REVIEW OF INNOVATION AND COMPETITIVENESS

A JOURNAL OF ECONOMIC AND SOCIAL RESEARCH

5
VOLUME
ISSUE 1
2019

Editorial address

Juraj Dobrila University of Pula
Faculty of economics and tourism "Dr. Mijo Mirković"
Zagrebačka 30, 52100 Pula (Croatia)
+385 (0)52 377-047, fax: +385 (0)52 377-013
e-mail: fet-ric@unipu.hr

The print issue is published annually, with continuous publishing of individual articles online.
Annual subscription: 200 HRK.
Journal is published with the help of Ministry of science and education.

Design

Koncept, Pula

Print

Grafika Režanci, Režanci

Copies

50

JOURNAL DOI: 10.32728/ric
ISSUE DOI: 10.32728/ric.2019.51

ISSN (Print): 1849-8795

ISSN (Online): 1849-9015

EXPLORING THE EFFECTS OF HOTEL DEVELOPMENT, ECONOMIC GROWTH AND EXCHANGE RATE ON TOURISM INDUSTRY: EVIDENCE FOR IRAN

Bahman Khanalizadeh, Neda Ranjandish

(1) Department Economics, College of Economics and Accounting, Islamic Azad University, South Tehran Branch, Tehran, Iran
(2) Department Economics, College of Economics and Accounting, Islamic Azad University, Central Tehran Branch, Tehran, Iran

Bahman Khanalizadeh
Department Economics, College of Economics and Accounting, Islamic Azad University, South Tehran Branch, Tehran, Iran
Khanali.bahman@yahoo.com

Article info
Scientific paper category: Preliminary Paper
Received: 18.2.2019.
Accepted: 21.5.2019.
JEL classification: F02
DOI:10.32728/ric.2019.51/4

Keywords
GDP; Hotel development; Real exchange rate; Tourism industry; ARDL; IRAN

ABSTRACT

The Purpose. *This study is to investigate factors affecting the attraction of international tourists to Iran for the years 1983 to 2015.*

Design/Methodology/Approach. *In this article, we examine using Autoregressive Distributed Lag (ARDL) method to explore the estimating the impacts of economic growth, hotel development, real exchange rate on tourism industry.*

Findings/Implications. *The results of this study showed that the effect of all variables hotel development, merchandise trade, real exchange rate and real gross domestic product on international tourism In Iran, in the long-term and short-term positive and also bilateral relationship is between them. Also, the greatest impact on the increase in the number of tourists entering Iran is the real effective exchange rate and real GDP and a very important point that the results of this research show is that the development of hotels can increase both the short and long term of the number of international tourism to Iran, so in this regard, the development of the necessary technologies to increase this industry should be It will be on the agenda of the private and public sector of Iran.*

Originality. *Given the increasing number of international tourists and the growing role of the tourism industry in the economies of the country, identification of effective factors in attracting international tourists is more than necessary. Governments and the private sector need to identify the factors affecting the tourism industry in order to develop, compete and survive in the tourism industry.*

1. INTRODUCTION

Tourism is an important social and economic phenomenon that follows a pattern of evolution which is important to understand. The macro econometric perspective considers that tourism-demand patterns are explained by economic and social conditions at an aggregate level (Santana-Gallego et al., 2011; Seetanah, 2011).

Tourism often describes as the movement of people away from home to other places of interest, it's one of the largest and fastest growing industries in the world, Travel and Tourism Council (Al-Badi et al., 2017).

In this century, tourism is becoming an important and the fastest growing sector in many countries after the telecommunication and information sectors (Crouch & Ritchie, 1999). Growing tourism sector has huge potential to generate income, investment, employment and foreign exchange. According to the World Tourism Travel Council (WTTC, 2010), the contribution of travel & tourism sector to gross domestic product (GDP), total employment, and total investments are 9.8%, 8.6% and 9.8%, respectively (Yazdi, Khanalizadeh, 2016).

As well as, tourism stimulates other economic industries by direct, indirect and induced effects. In addition, tourism is an important factor in the diffusion of technical knowledge, stimulation of research and development and the accumulation of human capital (Chou, 2013).

But Sustainable tourism industry development means the optimal use of social, natural, cultural and financial resources for national development on an equitable and self-sustaining basis to provide a unique visitor experience and an improved quality of life through partnerships among local government, private sector and communities (Rukuiziene, 2014).

Because of the increase in the international tourism sector in terms of its contribution to the national economy, in recent years there have been conducted vast theoretical and empirical studies on tourism demand, particularly in the countries which has a high dependence on tourism sector.

With the drying up of other sources of foreign currency, such as agricultural and mining exports, the tourism sector has assumed an important role as the only remaining major source of foreign currency. Since tourism remains a vital sector in the economy, its rejuvenation in the short-term will contribute to the economy because the other sectors such as agriculture and mining will only find their feet in the medium-term and beyond, due to the drastic structural changes which are needed to revive them (Yazdi, Khanalizadeh, 2016).

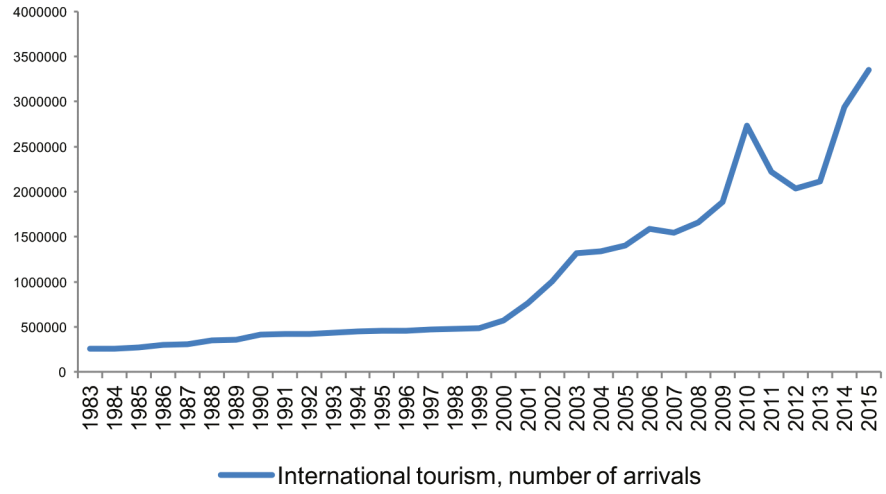
Figure 1. shows the trends and growth rates in international tourist arrivals to Iran from 1983-2015.

During this period, international tourist arrivals to the IRAN were rising.

In this paper, using the autoregressive distributed lag (ARDL), we seek to find and analyze the determinants of the international tourism, number of arrivals for

IRAN. The contribution of this paper is two- fold: (i) it expands the database using new variables and (ii) uses the autoregressive distributed lag (ARDL) to investigate the determinants of international tourism, number of arrivals.

Figure 1.: The trends and growth rates in international tourist arrivals to IRAN



Source: WDI.

The rest of the research is organized as follows. Section 2 provides a background to international tourism. Section 3 provides the theoretical basis for investigating the determinants of the international tourism and the method used in this survey while Section 4 presents the empirical results. Section 5 concludes the paper by drawing policy implications.

2. LITERATURE REVIEW

2.1. Determinants of tourism

Tourism is one of the most rapidly growing sectors in the world. World tourism flows and tourism receipts show a stable increase in recent years. Tourism is one of the most rapidly growing sectors in the world. World tourism flows and tourism receipts show a stable increase in recent years. For most of the countries, tourism is an important source of additional income, foreign exchange, employment and tax revenues. Tourism has become an importance-gaining sector in the country's economy. Therefore, in regard to development the sector in a highly planned and controlled manner it is important to determine the factors which have impact on countries tourist inflow.

The literature that examines the determinants of tourism industry is increasing. The literature reviewed several determinants of tourism, growth domestic product, real exchange rate, hotel development, trade. Often, the main sources of increase tourism are variables above.

Balaguer and Cantavella (2002) investigate the long run and causality relationship between tourism and economic growth in Spanish economy. The results of Johansen and cointegration tests show that tourism receipts have unidirectional effects on economic growth and hypothesis of TLGH is confirmed in this country. Also, the convergence of income and tourism earnings is sustained by the inclusion of external competition (exchange rate).

Halicioglu (2004) empirically examined aggregate tourism demand function in Turkey using time series data (1960-2002). He employs bound testing cointegration that proposed by Pesaran et al. (2001) to estimate long run and short run relationship among income, price, and transportation cost variables. Results indicated that income is the most significant variable in explaining tourism demand function in Turkey.

Kim and et al. (2006) discovered the bidirectional causality between the tourism and economic growth in Taiwan. This means that these tow variables reinforce each other. On the other hand, Oh (2005) found that in the case of the Korean economy, the hypotheses of tourism-led economic growth could not be verified and in the period of 1971-2001 had not been found long run relationship link between tourism receipts and economic growth.

Fayissa and et al. (2007) investigated the impact of tourism on economic growth and development in Africa. They used panel data of 42 African countries over the 1995 to 2004. The results show that these countries could enhance short run growth by strategically strong tourism industries.

Lee and Chang (2007) using new heterogeneous panel cointegration technique, investigate the long run and causality relationship between economic growth, tourism development and Exchange rate for OECD and non-OECD countries. They result show tourism development and real exchange rate have positive impact on economic growth but the impact of tourism on GDP of non-OECD countries is more than OECD countries. Also, in long run, bidirectional causality is confirmed in non-OECD countries between economic growth and tourism receipts.

Zortuk (2009) focused on the relationship between the expansion in tourism and economic growth using Granger causality test based on VECM. Results show that there is long run equilibrium relationship between gross domestic product and tourism arrivals. He finds that there is unidirectional causality from tourism development to economic development in Turkey. This study used quarterly data over the 1990q1 to 2008q3.

Arslanturk and et al. (2011) using the rolling window and time-varying coefficients estimation methods, investigated the Granger causality based on Vector Error

Correction Model (VECM) between economic growth and tourism receipts in turkey from 1963-2006. They result show that GDP does not have predictive power for tourism receipts, and also tourism receipt positively Granger causes GDP after early the 1983s. This means that tourism receipts have a positive impact on the economic growth in Turkey.

Yazdi and Khanalizadeh (2016) in Their paper estimates the coefficients of the determinants of international tourism demand for the period 1995-2014 in the USA using the gravity framework. The analysis is based on a panel dataset of tourist arrivals among 14 countries using autoregressive distributed lag methods. Also, they did show that real gross domestic product, consumer price index, real exchange rate and certain specific events have a significant impact on international tourism demand.

2.2. The Hotel Industry

The competitiveness of a country derives from the performance of its enterprises (Barros, 2005), which certainly include the hotel industry. While a community's growth stimulates hotel performances, in turn hotels contribute to the community's economic, social, and cultural development (Go and et al, 1994). The hotel industry benefits from a destination's economic growth and stability and community developments, such as office buildings, retail malls, and entertainment facilities, which draw both business and leisure travelers and help create demand for hotel rooms. There are many other factors (e.g., input, process, output, and outcome) that determine hotel industry's competitiveness. Indeed, hotels utilize input factors and produce a variety of products and services (outputs), and the nature of these outputs depends very much on hotels' strategic and competitive positions in the region. The impact of these measures in terms of tangible outcomes is reflected by the market share of the hotel industry and by the price competitiveness of the hotel industry in the regional market (Tsai and et al, 2009).

But Hotels, as experienced by other businesses, are facing various external pressures (from communities, competitive forces and also governmental regulations) that push for environmentally friendly practices. In addition, the increase in environmentally mindful tourists reveals a future trend that could jeopardize the industry if environmental matters are not addressed.

Furthermore, since few hotels that follow the standards of sustainable tourism, lack of full awareness about sustainable tourism.

In Iran, there is a huge lack of interest in hotels and industry tourism practices, sustainable tourism education and awareness, lack of skills in identification and help to resolve environmental sustainability development challenges and impacts in local communities and hotel workers, managers and owners, lack of focus on the advantages of sustainable tourism management, as well as lack of support and encouragement for sustainable development from central and local governments, public sector, tourism

and environmental organizations and business sector itself, also there is no effective implementation to resource management, conservation and long-term planning programs and this leads us to facing a lot of problem in development and sustainability and in order to eliminate them we need to drag owners, employees and local community attention on this problem throw this case study and the survey.

García-Pozo and et al. (2013) The purpose of their paper was to analyze the impact on rooms pricing of environmental management practices in the hotels of Andalusia (Southern Spain). The results from the regression analysis they showed that room prices increase when the quality of hotel services is improved by implementing environmental sustainability measures. This means that consumers positively value the implementation of environmentally sustainable measures because, by increasing its utility, they are willing to pay a premium price for the service provided.

Siti-Nabiha and et al. (2014) in study "The Development of a Green Practice Index for the Malaysian Hotel Industry" , the method of developing a green practice index for the Malaysian hospitality industry, the differences and advantages of this method compared to the commonly used Delphi method and finally the Malaysian Green Practice Index for the hotel industry are presented.

Finally, Masa'deh and et al (2017) in this study titled "The Effect of Hotel Development on Sustainable Tourism Development In Jordan", using ANOVA analyzes, shown a positive impact on the development of the hotel and the development of tourism. Also, results indicated that there are no significant differences in the impact hotel development on sustainable tourism development in favor of age, educational level, personal income, work position, and hotel classification.

3. RESEARCH METHODS

3.1. Model specification

Our empirical model investigates the impact of economic growth, Real exchange rate, Hotel numbers and trade on international tourism. The functional link between these variables yields:

$$TOUR = f(GDP_t, HOTEL_t, EX_t, TR_t) \quad (1)$$

The natural logarithmic transformation of Eq. (1) yields the following equation:

$$LnTour_t = \alpha_0 + \alpha_1 LnGDP_t + \alpha_2 LnHOTEL_t + \alpha_3 LnEX_t + \alpha_5 Ln\ TR_t \quad (2)$$

3.2. Econometric Methods

To analyze the dynamics of growth domestic product, real exchange rate, trade and hotel development on tourism industry in IRAN, we first used the traditional unit root tests of ADF in order to show that all variables used in analysis are not I(2). Secondly, by using Autoregressive Distributed Lag (ARDL) bounds testing approach, developed by Pesaran et al. (2001), we examine the long term relationship between the variables, estimate the long and short term relationship between of growth domestic product, real exchange rate and hotel development and tourism industry and infer the causal relationships based on a dynamic error correction model (ECM).

3.2.1. ADF Test for Unit Root

To check for such non-stationarity, many tests have been developed, out of which the Dickey and Fuller (1979) test with the augmentation for the error term which is not white noise and has the problem of autocorrelation has been used here. The Augmented Dickey-Fuller (ADF) test tackles the problem of serial correlation of error terms by incorporating the lagged dependent variable in the equation as additional repressors (Qayyum, 2002). The ADF equation in general form is given below:

$$\Delta LY_t = \alpha + \beta T + \rho LY_{t-1} + \sum_{i=1}^{\rho+1} \gamma_{t-i} \Delta y_{t-i} + \varepsilon_t \quad (3)$$

Where i =1, 2, 3, …, n.

3.2.2. Bounds Testing Approach

The use of the bounds technique is based on three validations. First, Pesaran et al. (2001) advocated the use of the ARDL model for the estimation of level relationships because the model suggests that once the order of the ARDL has been recognized, the relationship can be estimated by OLS. Second, the bounds test allows a mixture of I(1) and I(0) variables as regressors, that is, the order of integration of appropriate variables may not necessarily be the same. Therefore, the ARDL technique has the advantage of not requiring a specific identification of the order of the underlying data. Third, this technique is suitable for small or finite sample size (Pesaran et al., 2001).

Regarding the relationship international tourism (TOUR), real domestic product (Y), the real exchange rate (EX), commodity trade (TR), hotel development (HOTEL). we specify the following equation:

$$\Delta \mathrm{LnTOUR}_t = a_0 + \sum_{i=1}^{n} a_{1i} \Delta \mathrm{LnGDP}_{t-i} + \sum_{i=1}^{n} a_{2i} \Delta \mathrm{LnHOTEL}_{t-i} + \sum_{i=1}^{n} a_{3i} \Delta \mathrm{EX}_{t-i} + \sum_{i=1}^{n} a_{4i} \Delta \mathrm{LnTR}_{t-i} + \lambda\, \mathrm{ECM}_{t-1} + u_t \quad (4)$$

a1, a2, a2, a3 and a4 correspond to the long-run relationship in Equation. Where ECM t-1 is the error correction term which is gained from the following estimated cointegration equation:

$$ECM_t = \mathrm{LnTOUR_t} - \mathrm{a_0} + \sum_{i=1}^{n} \mathrm{a_{1i}}\Delta\mathrm{LnGDP_{t-i}} + \sum_{i=1}^{n} \mathrm{a_{2i}}\Delta\mathrm{LnHOTEL_{t-i}} + \sum_{i=1}^{n} \mathrm{a_{3i}}\Delta\mathrm{LnEX_{t-i}} + \sum_{i=1}^{n} \mathrm{a_4}\Delta\mathrm{LnTR_{t-i}} \quad (4)$$

3.2.3. Granger Causality Analyses

In the final step, we can usage Granger causality testing to examine the presence of any bidirectional causal link across the variables under review. To this end, we run the pairwise Granger causality tests and the vector error correction model for the short- and long-run relationships, respectively. Two phases are suggested by Engle and Granger: the first stage recovers the estimated residuals from Equation (2), while the second stage estimates the parameters related to the short-run adjustment. The estimation of the dynamic vector error correction model is given as follows:

$$\begin{bmatrix} \Delta \mathrm{Ln\,TOUR_t} \\ \Delta\mathrm{LnGDP_t} \\ \Delta\mathrm{LnHOTEL_t} \\ \Delta\mathrm{LnEX_t} \\ \Delta\mathrm{LnTR_t} \end{bmatrix} = \begin{bmatrix} c_1 \\ c_2 \\ c_3 \\ c_4 \\ c_5 \end{bmatrix} + \sum_{i=1}^{p} \begin{bmatrix} \beta_{11} & \beta_{12} & \beta_{13} & \beta_{14} & \beta_{15} \\ \beta_{21} & \beta_{22} & \beta_{23} & \beta_{24} & \beta_{25} \\ \beta_{31} & \beta_{32} & \beta_{33} & \beta_{34} & \beta_{35} \\ \beta_{41} & \beta_{42} & \beta_{43} & \beta_{44} & \beta_{45} \\ \beta_{51} & \beta_{52} & \beta_{53} & \beta_{54} & \beta_{55} \end{bmatrix} \begin{bmatrix} \Delta \mathrm{Ln\,TOUR_t} \\ \Delta\mathrm{LnGDP_t} \\ \Delta\mathrm{LnHOTEL_t} \\ \Delta\mathrm{LnEX_t} \\ \Delta\mathrm{LnTR_t} \end{bmatrix} + \begin{bmatrix} \lambda_1 \\ \lambda_2 \\ \lambda_3 \\ \lambda_4 \\ \lambda_5 \end{bmatrix} \mathrm{ECM_{t-1}} + \begin{bmatrix} \varepsilon_{1t} \\ \varepsilon_{2t} \\ \varepsilon_{3t} \\ \varepsilon_{4t} \\ \varepsilon_{5t} \end{bmatrix} \quad (5)$$

ECMt-1 is the lagged error-correction term. Residual terms are uncorrelated random disturbance term with zero mean and i's are parameters to be estimated.

4. DATA DESCRIPTION

We obtain annual data for the period 1983-2015 in Iran. The variables that are included in the empirical analysis are international tourism (TOUR), which is defined as the total number of inputs, real GDP (Y), which in the fixed price of 2010, the real exchange rate (EX), commodity trade (TR), Measured as its share of gross domestic product and hotel development as the total number of hotels defined. The data are derived from the Database Development, Database of Word Bank and the Statistics Center of Iran. All variables have been transformed into natural logarithms for analysis. We used E views 10 to do the analysis.

5. EMPIRICAL ANALYSIS AND RESULTS

In this experimental research we used Augmented Dickey-Fuller Stationary unit root tests to check for the integration order of each variable. We use unit root tests to ensure that no variable is integrated at I (1) or beyond. We have used the ADF unit root test to check for stationarity. The results in Table 1. show that all variables are non-stationary at their level form and stationary at their first differences.

Table 1.: Augmented Dickey-Fuller Stationary Test Results

Variable	Critical Value	Prob	Variable	Constant No Trend	Critical Value	Prob
Ln TOUR	-2.957110	0.9731	DLn TOUR	-4.46064**	-2.960411	0.0015
Ln HOTEL	-2.986225	1.0000	DLn HOTEL	-4.468139**	-2.960661	0.0013
Ln GDP	-2.967767	0.9109	DLn GDP	-2.961693**	-2.967767	0.0506
Ln EX	-2.976263	0.0210	DLn EX	-3.591443**	-2.960411	0.0011
Ln TR	-2.627420	0.3133	DLn TR	-5.542487**	-2.976263	0.0001

Notes: (*) and (**) indicate 1% and 5% significance level respectively
Source: Author's Estimation using Eviews 10.

In this study, the F-statistics are calculated over significant critical values of all levels. The guideline says that if the F-data calculated is greater than the critical value, the variables maintain long-term communication among them. In this situation, the variables of this study are the long-term sequel among them, which means that the variables of this study move together, since the F-statistic is too high a significant level (see Table 2.).

Table 2.: The critical values of bound test

Computed F- statistic: 6.2739	Critical values	
	Lower bound I(0)	Upper bound I(1)
1% significant level	4.280	5.840
5% significant level	3.058	4.223
10% significant level	2.525	3.517

Source: Author's Estimation using Eviews 10.

Therefore, based on the ARDL approach the long run nexus model is as follows:

The null hypotheses of no cointegration are rejected, implying long-run cointegration relationships amongst the variables. The VECM is set up for considering short and long-run causality. The optimum lags are selected relying on minimizing the Akaike Information Criterion (AIC). The maximum lag order 3 was set. With that maximum lag lengths setting, the ARDL model is selected using AIC ARDL (3, 3, 0, 0,

1) represents the ARDL model in which HOTEL, TR, EX and GDP take the lag length 3,3,0,0,1 respectively. All estimated coefficients can be interpreted as long-run elasticities, given that variables are expressed in natural logarithms in Table 3. The long-run coefficients of TOUR, HOTEL, TR, EX and GDP estimated from these techniques have the same magnitude at the 5% significance levels.

Table 3.: Long-run Estimation Results

Dependent Variable: LnTOUR				
Variable	Coefficient	Std. Error	T-Statistic	Prob
Ln HOTEL	0.05**	0.028808	1.959420	0.0567
Ln TR	0.36**	0.170985	2.137431	0.0474
Ln EX	0.67**	0.181686	3.697721	0.0018
Ln GDP	2.70**	0.333526	8.125152	0.0000
C	-62.164966**	9.453305	-6.576003	0.0000

Notes: (*) and (**) indicate 1% and 5% significance level respectively
Source: Author's Estimation using Eviews 10.

The results indicate that all estimated coefficients are statistically significant. Based on these are international tourism results, we show that real GDP and Real exchange rate are the two major drivers in increasing international tourism. Moreover, the estimates indicate that a 1% increase in Hotel development, merchandise trade, Real exchange rate and real gross domestic product leads to higher Respectively international tourism (the total number of arrivals) by 0.05%, 0.36%, 0.67%, 2.7% in the Long run.

The results of the short causality are described in Table 4. The error correction mechanism (ECM) is used to check the short-run relationship among the variables. The coefficient of ECM t-1 which indicates that speed of adjustment for short-run to research in the long-run equilibrium is significant.

Table 4.: Error correction model (ECM) for short-run elasticity ARDL (3, 3, 0, 0, 1)

Dependent Variable:				
DLnTOUR				
Variable	Coefficient	Std. Error	T-Statistic	Prob
Ln HOTEL	0.30**	0.59134	5.093792	0.0001
Ln TR	0.17**	0.102059	1.742213	0.0095
Ln EX	0.32**	0.061175	5.342949	0.0001
Ln GDP	1.55**	0. 219634	7.081198	0.0000
ECM (-1)	-0.75**	-5.1889	-5.032792	[0.0000]
R-Squared	0.998815			
Akaike info Criterion	49.2618			

Dependent Variable:				
Schwarz Criterion	37.8141			
F-Statistic	7.8933	0.000		
Durbin-Watson	2.0917			

Notes: (*) and (**) indicate 1% and 5% significance level respectively
Source: Author's Estimation using Eviews 10.

The speed of adjustment process restores the equilibrium. The relatively high coefficients imply a faster adjustment process. The values of the coefficients of ECMt-1 (-0.75) indicating that the variables will adjust to the long-run equilibrium in about 1.33 period following a short-run shocks.

The estimates indicate that a 1% increase in Hotel development, merchandise trade, Real exchange rate and real gross domestic product leads to higher Respectively international tourism (the total number of arrivals) by 0.30%, 0.17%, 0.32%, 1.55% in the short run.

Table 5.: VECM Granger Causality results

Short run						Long run
Variable	DLn TOUR	DLn HOTEL	DLn TR	DLn EX	DLn GDP	ECM(-1)
DLn TOUR	-	5.2313** [0.022]	16.8986** [0.001]	22.8848** [0.000]	13.8555** [0.001]	26.9250** [0.000]
DLn HOTEL	5.3699** [0.020]	-	0.17496 [0.676]	23.3308** [0.000]	0.91649 [0.338]	20.9971** [0.000]
DLn TR	16.1799** [0.001]	2.2975 [0.130]	-	6.6534** [0.010]	.53153 [0.466]	6.1531** [0.003]
DLn EX	9.1984** [0.002]	0.3547E-4 [0.995]	5.0361** [0.025]	-	7.5785** [0.023]	25.0319** [0.000]
DLn GDP	.39402** [0.005]	6.3219** [0.042]	.030815 [0.861]	.19565 [0.658]	-	5.0566** [0.025]

x → y means x Granger causes y.
Note: ** denote the statistical significance at the 5% levels.
Source: Author's Estimation using Eviews 10.

The results from the causality test reveals a short-run bidirectional causality running between all Variable to international tourism at the 5% significance level.

The error correction term is statistically significant for all Variable equations.

6. DISCUSSION AND CONCLUSIONS

The purpose of this research was to investigate the effect of Hotel development, merchandise trade, Real exchange rate and real gross domestic product on international tourism (the total number of arrivals). In Iran, we use the ARDL distributive

auto regression model using the World Bank statistical data for the period 1983-2015. The results of the proposed model suggest that there is a significant and positive effect of all proposed model variables on the international tourism (total number of arrivals) in the long run and in the short run. Granger's causality test also reflects the fact that there is a two-way causality relationship between all variables with international tourism (the total number of arrivals) in Iran.

It has been concluded from passing all statistical tests related to the matter that the model is stable. In other words, the coefficients seem to follow a stable pattern during the estimation period. As a result, the model proves to be usable for decision-making purposes, and its results to be relevant and merit.

Therefore, a very important point that the results of this research show is that the development of hotels can increase both the short and long term of the number of international tourism to Iran, so in this regard, the development of the necessary technologies to increase this industry should be It will be on the agenda of the private and public sector of Iran. Also, the greatest impact on the increase in the number of tourists entering Iran is the real effective exchange rate and real GDP. In case, economic goal is to cause an increase in tourism industry, then the long run nature of this relationship will come in handy.

As a matter of fact, Now, the territorial tourism industry is developing by using some sustainable tools the global accession networking, green economy jambs, which makes easier way to manage tourism information and reveal structural market changes. Also, tourism environment serves also for share to sustainable regional development bringing people into closer contact with nature. Finally, descriptive and general indicators are pointing to the difficulties to investigate properly the sector impacts for sustainable tourism development.

Such diversity of activities in regional level leads on findings on different sustainable tourism impacts, with the identification of positive and negative impacts. Their evaluation is required for keeping the framework of national tourism industry with new findings for improving it by clustering.

Hence, our results suggest that government in Iran country should provide:

(1) More incentives for private investors in hotel development.

(2) Avoid exchange rate fluctuations for increase Sustainable Tourism Development.

(3) Improve in infrastructure economic for trade Openness development

(4) Develop economic policy tools that stimulate the tourism industry.

(5) Better education for the tourism work force.

(6) Improvement in marketing skills.

(7) Promotion of cultural and natural resources for growth tourism industry

(8) More resources should be allocated to tourism and travel industries.

In the end, the main target This research is of providing updated knowledge on concepts, ideas and empirical studies on competitiveness in the base of tourism development and the hotel industry and should help, to a large amount, researchers in advancing from existing knowledge bases. Further research work on critical subject in the competitive methods, competitive forces at the industry, firm-specific level, as well as the destination level, have also been suggested. By such work and the development of suitable methodologies for evaluation and significant indicators for future benchmarking, the understanding of the ever-changing parameters, policies, and institutional elements in the trade environment that impact future competitiveness in the hospitality and tourism sector can be better enhanced.

REFERENCES

Al-Badi, A., & Al-Kaaf, W. *"Financial Incentives for Adopting Cloud Computing in Higher Educational Institutions". Asian Social Science,* 13(4), (2017): 162-174. https://doi.org/10.5539/ass.v13n4p162

Arslanturk, Y., Balcilar, M, andOzdemir, Z. Time- varying linkages between tourism receipts and economic growth in a small open economy. Economic modeling. 28, (2011): 664-671

Barros, C.P. Measuring efficiency in the hotel sector. Annals of Tourism Research, 32(2), (2005):456-477

Balaguer J, and Cantavella-Jorda M.Tourism as a long-run economic growth factor: the Spanish case. Applied Economics 34(7), (2002): 877-884

Chou, M. Does tourism development promote economic growth in transition countries? A panel data analysis. Economic Modelling, 33, (2013): 226-232

Crouch, G. I. A meta-analysis of tourism demand. Annals of Tourism Research, 22(1), (1995): 103-118

Dickey, D. A. and W. A. Fuller. Distribution of estimators for autoregressive time series with a unit root, Journal of the American Statistical Association74, (1979): 427-431

Masa 'deh, R. Nasseef, M. Sunna, C. Suliman, M. Albawab, M. The Effect of Hotel Development on Sustainable Tourism Development. International Journal of Business Administration, Vol. 8, No. 4., (2017): 16-33

Fayissa, B., Nsiah, C.,and Tadasse, B. The Impact of Tourism on Economic Growth and Development in Africa, DEPARTMENT OF ECONOMICS AND FINANCE WORKING PAPER SERIES, (2007): 1-21

Halicioglu, F.An ARDL Model of International Tourist Flows to Turkey. Global Business and Economics Review 2004 Anthology, (2004):614-624

García-Pozo, A., Sánchez- Ollero, J-L., & Marchante-Mera, A. Environmental Sustainability Measures and their Impact on Hotel Room Pricing in Andalusia (Southern Spain). Environmental Engineering and Management Journal. 12(10), (2013): 1971-1978

Go, F.M., Pine, R., & Yu, R. Hong Kong: Sustaining competitive advantage in Asia's hotel industry. Cornell Hotel and Restaurant Administration Quarterly, (1994): 35(5), 50-61

Lee, C. Chang, C. Tourism Development and Economic Growth: A Closer Look at Panels, Tourism Management 29(1), (2007):180-192

Kim HJ, Chen MH, Jang SC. Tourism expansion and economic development: the case of Taiwan. Tourism Management 27, (2006): 925-933

Oh, C.-O. The contribution of tourism development to economic growth in the Korean economy. Tourism Management, 26, (2005): 39-44

Pesaran, M.H., Y. Shin., and Smith R. Bounds testing approaches to the analysis of level relationships, Journal of Applied Econometrics, 16, (2001): 289-326

Qayym, A. Demand for bank lending by private business sector in pakistan. The Pakistan Development Reciew, 41(2), (2002): 149-159

Rukuižienė, R. Sustainable Tourism Development Implications to Local Economy. Regional Formation and Development Studies, 3(14), (2014): 170-177. https://doi.org/10.15181/rfds.v14i3.873.

Santana-Gallego, M., Ledesma-Rodríguez, F., & Pérez- Rodríguez, J. V. Tourism and trade in OECD

countries, a dynamic heterogeneous panel data analysis. Empirical Economics, 41(2), (2011): 533-554

Seetanah, B. Assessing the dynamic economic impact of tourism for Islands economies. Annals of Tourism Research, 38(1), (2011): 291-308

Siti-Nabiha, A. K., George, R. A., Wahid, N., Amran, A., Mahadi, R., & Abustan, I. The Development of a Green Practice Index for the Malaysian Hotel Industry. Issues in Social and Environmental Accounting, 8(1), (2014): 23-47. https://doi.org/10.22164/isea.v8i1.88

Tsai, H. Song, H. Wong, K. Tourism and hotel competitiveness research, Journal of Travel & Tourism Marketing, (2009): 1-45

Statistical Center of Iran. 2018.

World Development Indicator. (2018). Retrieved from http://data.worldbank.org/data-catalog/worlddevelopment-indicators

World Tourism Travel Council. (2010). The World Travel & Tourism Council. Retrieved from www. wttc.org.

Yazdi, S. K., Khanalizadeh. B. Tourism demand: A panel data approach. Current Issues in Tourism 20, (2016): 787-800

Zortuk, M. Economic Impact of Tourism on Turkey's Economy: Evidence from Cointegration Tests, International Research Journal of Finance and Economics, Issue 25, (2009): 231-239

5 VOLUME | 1 ISSUE

Journal DOI: 10.32728/ric
ISSUE DOI: 10.32728/ric.2019.51

9 771849 879003