

The role of tourism in economic development

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Abstract: Nowadays, the importance of tourism industry in creating positive economic impacts has been increasingly revealed at the global level, and statesmen in developed and developing countries have considered tourism as one of the main factors in creating job opportunities, reducing the unemployment rate, and generally the stable development in the world, given the global society's factors which have influenced every industry. In Iran, the tourism industry has been considered as an economic section bearing an increasing role in mass production, and its job-creating power is more than other economic sections directly or indirectly, and its development will definitely make the economy grow at a rapid rate alongside improving the spread of income in country. In fact, tourism industry has nowadays balanced the incomes, interests, expenses, presentation of the negative and positive statistics in states' accounts, and finances in a way that it was beyond the pale in the last few years. Since tourism is a functional industry and many small or large scale industries are related to it, its impact is more significant compared to the other industries. Hence, this industry bears more advantages compared to the other industries due to its high multiplication coefficient, and if a country has an appropriate economic structure, she can play an efficient role in economic development. Developing tourism industry requires a suitable environment to create and grow the necessary infrastructures. The requirement of creating these infrastructures depends on creating tourism culture, and what bears high significance here is to deepen the understanding of tourism destination and its cultural and social realities. The role of tourism in developing Iran which has many touristic attractions is highly notable. Since the majority of economic income in Iran comes from fossil fuels, we need to use all the capabilities and equipment to create a comprehensive and stable development, and also to substitute the new resources of income for petroleum resources. In this regard, developing tourism industry which economist consider the third dynamic and developing economy after oil and automotive industry is highly significant.. Relics left from different eras alongside natural and various coastal sceneries with the existence of many islands are in a coordinated combination with the historical buildings of cultural and religious heritage which is a set of different motivations for visiting the Persian Gulf Area. Moreover, being located in the heart of Islam world, the countries in this area draw the global attention as a political axis. So, there are many incentives for the foreign tourists to visit the area especially the world of Islam, which can be referred to as social, pilgrimage, cultural, historical, natural, recreational, and etc. In this paper, given the economic features in the region, it has been tried to study the role of tourism in the economic growth and development of the Persian Gulf area, and given the library and field studies done in this area, assess the existed challenges and find the appropriate solutions according to a special model for economic development based on touristic features and observe the growth of the area.

[Zahra Razzaghi, Mohammad Ebrahim Alinejad. **The role of tourism in economic development.** *J Am Sci* 2012;8(8):139-144]. (ISSN: 1545-1003). <http://www.jofamericanscience.org>. 21

Keywords: Tourism economy, invisible exports, domestic tourist, foreign tourist

1. Introduction

In the last few years, tourism has been talked of as an industry due to its importance, and this industry is so profitable that many countries have made money on it as much as our country's oil revenue. This industry, which is considered the third job-making and profitable industry after oil and automotive, has been paid lots of attention by states and economy officials in different countries (Balaguer, J., & Cantavella-Jorda, M. (2002)). Tourism as a global system has taken a great deal of the world GPD. Presently, 11% of the world GPD is made by the tourism industry. Generally, in addition to tourists' traffic and providing what they need, creating residential and recreational equipment and

facilities which are sometimes used by the local residents is quite helpful in flourishing the local economy (Hazari, B. R. and Sgro, P. M. (1995)). Tourism impacts in international scale are a lot more than those of national ones, and maybe its most important impact is to pay attention to the different areas and different world spots in which the tourist travels to throughout the days and months and the redistribution of capital and wealth among nations. On the other hand, the international tourism bears a significant influence on the enactment and exchange balance of states and their payments (Sinclair, M.T., 1998).

1.1. Tourism and the economic role

The economic attraction and functionality of tourism industry draw more attention than anything else, and this factor is one of the most important reasons for governments to have eyes on this industry. The economic impacts of this industry on the national development and growth are a lot more profitable than what they are thought. In fact, nowadays, the tourism industry has a main role in accumulating capital and income, and presenting positive statistics in the governments' account balances, which was beyond the pale in economic regards 40 years ago (Durberry, R., 2004). Now, tourism is the leader of any economic and industrial activity in the world and is the cause of moving capital. The amount of money made and spent in this area grows highly more than GPD and the global export of goods and services. Economists name the tourism industry an investment-employment-generating industry and pay close attention to it. Therefore, they believe that the correct development of tourism can have many impacts on regions and obviously on destinations (Braun, R., A. et.al.2003). The different aspects of tourism have economic, social, cultural, and environmental impacts on the tourism destinations, which can include positive and negative ones. The economic aspects of tourism are indicated in the following figure:

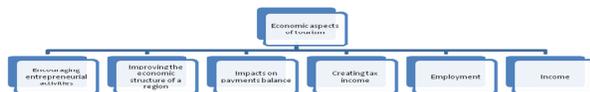


Figure 1: Economic aspects of tourism

The following factors affect the positivity and negativity of the mentioned aspects:



Figure 2: Affecting factors on economic aspects of tourism

This industry results in increasing currency-making. Economists believe that if a country use this potential and make the wheels of this industry move, she will observe a notable blossoming in economy. To make this growth and earn this huge amount of income in the tourism industry, utilizing the resources or production factors are required, and the way the production and the product are connected should be studied. Financing is related to analyzing the market, and no money is spent until an income is

imagined (Ringer, G. (ed). 1998). The income of tourism industry is made by tourists arriving in a region, and their arrival depends on different factors, like price, security, various facilities of rest and recreation, the quality of presented services, the status of transportation (especially the rail lines), economic and social conditions, and etc. Of course, the price as an effective factor on attracting tourists to a region is considered an effectively economic factor, but it's not discussed as a final factor. Expenses which are generally made by a tourist are of food, recreation, residence, domestic transportation, domestically recreational tours, post and telephone, plus souvenirs (Diamond, J., 1977). The tourists pay these expenses with the currency they brought, and in practice, it seems that the mentioned goods and services are exported to the tourist's country, and since this procedure is not precisely measurable, it is called "The invisible exports." Therefore, studying the direct impacts of tourism on the national revenue, it can be inferred that the expenses of domestic and foreign tourists will all in all result in increasing the national revenue. Many developed countries and even developing ones earn substantial revenues, the contribution of tourism income to the national income in these countries is ascending, and it is even the main revenue stream in some countries. The tourism procedure is an important tool in earning currency and introducing domestic products to the foreigners and consequently making money. Studying the production function, in addition to determine the required resources to produce a product, the other methods of combining these resources can be understood. According to the classic theory, applying a specific technology and assuming that the other conditions are constant, usage of each production factor depends on the final productivity and price. In this industry, given its positive productivity, the road can be paved to draw tourists' attentions and flow the required currency in country by reducing the net price. This has resulted in the economic development of all sections involved in the tourism industry (Balaguer, J and Cantavella-Jorda, M. (2002)). Now, given the mentioned theory and to persuade tourists to arrive in the target country, we classify different types of tourists based on the lifestyle. Although studying the lifestyle and personal traits is important to know the behavioral patterns of different tourists, classifying the tourists based on their behaviors is enough. This fact can be named interactive segregation which is about the impact tourist makes on the target country. Using this kind of classification, tourism can be categorized based on population or psychological factors. Taking a look at the following table, we realize that most of the tourists who result in high currency-making for a

country are those who travel in groups. Paying close attention to this matter to provide the necessary facilities cause more presence of these tourists in the target country (Williams A., Shaw G.1998). Many countries which nowadays are at the first ranks of tourist attraction have completely taken this matter into account and considered it as the first priorities of this industry.

Table 1: Different types of tourist based on the way of interaction with the target country

Type of tourist	The impact on destination and tourism industry
Expeditor	Rare; almost without using the tourism products
Elite	Almost rare; with inelastic demand compared to the prices of touristic products of high quality as the possibly initial factor of investment in the target country
Guest or the owner of second house	Permanent traveler; but staying in host homes or private residences, so with the low use of touristic products of the target country, but the factor to increase the local expenses.
Individual tourist	Numerous; extensive travel; demand with the price elasticity, high demand for touristic products made in or belonging to the target country
Mass tourism	Very numerous and among the tourist-sending regions and certain destinations; full dependency of tourism sections on them (like aircraft charters) economic impact and high expenses in the destination, possible factor of heavy investment in the travel agencies of tourist-sending countries in the target country

Paying attention to the tourism industry and its role in the economy has nowadays contributed to 11% of the world GPD. Generally, in addition to touristic traffic and providing their necessary supplies, making residential, hospitable, and recreational facilities which are sometimes used by the locals bears an important role in the growth of local economy, and sometimes an unimportant village turns to a regional economic hub and plays a significantly economic, social, and cultural role in the same region. However the economic impacts of tourism are not only at national and local levels. These impacts in the international scale are a lot more

than those of the national scale. Perhaps the most important impact of tourism, given the fact that the tourists travel to different spots of the world throughout days and months of years, is to redistribute the capital and wealth in the nations (Hazari, B.R and Sgro, P.M. (1995)). On the other hand, the international tourism has a noticeable effect on currency enactment and exchanges of the states and their payment balances, which causes more economic relationships among the states. These relationships have a significant role in developing the cultural and social connections of nations, and prove the theory of the 21st century's scientist regarding the global village and globalization

2.1. The potential outcomes of tourism development on employment:

Currently, tourism is a powerful activity and a huge profession at the world level, so that it is first before oil, then at the same level, and afterwards higher than that. According to the statistics collected by the world tourism organization in 2010, almost 1 billion and 18 million people attempt to travel, and the income made by international tourism in this year will be around one trillion dollars. Most of experts consider Iran among the first ten countries in the world and the first third-world one in terms of touristic attractions (Williams, A., and Shaw, G. (1991)). Hence, if Iran manages to obtain only 5% of this income, she will gain something much more than oil revenue, and it is not beyond the pale with the available potentials in this country. If we consider it as an important source of income, and according to the presented statistics, one job is created per every 6 foreign tourists entering the country, and one job per every 25 domestic tourists, then making jobs for thousands of unemployed human force can be possible. Nowadays, the importance of tourism industry in creating positively economic impacts at the world level is becoming more and more obvious, and statesmen, whether in the developed countries or the developing ones, consider tourism a main factor to create job opportunities and reduce the unemployment rate. In Iran, tourism industry bears a highly increasing effect in mass production and its job-producing power is directly and indirectly more than other economic sections, and its development will definitely results in accelerated economic growth alongside the improvement of distribution in country. Plus, developing tourism based on our country's cultural and historical circumstances and also historical, natural, and cultural attractions leads to a constructive and effective interaction with the world, and extend the relationships between our country and other ones. Now, to pay more attention to the economic role of tourism, the features of investment

in the tourism industry will be reviewed: 1. Goods and services provided in tourism industry are mainly not suitable for storing: Tourism industry is service industry and services can't be stored; 2. Tourism is a seasonal industry: so, given the available demands, seasonal programming should be done appropriately; 3. Tourism is an umbrella industry: this feature is considered one of the sensitive parts of tourism industry, because shortage in presenting every mentioned service and item results in finitude in demand for other goods and services in this industry. This is exactly like a hole in an umbrella, which makes it utterly useless; 4. The intense impact of transportation system on tourism industry: the requirement of paying attention to developing investment on tourism industry is working on necessary infrastructures to develop country, like railway. Railway is undoubtedly the most organized mean of transportation (Sinclair, M.T. (1998)). For instance, constructing railway in mountainous and beautiful regions of Europe was one of the first measures taken to attract tourists from different spots of the world. Paying heed to transportation was in the center of governors' attention in the old world, too. If a look is taken at Iran's history, it is observed that Iran owned the most important commercial road in the old world, which is the Silk Road; 5. Increment of large multinational companies: improvement and development of investment in tourism industry will create suitable grounds for the formation of large multinational and cooperative companies.

3.1. Bottlenecks of tourism industry in Iran

Although the development of tourism in Iran and the world in order to use different social, cultural, and economic advantages more than past is inevitable, there are many bumps on the way of developing Iran's tourism industry, which shouldn't be overlooked. The most important problems and challenges in this area can be listed as:

*Obscurity of the goals and policies of tourism in Iran and the world.

*Negative advertisements in the foreign media in order to present an inappropriate image of Iran and isolating the country.

*Lack of cultural adaptation and coordination of some foreign tourists with the Islamic culture in cultural relationships and encounters.

*Lack of enough informing of tourist attractions and effective advertisement in order to clarify global thoughts like organizations, offices, and informing agencies about the touristic affairs inside and outside of country.

*Lack of educated and skilled human force in tourism affairs and unawareness of employed personnel in touristic institutes (like hotels, agencies' staff, and tour guides).

*Lack of the required facilities to enter the necessary equipment for tourism industry, using the special costumes discounts, commercial interests, and quick release.

*Coordination and cooperation of state-run organizations which are effective in improving tourism, like governors' offices, city halls, the department of foreign affairs, the department of transportation, the advertisement organization and the costumes.

*Lack of the required facilities in order to give loans with suitable conditions to encourage the private section, lack of enough observation, and lack of enough facilities to maintain and save ancient and historical places.

*Shortage of residential provisions in cities, lack of enough means of transportation meeting the global standards, and roads being substandard.

*Unwillingness and lack of guarantee for domestic and foreign investment to cooperate and construct touristic places and facilities.

4.1. Recommendations and solutions

-Upgrading the qualitative and quantitative capacities for touristic facilities, especially the number of foreign and domestic tours.

-Developing and improving of advertising programs in order to introduce Islamic Iranian tourism.

-Providing the conditions for the self-sufficiency in the tourism industry.

-Reforming the regulations of importing and deporting foreigners, especially the available rules on the input ports of country.

-Activating the private section.

-Educating manpower to train specialized personnel.

-Creating the credit card network for the welfare of foreign tourists.

-Creating information base and touristic data base.

The most important solution of developing tourism inside the country is to encourage the tourists in different ways and improve the motivation for travelling in them. Touristic advertisements play the main role in saving and expanding domestic and foreign tourism markets. It is vital to find a solution for informing and improving the quality of recreational programs.

2. Conclusion

Investing in the tourism industry is an appropriate choice, due to highly climatic potentials, especially in the southern coasts of Iran, which needs to develop economic infrastructures, provide suitable social circumstances, and improve the political relationships with the other countries, especially those in the Persian Gulf area. Studying the available obstacles and problems and presenting appropriate solutions can turn the southern coasts of Iran to the first tourist hub in the Middle East.

Table 2: Tourism development strategies

Structure and system of tourism	Analysis subjects	Structure and system of tourism	Analysis subjects
<ul style="list-style-type: none"> -Expansion of tourist facilities -Paying attention to tourism by constructing respective centers -Attempting to determine the value of tourism for the inhabitants and culture-making, and creating academically tourism-oriented majors. -Creating space for cultural exchange and social interaction, particularly dialogue with different cultures -Strengthening and developing the field of direct and indirect employment 	Opportunities strategy (S-T)	<ul style="list-style-type: none"> - Growing demand for tourism due to the change in attitude and style to spare - The presence of many tourists who are the highest in almost three seasons of the year -Comprehensive city plans in the Persian Gulf basin with an approach to attract tourists -Tendency of private sector to invest in tourism sector, particularly in Qeshm. -Expanding communication and information, advertising and holding meetings and seminars with the aim of further developing economic and commercial tourism -Planning for further communication with the other poles of tourism and the use of their experiences 	Strengths strategy (S-O)
<ul style="list-style-type: none"> -Creating of projects in development and interactions with other tourist centers -Holding the training courses for staff - Creating the Tourism Policy Council 	Strategy to avoid the threat (W-T)	<ul style="list-style-type: none"> -Community empowerment and development of infrastructure and facilities for the welfare of tourists -Integrated development planning to direct targeted participation of the private sector -Creating an emphasized viewpoint on commercial tourism in Urban Development in South - Information system development and promotion of tourism resources in commercial - Formation of specific activities and human skills in regard with tourists' special needs - Creating an independent unit called commercial tourism as the Tourism Authority 	Strategy to minimize the weaknesses (W-O)

Acknowledgements:

Authors are grateful to persons for support to carry out this work.

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6/6/2012