

Evaluation of the impact of hospitality on tourism development with emphasis on Iran

Sima Hemmati

hemmatisimal@ymail.com

Abstract: The issue of accommodation in tourism destinations is so important that it has been considered in the definition of tourist, as tourist is someone who accommodates at least one night in a place outside his/her usual environment. The importance of this issue will be doubled when we know that successful tourism destinations are those that have the ability to welcome more tourists with longer overnight stay. The existing state of hospitality in Iran and its impact on tourism development were evaluated in the present study using the research method of descriptive-survey. The results show that hospitality industry requires some major factors for growth and prosperity. Facilities required for investment in this sector and the presence of passengers and customers are two major factors. Without tourists, there is no point in continuation of hospitality industry and generally tourism industry. After the Islamic Revolution, hospitality industry was forgotten and didn't consider as an essential industry in the economic structure of the country, but it was regarded as a luxury good. Little attention to tourism sector caused the hospitality industry to face recession. Despite the increase in the total number of accommodation facilities in the country, this increase was insufficient and there were many problems and shortcomings in the management of hotels, especially the high-grade ones. Additionally, the lack of adequate support of relevant organizations put this industry in an impasse. On the other hand, although there are thousands of beds and tourism resorts in the country, only half of the capacity of these hotels and residences is occupied by passengers at the peak time of journeys. This due to the price of hotels which is unaffordable to many people and middle class or poor people prefer to spend less money for accommodation. Hence, domestic tourists are less interested in staying in hotels, motels, suites, and so on, while the number of foreign tourists entering the country has faced with a negative growth over the past few years.

[Sima Hemmati. **Evaluation of the impact of hospitality on tourism development with emphasis on Iran.** *Life Sci J* 2012;9(3):2660-2666] (ISSN:1097-8135). <http://www.lifesciencesite.com>. 387

Keywords: Tourism; Accommodation; Hospitality; Iran

1. Introduction

In the new millennium, people's willingness to spend their extra time, especially leisure and free time from work has increased. Some commentators believe that leisure time is time that people use it for themselves and their families. Such incentive makes the international concept of tourism as a tool for the use of leisure time to visit various places and destinations (Herbert, D. (2001)). On the other hand, the issue of accommodation in tourism destinations is so important that it has been considered in the definition of tourist, as tourist is someone who accommodates at least one night in a place outside his/her usual environment (Vanegas Sr, M., & Croes, R.R. (2003) . The importance of this issue will be doubled when we know that successful tourism destinations are those that have the ability to welcome more tourists with longer overnight stay.

1.1. Statement of problem:

The main components of tourism industry, in terms of supply, are divided into 5 sections including attractions, accommodation facilities, transport, travel organizers, and destination organizations. With the exclusion of one-day visitors from other types of tourists, it can be said that all tourists need to accommodate in tourism destinations. So, accommodation is one of the five main sections of tourism product (Morgan, M. (1996). Also, as

accommodation facilities as one of the most important components of tourism supply has different subsections such as inns, hotels, motels, caravans, time property facilities, hotel apartments, etc, this sector of tourism seems to have a great importance. Selection of destination is also influenced by visitors' perceptions and expectations of accessibility to accommodation facilities (Garrod, B., & Fyall, A. (2000). Hotels, especially the 4-star and 5-star ones in Iran have an annual occupancy level lower than the standards. One of the important reasons for this is the high costs of building and maintaining these hotels. In addition, these hotels have high fixed costs. Seasonality of tourism in our country is another reason for the low occupancy level of these hotels which is due to the lack of planning and marketing programs in the tourism downturn season. Hence, the present study aims to evaluate the status of hospitality in Iran and try to answer to the question that what the role of accommodations is in tourism development and increase in the number of tourists (Parasuraman, A., Zeithaml, V., and Berry, L.L. (1985).

2. Material and Methods

Descriptive-survey method was used in the present study and research population included accommodations (hotels, hotel apartments, motels,

inns, suites) of the country. Library collection method was used to collect data and other information needed to analyze the status of hospitality in Iran was obtained through field observations. Given that all components of research population were examined in this study, exploratory data analysis methods were also applied.

Theoretical foundations of Research:

1.2. Types of accommodations:

There are various types of accommodations that can be classified based on the features of accommodations, market trends, business performance, position, function, etc (Lau, P.M., Khatibi, A.A. and Fie, D.Y.G. (2005)). Pizam and Holcomb proposed another classification of accommodations. They classified accommodations by their type such as business hotels, airport hotels, conference centers, suites, hotel apartments, accommodation hotels, casino hotels, promenades hotels, and bed & breakfasts. They also classified the hotels based on their services such as economical hotels which only have bedrooms and bathrooms, the hotels providing all services, and luxury hotels (Sheela, A.M. (2002).

Table 1: Types of accommodations (Page, 2007; 207)

Types of accommodations		Function	
		Business	Leisure
Accommodations with services	Hotel	*	*
	Promenade hotel		*
	Educational facilities	*	*
	Airport hotel	*	*
	Motel	*	*
	Inn	*	*
	Bed & Breakfasts		*
Accommodations without services	Hotel apartment	*	*
	Rural homes		*
	Caravans		*
	Camps		*
	Chalet		*
	Villa		*
	Youth hostel		*

2.1. Hospitality industry:

The beginning of the new hospitality industry is indebted to European countries, especially Switzerland. This industry developed in small buildings and a variety of services were offered to customers in these small hotels. Hoteliers mostly belonged to the plutocracy and aristocracy. These centers were not called hotel at first, and the word "Hotel" was firstly used since the 1760s. The word "Hotel" is derived from the word "Hostel" which was used to name these centers at that time in England. In the U.S., these such centers and places were called

"Inn". The word "Inn" in English means Caravan, guest house, lodging house, and even house. In addition to this word, the word "Coffeehouse" was used in similar cases. Real growth and development of this industry in the United States began in 1794 with the opening of City Hotel in New York and this was the first building which offered hospitality-related services (Vijayadurai, J. (2008)). Activities of this center motivated other city to compete in this industry, as many investors became willing to come to this industry and establish new hotels. At this time, the number of hotels gradually increased. But the dramatic and wonderful development and expansion of this industry took place in the 20th century. Hospitality faced with a heavy and cold recession in the 1930s, but World War II caused a rapid and startling boom in this industry. Collective works and increased capitals in order to establish a chain of hotels began at that time. Owners of smaller hotels found themselves defeated in competition with big capitalists which was a complication to this industry. This industry developed in different aspects and nations and the owners of international chain hotels could apply expertise, technology, and marketing, while the owners of smaller hotels couldn't use these advantages and had no choice to join chain hotels such as Sheraton, Hilton, Hyatt, Holiday Inn, Ramada, etc.

Table 2: Classification of accommodations based on their features and market trends (Sheila, 2002; 4-5)

	Market trends		Features of accommodations
	Residential	Business	
Within the city	- Hotels - Suites - Time property accommodations	- Hotels - Suites - Time property accommodations	- Hotels - Motels - Suites - Lodging houses on the roads - Inns - Homes for rent - Bed & Breakfasts - Promenades - Time property accommodations
Outside the city		- Hotels - Motels - Suites - Lodging houses on the roads - Inns - Homes for rent - Bed & Breakfasts - Hostels - Promenades - Time property accommodations	
Airport		- Hotels - Motels - Suites - Lodging houses on the roads - Time property accommodations	
Highway		- Motels - Suites - Lodging houses on the roads - Inns - Homes for rent - Bed & Breakfasts - Hostels - Promenades	

The development of this industry in Europe, the emergence of railroads and mass communication, business development, and the appearance of a new social class (Bourgeois) all were the reasons for the emergence of this new form of hotels. Grand hotels can be considered as the manifestation of the magnificence of all these new social values. At this time, although large families, noblesse, princes, and rulers were still respected, the main objective was to attract the new urban class to the new architecture environment who had vast financial resources. Quality and quantity of respect in the Grand Hotels was based on the capital and bank credit of persons.

3.1. Iran's official accommodations:

Under the existing rules and regulations in Iran, official accommodations include inns, hotels, hotel apartments, guest houses, lodgings houses, pilgrim's houses, pensions, youth residence, tourism camps, and tourism and recreation complexes (Administrative law of establishment, modification, completion, grading, pricing, and monitoring the activities of tourism facilities; 1989).

4.1. Iran tourism potentials:

Iran is geographically located in the center of a region that has connected Asia, Middle East, and Europe as bridge since the ancient times to the present. One of the most important old routes which passed through Iran was the Silk Road with a length of 8000 km which connected Istanbul in Turkey to Xian in China. This road passed northeast of Iran through Herat, Mashhad, and Rey and went to Iraq and Turkey through Tabriz or Hamadan. The important strategic and geopolitical position of Iran means that Iran has been one of the power centers in the region since the ancient times. This has caused cultural groups in the region to be attracted to Iran make it a center of science, art, literature, and architectural masterpieces. These factors led to the emergence of a rich, unique, tangible, and intangible cultural heritage in Iran. Iran's cultural heritage has been accompanied with exquisite sceneries and climate variations which form comprise its natural geography. These cases include the shores of the Caspian Sea and the Persian Gulf, two great deserts in central plateau of Iran, three major mountains, and western areas of Iran's plateau bordering Iraq. Currently, these natural sceneries and resources are favorite promenades of domestic tourists and also is a market for ecotourists, but they have not been widely used by foreign tourists. Generally, Iran has a rich and diverse natural and cultural heritage and many of its resources that are unmatched in the world

comprise the basis of tourism resources and attractions of Iran.

3. Results

1.3. The status of hospitality in Iran:

Accommodation facilities are one of the effective constituent components of tourism activities. This includes a set of services, facilities, and installations which determine the scope and function of tourists and provide conditions based on tourists can experience a better relaxation and comfort. Accommodation facilities are divided into formal and informal ones. Formal accommodations have two subsets; accommodations of the first subset have been constructed only for the use of travelers and tourists and include hotels, hotel apartments, lodging houses, and pilgrim houses and the second subset are accommodations that have been established by governmental and non-governmental organizations to provide a suitable accommodation condition for their employees and guests and are not affiliated to Cultural Heritage, Handicrafts, and Tourism Organization.

2.3. Hotels:

According to the existing classification system of Cultural Heritage, Handicrafts, and Tourism Organization, hotels are divided into five grades, from 1-star which provide basic services and facilities to 5-star offering luxury services to customers. The number of hotels in the country, according to their grade, is shown in Table 3.

Table 3: The number of hotels in Iran according to their grade (Cultural Heritage, Handicrafts, and Tourism Organization, 2011)

Grade	Number	Percentage
1-star	273	31.82
2-star	312	36.36
3-star	172	20.05
4-star	68	7.93
5-star	17	1.98
Unknown	16	1.86
Total	858	100

3.3. Hotel apartments:

According to statistics provided by Cultural Heritage, Handicrafts, and Tourism Organization, there are a total of 440 hotel apartments in the country. Reviewing the grading of these units (Table 4) indicates that most of hotel apartments are 1-star (82.05%). 2-star and 3-star hotel apartments make up 13.18% and 3.41% of all such units, respectively.

Table 4: The number of hotel apartments in Iran, according to the grading of 2011

Type	Number	Percentage
1-star	361	82.05
2-star	58	13.18
3-star	15	3.41
Unknown	6	1.36
Total	440	100

4.3. Inns:

According to statistics provided by Cultural Heritage, Handicrafts, and Tourism Organization, there are a total of 1396 inns in the country. As shown in Table 5, 39.11% of inns are 1-star. 3-star and 2-star inns make up 30.11% and 28.80% of all such units, respectively.

Table 5: The number of hotel apartments in Iran, according to the grading of 2011

Type	Number	Percentage
1-star	546	39.11
2-star	402	28.80
3-star	426	30.52
Superior	17	1.22
Unknown	5	0.36
Total	1396	100

5.3. The status of public accommodations of Iran:

According to statistics published by the Statistical Center of Iran (Table 6), there were 4662 and 6062 public accommodations in the country in 1994 and 2002, respectively. The highest number of these accommodations in these two years belonged to student complexes and dormitories affiliated to educational centers comprising 48.88% and 46.17% of total, while formal accommodations (Hotels, motels, and inns) made up only 13.94% and 15.19% of all accommodations.

Table 6: The number of formal accommodations in 1994 and 2002

Type	1994		2002	
	Number	Percentage	Number	Percentage
Hotels, motels, and inns	650	13.94	921	15.19
Lodging houses, pilgrim house, camp, beach, pension	2279	48.88	2799	46.17
student complexes and dormitories affiliated to educational centers	1137	24.39	1730	28.54
Hostels and camps affiliated to organizations, agencies, and corporations	550	11.80	606	10.00
Other temporary accommodations	46	0.99	6	0.10
Total	4662	100	6062	100

Reference: Statistical Center of Iran, General Census of Industry and Mine- first part, 1999; General Census of Workshops, 2003

Review of the distribution of public accommodations of the country (Table 7) shows that

Khorasan Province with 1029 accommodation units and Tehran with 705 units had the highest number of public accommodations in Iran in 1994. Despite the division of Khorasan into three provinces including Khorasan Razavi, North Khorasan, and South Khorasan, Khorasan Razavi with 2020 accommodation units had the highest number in 2002. Although Tehran Province had maintained its second rank in 2002, the number of accommodation units in this province had decreased to 409.

Table 7: The number of public accommodations in urban and rural areas in 1999

Province	Urban areas	Rural areas	Total	Province	Urban areas	Rural areas	Total
East Azerbaijan	189	24	213	Fars	299	6	305
West Azerbaijan	157	30	187	Kurdistan	82	13	95
Ardabil	173	5	178	Kerman	143	23	166
Isfahan	166	16	182	Kermanshah	77	9	86
Ilam	37	4	41	Kuhgiluyeh and Boyer-Ahmad	56	8	64
Bushehr	63	6	69	Guilan	113	23	136
Tehran	646	59	705	Lorestan	64	2	66
Chaharmahal and Bakhtiari	41	1	42	Mazandaran	123	94	217
Khorasan	930	99	1029	Markazi	61	41	102
Khuzestan	241	28	269	Hormozgan	62	9	71
Zanjan	55	18	73	Hamadan	70	6	76
Semnan	39	5	44	Yazd	60	4	64
Sistan and Baluchistan	159	23	182				
Total	Urban areas = 4106			Rural areas = 556			

Reference: Statistical Center of Iran, General Census of Industry and Mine- first part, 1994

Table 8: The number of public accommodations in urban and rural areas in 2002

Province	Urban areas	Rural areas	Total	Province	Urban areas	Rural areas	Total
East Azerbaijan	202	27	229	Fars	380	27	407
West Azerbaijan	155	23	178	Qazvin	54	15	69
Ardabil	200	44	244	Qom	109	4	113
Isfahan	212	24	236	Kurdistan	89	35	124
Ilam	47	13	60	Kerman	184	22	206
Bushehr	65	29	94	Kermanshah	103	4	107
Tehran	464	27	491	Kuhgiluyeh and Boyer-Ahmad	49	2	51
Chaharmahal and Bakhtiari	29	3	32	Golestan	54	10	64
South Khorasan	64	31	95	Guilan	172	68	240
Khorasan Razavi	1338	61	1399	Lorestan	90	20	110
North Khorasan	32	5	37	Mazandaran	200	149	349
Khuzestan	258	27	285	Markazi	78	14	92
Zanjan	94	17	111	Hormozgan	194	15	209
Semnan	72	8	80	Hamadan	84	12	96
Sistan and Baluchistan	143	31	174	Yazd	65	15	80
Total	Urban areas = 5280			Rural areas = 782			

Table 8: The number of public accommodations in urban and rural areas in 2002

Province	Urban areas	Rural areas	Total	Province	Urban areas	Rural areas	Total
East Azerbaijan	202	27	229	Fars	380	27	407
West Azerbaijan	155	23	178	Qazvin	54	15	69
Ardabil	200	44	244	Qom	109	4	113
Isfahan	212	24	236	Kurdistan	89	35	124
Ilam	47	13	60	Kerman	184	22	206
Bushehr	65	29	94	Kermanshah	103	4	107
Tehran	464	27	491	Kuhgiluyeh and Boyer-Ahmad	49	2	51
Chaharmahal and Bakhtiari	29	3	32	Golestan	54	10	64
South Khorasan	64	31	95	Guilan	172	68	240
Khorasan Razavi	1338	61	1399	Lorestan	90	20	110
North Khorasan	32	5	37	Mazandaran	200	149	349
Khuzestan	258	27	285	Markazi	78	14	92
Zanjan	94	17	111	Hormozgan	194	15	209
Semnan	72	8	80	Hamadan	84	12	96
Sistan and Baluchistan	143	31	174	Yazd	65	15	80
Total	Urban areas = 5280			Rural areas = 782			

Reference: Statistical Center of Iran, General Census of Workshops, 2002

6.3. Distribution of formal accommodations in the country:

1.6.3. Hotels:

Distribution of hotels in the country (Figure 1) shows that the highest numbers of hotels are in Khorasan Razavi (125), Tehran (88), Mazandaran (82), and Guilan (77). On the other hand, the lowest number of hotels is in South Khorasan (3), North Khorasan (6), Qazvin (6), and Semnan (7).

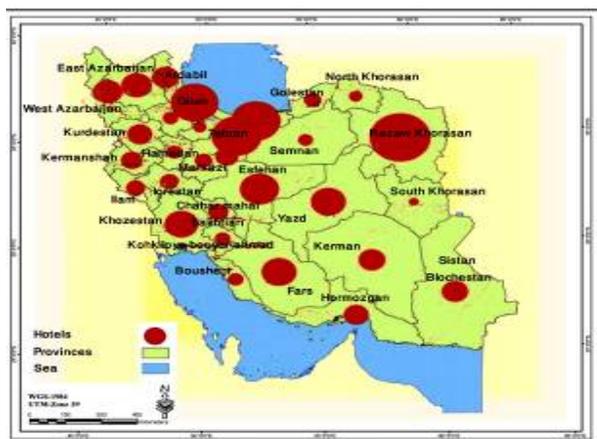


Fig 1: The number and distribution of Iran's hotels in 2011

2.6.3. Hotel apartments:

Distribution of hotel apartments in the country (Table 9 and Figure 2) shows that Khorasan Razavi has the highest number of hotel apartments (269). There is no hotel apartment in 12 provinces and there is only one in Chaharmahal and Bakhtiari, Kermanshah, and Lorestan. Also, Khorasan Razavi has the highest number of 1-star (242), 2-star (22), and 3-star (5) hotel apartments in the country.

3.6.3. Inns:

Distribution of inns in the country (Figure 3) indicates that Khorasan Razavi has the highest number of inns with 451 units. The lowest number of inns is seen in Chaharmahal and Bakhtiari, Ilam, Markazi, and Semnan with 6, 7, 7, and 9 units.

Table 9: Distribution of hotel apartments (according to their grade) in provinces of Iran in 2011

Province	1-star	2-star	3-star	No rating	Total	Province	1-star	2-star	3-star	No rating	Total
Ardabil	35	10	1	0	46	Qom	8	8	2	1	19
Isfahan	7	2	0	0	9	Kermanshah	0	0	1	0	1
Bushehr	1	0	0	0	1	Kuhgiluyeh and Boyer-Ahmad	2	0	0	0	2
Tehran	15	3	2	0	20	Guilan	10	4	0	0	14
Chaharmahal and Bakhtiari	1	0	0	0	1	Lorestan	0	0	1	0	1
Khorasan Razavi	242	22	0	5	269	Mazandaran	28	7	3	0	38
Khuzestan	2	0	1	0	3	Hormozgan	0	2	0	0	2
Zanjan	2	0	0	0	2	Hamadan	0	0	2	0	2
Fars	7	0	2	0	9	Yazd	1	0	0	0	1
Total	1-star=361		2-star=58		3-star=15		No rating=6				

Reference: Cultural Heritage, Handicrafts, and Tourism Organization, 2011

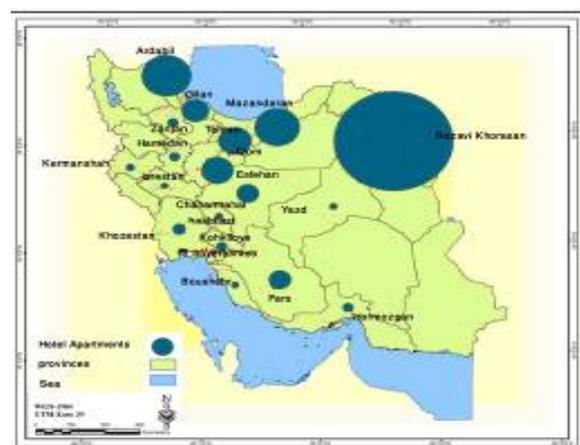


Fig 2: The number and distribution of Iran's hotel apartments in 2011

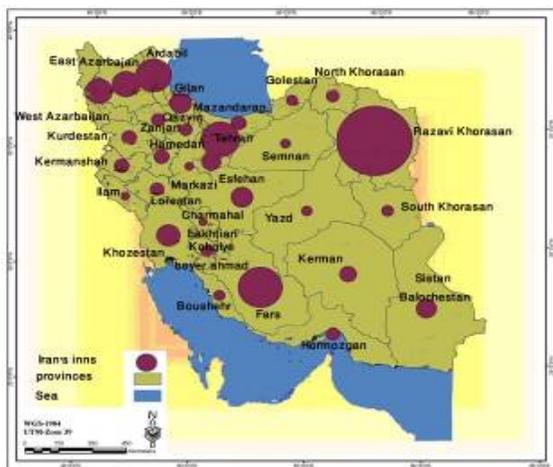


Fig. 3: The number and distribution of Iran's inns in 2011

7.3. Economic analysis of formal accommodations of Iran:

According to figures released by the Statistical Center of Iran, a total of 1,683,592 Rials has been received by public accommodations in 2006. 1617453 Rials has been received for the rental of rooms and beds which accounts for 96.07% of money received by these accommodations. Among the hotels of the country, the hotels of Khorasan Razavi, Tehran, and Hormozgan have the highest money received with 470600, 419328, and 153578 million Rials, respectively. On the other hand, the hotels of Kuhgiluyeh and Boyer-Ahmad, North Khorasan, and Chaharmahal and Bakhtiari have the lowest money received with 899, 1270, and 1466 million Rials, respectively. In the same year, the payment of hotels was reported 957725 million Rials that 49.62% (475180 million Rials) of it was paid as the remuneration of employees. Like the money received, the hotels of Khorasan Razavi, Tehran, and Hormozgan have the highest payment with 253936, 188921, and 111600 million Rials, respectively. On the other hand, the hotels of Kuhgiluyeh and Boyer-Ahmad, North Khorasan, and Chaharmahal and Bakhtiari have the lowest payment with 422, 568, and 2030 Rials, respectively.

4. Discussions

Hospitality industry requires some major factors for growth and prosperity. Facilities required for investment in this sector and the presence of passengers and customers are two major factors. Without tourists, there is no point in continuation of hospitality industry and generally tourism industry. After the Islamic Revolution, hospitality industry was forgotten and didn't consider as an essential industry in the economic structure of the country, but it was

regarded as a luxury good. Little attention to tourism sector caused the hospitality industry to face recession. Despite the increase in the total number of accommodation facilities in the country, this increase was insufficient and there were many problems and shortcomings in the management of hotels, especially the high-grade ones. Additionally, the lack of adequate support of relevant organizations put this industry in an impasse. On the other hand, although there are thousands of beds and tourism resorts in the country, only half of the capacity of these hotels and residences is occupied by passengers at the peak time of journeys. This due to the price of hotels which is unaffordable to many people and middle class or poor people prefer to spend less money for accommodation. Hence, domestic tourists are less interested in staying in hotels, motels, suites, and so on, while the number of foreign tourists entering the country has faced with a negative growth over the past few years. On the other hand, the necessity of a long-term relationship with customer's id felt in hospitality industry of Iran. In fact, problems this industry is dealing with are due to the attitude of hoteliers to the industry they are working in. Some of the hoteliers support the view of customer-orientation and some back the view of product-orientation. This means that some hoteliers believe that they should produce a product and then find customer for their product, while the supporters of customer-orientation believe that customer's tastes should be initially identified and then a product in accordance with the needs of customer should be produced in order to attract customers.

1.4. Proposed recommendations:

- Tourism industry highly depends on the political, economic, social, and security conditions of each country and quickly become affected by these factors. Security and political stability in the country cause the increasing growth of tourism industry and thereby hospitality industry.
- Providing facilities for the entry of foreign tourists to the country itself can lead to the boom of tourism in the country.
- Legal support for hospitality is one of the requirements to motivate investors. Facilities and loans with low and reasonable interest can encourage the country in competition with other countries in attracting investors. Tax breaks and elimination of other taxes can be effective in this regard.
- Information is not converted to knowledge in Iran's hospitality industry. Hotels should analyze the information obtained from customers and apply the results as usable knowledge in the policies of hotel.
- Iranian website has poor facilities. Lack of possibility to pay online, weak databases, lack of

interactive features to establish long-term relationships with customers, especially permanent customers, lack of specific features such as customer records, and lack of using feedback systems such as conducting online poll on the website, etc are some of the weaknesses of hotels that should be taken into account.

- Training of managers and staff of hotels to improve long-term relationship with customers. The staffs of hotel have the highest interaction with customers and their behaviors have the highest sustainability in the mind of customers after the physical features of the hotel.

Acknowledgements:

Author is grateful to the persons for support to carry out this work.

Corresponding Author:

Sima Hemmati

Email: hemmatisimal@gmail.com

References

1. , B., & Fyall, A. (2000). Managing heritage tourism. *Annals of Tourism Research*, 27(3), 682–708.
2. Herbert, D. (2001). Literary places, tourism and the heritage experience. *Annals of Tourism Research*, 28(2), 312–333.
3. Lau, P.M., Khatibi, A.A. and Fie, D.Y.G. (2005). Service quality: a Study of the luxury hotels in Malaysia. *Journal of American Academy of Business*, 7 (2), 46-55.
4. Morgan, M. (1996). *Marketing for Leisure and Tourism*. New York: Prentice Hall.
5. Brown J. Mammals on mountainsides: elevational patterns of diversity. *Global Ecology and Biogeography* 2001;10(1):101-9.
6. Parasuraman, A., Zeithaml, V., and Berry, L.L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49 (4), 41–51.
7. Sheela, A.M. (2002), *Economics of Hotel Management*, 2002, New Age International (P) Ltd., Publishers.p4-5.
8. Vanegas Sr, M., & Croes, R.R. (2003). Growth, development and tourism in a small economy:Evidence from Aruba. *International Journal of Tourism Research*, 5(5), 315–330.
9. Vijayadurai, J. (2008). Service quality, customer satisfaction and behavioral intention in hotel industry. *Journal of Marketing and Communication*, 3 (3), 14-26.
10. Yoon, Y., Chen, S., & Gursoy, D. (1999). An investigation of the relationship between tourism impacts and host communities characteristics. *Anatolia: An International Journal of Tourism and Hospitality Research*, 10(1), 29–44.

9/17/2012