tourism in an Iran has not been clearly defined. There is very little knowledge of the process of developing tourism in the Iran. Despite, having so many advantageous factors and parameter, Iran has not been able to attract her deserved number of tourists and ranks 75th among 150 countries. Whereas the worldwide tourism income exceeded \$432 billion in 1996; Iran's share was only \$300 million from tourism with 660.000 foreign tourists visiting the country. In the year 2000, about 1.34 million tourists visited Iran and

the income totaled \$670 million (World Bank, 1968; World Tourism Organization, 2009; World Tourism Organization., 1997, 2002; World Travel & Tourism Council., World Tourism Organization., & Earth Council., 1995). In this time about 2.000.000 foreigners come to Iran annually. The data indicate that tourism industry in Iran suffers from negative growth as the number of people traveling abroad exceeds that of tourists entering the country. However, the government has some effort to develop tourism industry in recent years.

**2. Methods**

The sources that I used to collect needed information about tourism industry in Iran from the Cultural Heritage and Tourism Organization, State Planning Organization, official websites of tourism Iran, as well as relevant literature and articles about the tourism. Likewise, I have used also a number of articles and official websites of the various world known organizations, such as UNEP (United Nations Environment Programme), WTO (World Tourism Organization), UNESCO and WTTC (World Trade and Tourism Council).

**3. Tourism industry in Iran**

Tourism industry is Iran leading export sector, generating the highest share of foreign exchange income. It does not only enhance the country's balance of payments; it also creates large number of jobs and long-term career opportunities, and stimulates entrepreneurial activity, thereby contributing to reduce the country's high rates of unemployment. According to WTO (2009) in 2004 Iran hosted a little over 1659 million tourists, And During year 2002 tourism sector has provided around

656 jobs (directly and indirectly) and it has contributed to the GDP by 26 (World Tourism

Organization, 2009) (Table 1).

Table 1: The jobs growth and GDP from tourists

|      | <i>Estimates 2002</i> |           | <i>Old forecast 2003</i> |                    |           | <i>New Forecast 2003: stagnating GDP</i> |           |                |                     |
|------|-----------------------|-----------|--------------------------|--------------------|-----------|--|-----------|----------------|---------------------|
|      | GDP 2002              | Jobs 2002 | GDP 2003                 | GDP growth 2003/02 | Jobs 2003 | Jobs growth 2003/02                      | Jobs 2003 | Jobs lost 2003 | Jobs growth 2003/02 |
| Iran | 26                    | 526       | 30                       | 14.8               | 677       | 3.2                                      | 590       | -67            | -10.2               |

Source: World Tourism Organization (2009)

Table 2 show the number of tourists which arrived in Iran. In 1990, there were 154,000 tourists. But this number is the 2004 number of domestic tourists has

increased 1659mil, while number of foreign visitors has increased for almost 1 mil. Consequently, the revenues from international tourism were growing.

Table 2: The number of tourists (1990-2004)

|            | 1990 | 1995 | 2000 | 2003 | 2003 | 2004 |
|------------|------|------|------|------|------|------|
| South Asia | 3150 | 4233 | 6086 | 5833 | 6426 | 7613 |
| Iran       | 154  | 489  | 1342 | 1585 | 1546 | 1659 |

Source: World Tourism Organization (2009)

The Table 3 showed the revenues from tourism at the international and national levels. Revenues in 2000 were almost 7 billion USD It is also important to

mention that 'international tourism accounted for a 39.1% share of total exports of goods and services, and for 72.5% of total exported services.

Table 3: Annual growth in Iran, South Asia, and World

|         | <i>International Tourist Arrivals (1000) average annual growth</i> |        |        |        |        | <i>market share the region growth rate (%)</i> |      |       |       |
|---------|--|--------|--------|--------|--------|--|------|-------|-------|
|         | 1990   | 1995   | 1998   | 1999   | 2000   | 95   | 99   | 99/98 | 00/99 |
| World   | 457306   | 550251 | 626450 | 650435 | 698793 | -  | -    | 3.8   | 7.4   |
| S. Asia | 3158   | 4200   | 5219   | 5777   | 6415   | 100  | 100  | 10.7  | 11    |
| Iran    | 154  | 452    | 1008   | 1321   | 1700   | 10.8   | 22.9 | 31.1  | 28.7  |

Source: World Tourism Organization (2009)

#### 4. Barriers of Tourism Industry

The process of developing tourism in Iran has not been clearly defined. There is very little

knowledge of the process of developing tourism in the Iran (Aref & Ma'rof, 2008). Despite, having so many advantageous factors, Iran has not been able to

attract her deserved number of tourists. The political climate also negatively affected the inflow of European and American tourists to Iran. Nevertheless, Iran has a wide array of tourism activities including an extensive choice of ecotourism and religious tourism which appeal to Europeans and Arabs alike. Such broad appeal represents significant potential for growth when the political situation stabilizes (Euromonitor International, 2011). Lack of strategic objectives has been a drawback in Iran. Others suffer from negative perceptions of their destinations due mainly to unstable political situations, lack of security, poor facilities, etc. in all; the most viable way of developing tourism is by adopting a strategic approach. So the role government in tourism development is of paramount importance. All the surveys conducted suggest that a destinations image has to be improved in order to attract international tourists. Destinations lacking in these elements are bound to suffer from unmarketable tourist products. Poor facilities, lack of security, shortage of experienced workforce, lack of private sector's investment, lack of culture of accepting tourists, multiplicity of policy-making bodies, Lack of a uniform marketing system and political risk (Mishra & Panda).

Socio-cultural and political risk always plays a negative role to reduce the availability of factors and opportunities of Iran tourism development. Investment in destination, infrastructure development to connect the destination, accommodation facilities, food service, transportation services and retail investments will be discouraged, as the risk of capital loss will tend to rise, primarily because social, cultural, political and economic rules governing investments are likely to fluctuate, thereby increasing the uncertainty in the future net return associated with investment projects. Such increased risks would also raise the cost of capital, as the likelihood of loan defaults would go high and the period of completion of various projects will also rise. Both domestic and international inbound tourism would be discouraged due to such risks. Indeed, capital flight and leakage might be additional outcomes as well. Socio-cultural and political risk also negatively influences the timing and pricing of the tourism production process. Thus, it can be argued that social, cultural and political risk increases the uncertainty of the environment in which successful foreign tourism development should take place, and hence decrease the incentive to save and invest in tourism by an individual tourist to a particular country destination (Aref, Ma'rof, & Zahid, 2009; Mishra & Panda).

In the tourism literature, few researchers have examined the issue of social and political problems in Iran, and its effects on tourism development (Aref,

2011). Authors have cited lack of investment capital and distance from major tourist-generating markets as barriers to tourism promotions in Iran in general (Aref & Ma'rof, 2008).

Negative images, lack of foreign exchange for tourism development, lack of skilled manpower, weak institutional frameworks for tourism planning, and Bureaucratic politics are inhibitors to tourism development (Aref, 2011; Mishra & Panda). As stated above, the major source of knowledge upon which this research drew for the delineation of socio-cultural and political risk factors for tourism is from social variables (Aref, 2011; Aref & Sarjit, 2009; Mishra & Panda).

## 5. Conclusion

The objective of the article was to show the barrier of tourism industry in Iran. Qualitative approach was used to collect the data. This study has identified socio-cultural and political barriers in tourism industry in Iran. In tourism literature, little published research focuses on international tourism image as a marketing problem. This study sheds some light in this area by demonstrating that the socio-cultural and political factors in Iran as perceived by western tourism and travel intermediaries firms contribute negatively to the organization's performance, leading to negative image formation (Mishra & Panda). The study attempts to offer guidance to both managers of tourism channel firms and marketing planners for selecting appropriate strategies for increased tourists (Cultural Heritage News Agency, 2005).

- Creating a symbolic imagination of the country.
- Determining target countries to establish relations with, this requires precise sociology and anthropology studies.
- Carrying out analytical studies about what is said about Iran in foreign media, public associations and other information centers.
- Introducing the productions, services and the tourism organizations of Iran to other countries.
- Creating a good image of Iran in public opinions and preserving it (Cultural Heritage News Agency, 2005).

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