Tourism Economy in Iran

Hamid Reza Akbarpour1*, Sajjad Bagheri2

1 PhD student, Young Researchers and Elite Club, Shiraz Branch, Islamic Azad University, Shiraz, Iran
2 PhD student, International Law Department, Islamic Azad University, Qeshm International Branch, Qeshm, Iran

ABSTRACT
Tourism industry is an important and potential means of producing wealth and generating income which contributes to improvement of most economic indices. It has a significant role in boosting employment, currency-generating and increasing income. This research deals with advantages and positive impacts of this industry, and studies its growing progress. Also the obstacles before development of this industry in Iran are investigated. Considering the nature of this subject, the data collection has been carried out by referring to the existing biblical references, collecting research note cards, and analyzing the obtained information. Regarding the chosen library data collection method, the information sources are libraries and internet. Due to extreme lack of printed material on the subject, internet has been the prominent source of information for this study. Tourism industry in Iran has a potentially high advantage, which if realized can contribute to economic growth, employment, improvement of social welfare, and many other positive improvements. Study of the problems, limitations, and obstacles before development of country-wide and world-wide tourism is of utmost importance.

KEYWORD
Iran, economy, tourism, development

INTRODUCTION
Travelling can greatly affect human lives in various ways. It can be a means to explore different cultures and civilizations, a way to achieve peace of mind, or a source of one of the most important economic activities which and a driving force for global economy. The ever-increasing importance of travelling has created tourism industry. Though the terms “tourism” and “tourist” were first officially used in the UN in 1937, the idea of tourism is a far older concept. This word was used when an individual travelled abroad for more than 24 hours. It also refers to domestic travels within a country, or even daily trips [1]. With the start of the industrial revolution which consequently led to urbanization, the need for travelling and outdoor recreation was felt evermore. That was because this phenomenon created a lot of problems for citizens and highlighted the importance leisure time and recreation [2]. Beginning of the 20th century was marked by increase in recreational travels which eventually attracted the attention of investors. Tourism as a new industry of the modern era became one of the pillars of global economy. Many planners and policy-makers have acknowledged tourism as a basic principle of sustainable development and called for a more comprehensive attention to this industry [3].

With deep political, social, economical, and scientific transformations, the 20th century is the age of global revolution in tourism. Developments in industry, commercial production, and advertisements have turned tourism into one of the largest and most profitable industries. With its unique characteristics, tourism is now considered to be a dynamic industry with a bright future. In all countries with tourist attractions, the investment in this industry is rapidly growing. Today, attraction of foreign visitors has become an intense competition among tourism institutions; that is because this is a clean industry which leads to economic growth and income increase as well as creation of new jobs [3].

RESEARCH METHODOLOGY
Considering the nature of this subject, the data collection has been carried out by referring to the existing biblical references, collecting research note cards, and analyzing the obtained information. Regarding the chosen library data collection method, the information sources are libraries and internet. Due to extreme lack of printed material on the subject, internet has been the prominent source of information for this study. Also the present research uses a descriptive-analytical method; that is, first the discussed subjects are explained and described, and then some issues are analyzed. In some chapters, the descriptive aspect is more prominent that other aspects.

EMERGENCE OF TOURISM INDUSTRY
Tourism is an ancient universal tradition. In the old ages, people travelled using primitive means of transportation in order for making purchases, sightseeing, visiting historical places, or large cities. They usually travelled with caravans and in groups. The reason was that lack of security and thieves and bandits along the way made individual travelling very dangerous. Sumerians might be the first people who...
travelled for commercial reasons. Travelling by sea first began in Egypt about fine thousand years ago. After the invention of wheel and wheeled means of transportation, the flat roads and pathways became a necessity. Ancient people of Ur, Babylonians, Egyptians, Persians, and the Greek were the pioneers in this field. In the meantime, the Roman Empire which by providing great wealth built roads and residential accommodations for travellers is probably the first state that has founded a kind of tourism industry similar to that of modern era. The Romans used to travel all around the Mediterranean in order to visit historical constructions such as famous temples and Egyptian pyramids. Greece and Asia Minor where the Olympics were held, natural hot water springs, coastal residences, theaters, celebrations and athletic competitions were among the tourist attractions of that era [5].

Due to advancements in technology and transportation in the past few decades, the ways of travelling are fundamentally transformed and world wide tourism industry has emerged. During the 1990s, tourism industry grew exponentially, so much so that with more than 300 billion dollars direct annual investment, it made up for eight percent of global investments. The reason for that was the considerable growth in income and leisure time, development and progress in worldwide transportation, and raised public awareness which in turn was caused by advancements in IT and media advertisements. For that reason during past few decades, tourism has grown rapidly especially in Europe and US, and in up-and-coming economies such as China. People take international trips in their short holidays more often, because, they earn more, have more free time, are more educated, and have diverse tastes [6].

A study of the growing number of international tourists from 1950 to 2012 reveals that the number of tourists has risen from 25 million in 1950, to almost one billion in 2012 [7].

**Tourism Industry in Iran**

In Iran, tourism dates back to thousands of years earlier. Ever since the time of the Achaemenid Empire, a lot of travellers especially from Europe (Greece and other countries) entered Iran. With a bright historical background, Iran claims to have the first declaration human rights written on the Cyrus cylinder. A brief look at the history of ancient Iran confirms the importance of respect towards the rights of foreign travellers by the government (Achaemenids, Parthians, and Sasanians). Providing accommodations for travellers is a testimony to this fact. In the time of Achaemenid Empire, construction of the Royal Road with 2500 Km length, equipped with guiding post signs, employment of trained agents for guidance, and construction of bridges along the way provided the required accommodations for travellers [8].

In the contemporary century, following the growing number of travels to Iran, the subject of attracting foreign tourists and establishment of an organization to concentrate on tourism issues has been seriously proposed. With that purpose in mind, for the first time in 1935 the administration for advertisement and foreign tourist attraction was established within the ministry of interior [9].

In 1941, the high council of tourism replaced that administration. Finally in 1963, the bill for foundation of tourism attraction organization was passed by council of ministers and the mentioned organization quickly started its activities. In 1978, after the victory of the Islamic revolution, based on revolutionary council’s 1979/11/12 act, the organization of Iranian tourism centers was founded with a new composition and a different set of goals and objectives. This organization resumed its related activities until 2004/01/13 when the parliament passed the act for foundation organization of tourism and cultural heritage and redirected it to the president, ministry of culture and Islamic guidance, and organization of management and planning. This act includes 12 clauses and 7 sub-clauses. Based on clause one, the organizations of cultural heritage and tourism and Iranian sight-seeing are derived and separated from the ministry of culture and Islamic guidance and are merged as the organization of cultural heritage and tourism. This organization possesses all the authorities, responsibilities, assets, and human resources of its predecessor organizations and is run under direct presidential supervision. The chairman of this organization is directly appointed by the president [10].

According to UNESCO, in terms of historical and cultural attractions, Iran is one of the eight richest countries in the world; and regarding the natural attractions and climatic diversity, as a home to more than 500 different species of birds, 163 species of mammals, 74 species of fish, and 8000 different species of plants and vegetation, Iran ranks high as one of the top-five countries in the world [11]. The four-seasonal climate, presence of seas, hot water springs, diverse and exclusive wildlife, along with rich cultural and literary heritage, religious attractions, and the seven-thousand-year-old Persian civilization has given Iran the potential to be the leading country in tourism. However, despite such massive potentials, Iran has not yet managed to claim its rightful place in this area. According to the United Nations World Tourism Organization (UNWTO), only in 2007 this industry has managed to produce 856 billion dollars worldwide and has made up a considerable share of gross domestic product all over the world. Yet Iran’s share of this fabulous wealth is less than one percent of global tourism market [12] so little so that it ranks 75th among the 150 members of the world tourism organization [13].

In the meantime, despite their far less potentials, countries such as Malaysia, Thailand, and Turkey possess a large and considerable share of this industry.

**The Potential Impacts of Tourism on Iran’s Economy**

Tourism is a complicated yet a profitable industry. In some ways it is the largest industry in the world [14]. Maybe the key to its successful profitability is its high foreign currency-generating ability without physical exportation. The economic approach to tourism is the most prevalent...
view on this industry; that is why many economic experts prescribe the development of tourism industry in order to bring livelihood to national economies [15].

When it comes to national economy, employment, foreign currency-generating, improvement of pay grades, increase of tourism tax revenues, establishment of regional equilibrium, wealth regulation and adjustment, transformation of economic activities and shifting the revenue generation from urban areas to rural areas and subsequently preventing migration from rural areas to the cities are among positive impacts of tourism on the economy. On the other hand, diversification and enrichment of local economy is quite important for local production of goods and materials such as handcrafts and agricultural crops which feed new tourism markets as well as improve the quality of handcrafts and agricultural products [16].

The impact of tourism is far greater in an international scale as compared to national scale. The most important impact of tourism is the redistribution of wealth among the nations. If we consider the world to be a bi-polar medium consisted of rich nations at one pole and poor nations at the other, the yearly exchange of tourism and wealth between these two poles redistributes the wealth evenly [17]. However, the most important and comprehensive impacts of tourism in a country’s economy (including Iran) are the following:

- Employment and job creation
- Generating currency and foreign exchange

**Employment and job creation:**

One of the positive economical effects of tourism industry is creation of new job opportunities and reduction of unemployment rate. This in turn has other benefits such as prevention of migration and improvement of social welfare. Development of tourism leads to increasing demands for tourism merchandise which can be a driving force for creation of new jobs. Basically, employment in tourism industry has different forms which are explained below:

1. **Direct employment:** such as working in hotels, restaurants, and etc.
2. **Indirect employment:** employment in sectors which provide products such as agricultural products, handcrafts, and maritime products
3. **Induced employment:** this covers individuals who are supported by the income made by people who are directly or indirectly employed in tourism industry
4. **Employment in construction sector:** this covers the individuals who work in the business of construction and infrastructure for tourism [18].

The important issue is that employment opportunities which tourism activities offer can compensate for lack of jobs created via industrial production. The extent of investment needed to create a job in tourism services is considerably far less than other industries. In other words, the tourism industry provides the most possible employment with least possible investment [19].

**Generating currency and foreign exchange:**

When it comes to international economics, one of the most important economic indicators of a country is its foreign debt balance. In the countries which have developed their tourism, this industry has the most positive impact on their foreign debt balance. Based on the existing statistics, tourism industry affects financial supply and demand in such countries. As the demand in countries which export tourist increases, so does the supply in the countries which import tourists; this issue improves the balance of foreign exchange in those countries. In this sense, the expenditure of financial resources by foreign tourists affects the foreign exchange balance in the target country positively; on the other hand, the expenses made by tourists negatively change the foreign exchange balance in the source country [20].

This industry is also known to be the driving force in growth of gross domestic product (GDP). The global income made through tourism industry in 2012 equals 1075 billion dollars which demonstrates a significant growth in comparison to 2011. According to that statistics, the income in the Americas in the previous years shows 7% growth, while in the Asia and Africa the income growth has been estimated 6 and 5 percent respectively. Meanwhile the European countries which have been suffering from the global economic crisis in the past year have had about 2% income growth in tourism industry. Ranking after fuel exports, petrochemical production, food industry and automotive industry, tourism has been the most profitable global industry and has had the highest financial circulation in the world [21].

According to the statistics by world tourism organization (UNWTO), the revenue made by tourism in top ten leading countries adds up to five hundred billion dollars [22] (tab.1).

<table>
<thead>
<tr>
<th>Country/ Year</th>
<th>2005</th>
<th>2010</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>82.2</td>
<td>103.5</td>
<td>128.6</td>
</tr>
<tr>
<td>Spain</td>
<td>48</td>
<td>52.2</td>
<td>55.9</td>
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<tr>
<td>France</td>
<td>44</td>
<td>46.9</td>
<td>53.7</td>
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<tr>
<td>China</td>
<td>29.3</td>
<td>45.8</td>
<td>50</td>
</tr>
<tr>
<td>Italy</td>
<td>35.4</td>
<td>38.8</td>
<td>41.2</td>
</tr>
<tr>
<td>Germany</td>
<td>29.2</td>
<td>34.7</td>
<td>38.1</td>
</tr>
<tr>
<td>UK</td>
<td>30.7</td>
<td>32.4</td>
<td>36.4</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>10.3</td>
<td>22.2</td>
<td>31.7</td>
</tr>
<tr>
<td>Australia</td>
<td>16.8</td>
<td>29.1</td>
<td>31.5</td>
</tr>
<tr>
<td>Thailand</td>
<td>9.6</td>
<td>20.1</td>
<td>30</td>
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**Obstacles before Tourism in Iran**

If we want to classify the obstacles and limitations of tourism in Iran, they can be categorized into three groups of cultural, political, and social obstacles.

- Cultural obstacles:
- **A) Lack of proper use of advertisements:**

  Without a doubt, the proper use of advertising power in the modern world can improve the credibility of travelling
and tourism agencies. This in turn attracts the attention of the tourists toward a desired destination. Turkey is definitely the testimony to this fact. By investment in advertisement and creating a positive image, Turkey has become a popular destination for tourists around the world. However, due to various reasons Iran has failed to use the power of advertisement and still remains an unknown part of the world [23].

B) Incorrect mutual understanding of the society and foreign tourists:

Many people still have a negative view of tourism and see the presence of the tourists as a threat to local culture. Also many people in our society are not completely aware of social and economical benefits of tourism. On the other hand, foreign tourists still have a cautious and negative view of Iran due to security reasons such as a few instances where the tourists were taken hostage. Issues like this have had massively negative impacts on development of tourism in Iran [24].

C) Religious conditions:

Many foreign travellers see the religious conditions as a kind of limitation. These limitations have made the tourists less willing to travel to Iran. However Iran’s national and religious culture and heritage can not be overlooked. The best possible solution might be to introduce these limitations and conditions as a kind of tourist attraction. Many other countries have managed to maintain their values and cultural originality while presenting those very cultural or religious limitations as tourist attractions [25].

- Political obstacles:
  International, national, or local tensions lead to tourists’ mistrust. Domestic tensions create insecurity, and lack of security will definitely chase the tourists away. On the other hand, our unstable and tense relations with western countries have deprived us of the access to tourist market, so much so that most of European and American countries or even Eastern countries have omitted Iran from the list of countries suitable for tourism and warn their citizens about unnecessary travels to Iran [26].

- Social obstacles:
  A) Organizational and managerial challenges:
  One of the most important requirements for achievement of tourism industry goals is management and organization of affairs. Proper management and organization in all stages of the decision pyramid can pave the way for further accomplishments. Some of the most important managerial and organizational obstacles before tourism in Iran are:
  - Weak management and poor planning in attraction of tourists
  - Lack of a comprehensive plan and basic research for development of tourism
  - Ambiguous and unclear role of tourism industry in the cycle of progress and development
  - Presence of parallel organizations in tourism sector and weak organizational structure
  - Lack of trained and competent human resources and tourism experts [27].

  B) Lack of healthcare and welfare accommodations
  Access to appropriate and diverse residences and hotels is undoubtedly crucial for attraction of tourists. Unfortunately despite the investments made in residential centers and camping infrastructures, Iran is still far behind countries of the Persian Gulf state and some neighboring countries [28]. Concerning sanitation and healthcare accommodations, the conditions are still dire, even by domestic standards. A brief look at sanitation services and restrooms on the roads especially in gas stations confirms this fact. Unfortunately despite our rich culture and heritage we have yet paid little attention to this basic human need. Few travellers are not disgusted after using roadside toilets [29].

  C) Legal obstacles
  Legislative limitations are among the most important limitations imposed on development of tourism. These limitations are manifested in two different forms. The first are the laws concerning entrance and residence of tourists, and the second are the laws which prevent of complicate investments in tourism industry. Complex laws of customs regulations and issuing visa and other complication are among constant problems of tourism development in Iran. Irregular domestic and foreign flights, long delays, and lack of direct flights from Tehran to some major cities (even major European cities), and certain rules and regulations in that regard are among other existing problems [30].

  The negative view of some of tourists toward the security of foreigners in Iran and the false sense of lawlessness is a major obstacle in front of development of this industry. This view which is intensified by negative propaganda of enemies of the Islamic Republic of Iran who try to present a harsh and unsafe image of Iran increases the concerns of some travellers before entering the country [31].

  For the purpose of investment in tourism, aside from economic and cultural issues, legal matters should also be taken into consideration. In fact, most of investors particularly care about the investment laws in the target country which play an important role in attracting investors. There are some rules and regulation in our country which pose limitations on receiving foreign investments. Some of these rules and regulations exist in the constitutional law and other laws regarding foreign investments.

  The article 81 of the constitutional law forbids granting foreigners the privilege to found companies and institutions for trade, industry, agriculture, mining, and providing services to foreign citizens. Also the article 82 of the constitution forbids hiring foreign consultants by the government, unless permitted by the parliament and under necessary conditions. On the other hand, lack of banking privileges and delay in allocation of funds and resources is another problem of tourism investors which has discourages the private sector from investing in this field. Strict regulations in giving loans to investors have made them less motivated to use these accommodations. Meanwhile the long process of investigation and approval by executive branch is another problem with which the investors are dealing. Placement of laws and legislations which make executive and legislative administrations committed to
smooth the legal and procedural steps toward investment in tourism is an absolute necessity [32].

CONCLUSION AND SUMMARY

On the move from traditional economy to modern economy, our world is experiencing the emergence of new ways of acquiring wealth and income. With great potentials, tourism industry has had a major role in producing wealth in different communities and has become the driving force behind economic development in many countries. With a bright future, tourism provides a progressive ground for investment. Being clean and environment-friendly is one of the benefits of this ancient tradition and modern industry which also provide common grounds for friendship and mutual understanding between nations. For that reason, it is also nicknamed as the white industry. Currency generating and employment are some of numerous benefits of this industry which subsequently lead to economic development and prosperity.

On the other hand, if the profits made from tourism are properly distributed through between communities and regions of a country, it can improve living conditions and reduce economic inequality. It is predicted that the capacity of this industry will reach 2 trillion dollars. During this process, if a country such as Iran which has great tourism potentials could achieve only one percent of this market’s value, it will generate annual revenue of about 20 billion dollars, which undoubtedly is a large number for Iran’s economy and can affect all national economic activities. Unfortunately, despite its great capacity and potentials, Iran has demonstrated a poor performance in this regard. Cultural, political, and social obstacles and limitations are among the major causes of this poor performance.

As solutions to this problem, establishment of appropriate culture, proper introduction of Iran to people of other countries, correct use of foreign policy in order to present a friendly image if Iran to the international community, alongside coordination and synchronization of existing regulations and legislations with the fifth development plan and the 20-year vision plan can pave the way for further development of tourism industry and achievement of sustainable economic development.

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