The Social and Economic Impacts of Tourism Development on the Local Community Satisfaction: Case Study Isfahan City, Iran

Farhad Tabatabaei*
Faculty of Management, University of Tehran, Tehran, Iran
*Corresponding author: farhadtabatabaei90@gmail.com

Received January 05, 2019; Revised March 14, 2019; Accepted April 04, 2019

Abstract This research conducted to measure the level of the local community satisfaction from all economic and social impacts of tourism development. The 306 residents of Isfahan city considered as a sample size for this survey (n=306). Among different factors of tourism development, the social and economic aspects of tourism considered as principal factors and their impacts on society measured. The economic aspect divided into five items and the social aspect divided into four items for examining factor loading. The result shows that the economic aspect of tourism development has the most substantial impact on local satisfaction than the social aspect of tourism.

Keywords: social impact, economic impact, tourism development, local community satisfaction, Isfahan city, Iran


1. Introduction

In the developing countries, tourism industry known as a tool that bringing more employment opportunities, create a better condition of life and make more economic benefits to the community [1]. Tourism development process makes profound social, cultural and economic impacts on the local community lives [2]. In developing countries, there is widespread optimism about tourism that it can make some powerful and effective social, economic and cultural changes in the community [3].

![Map of study area, Isfahan city, Isfahan province, Iran](image)
Nevertheless, tourism has this potential to create economic growth in the destination; at the same time also it can generate inequity and dissatisfaction for the society [4]. For examining these effects in the tourism destination, the Isfahan city selected as a case study. Isfahan is a historical city in Iran that is located 406 kilometers (252 miles) south of Tehran and is the capital of Isfahan Province (Figure 1). Isfahan has a population of approximately 5.2 million, making it the third largest city in Iran after Tehran and Mashhad [5]. Isfahan is one of the most spectacular cities of Iran from the viewpoint of tourist attractions. There are magnificent monuments, which belong to different periods, fantastic tile-works, the outstanding architecture and ornamentations of the mosques and glorious palaces.

Based on the recent report of Cultural Heritage, Handicrafts and Tourism Organization of Isfahan, approximately 2.2 million tourists are visiting this unique destination per year. And this shows that tourism is playing a vital role in the local life of Isfahan. This process produces the social and economic impacts on the local community. This study tries to evaluate these impacts for providing a better understanding of tourism development for tourism decision-makers and planners.

In developing countries, tourism generates many economic benefits for society but poor people do not have access to the tourism's benefits, and they also bear all negative impacts of tourism [3]. All Industries and active economic sectors in society have positive and negative impacts on local life, but tourism bears more blame than other sectors because of its more visibility [2]. The tourism development process is not just an improvement of economic indicators like income or investment; it also generates social impacts on local community's life like changing in local's attitudes, satisfaction and beliefs [6]. Tourism development also can generate social confronting due to ignorance of the local community needs after the economic growth [7]. So if we want to have a holistic approach toward the tourism development process, it's necessary to pay more attention to the social impacts of tourism as much as the economic impacts that are affecting local's lives [2,8].

2. Literature Review

2.1. Tourism Development

Tourism has become the world's largest economic sectors after World War II because of its contributing 35% of all services exports [9,10]. Many studies suggested that the development of tourism can provide new employment opportunity, foreign exchange benefits, more income and social investments for the local community [11]. The tourism development process has this potential to change the local's relationship with one another and also with the community [12]. Although, in recent years many studies conducted for assessing the perception and attitudes of locals toward tourism, but a few of these studies focused on evaluating the relationship between tourism development and local's satisfaction [13,14].

Tourism development besides its simulative potential for economic growth has positive and negative impacts on local life [15]. Local community life may be affected by structural changing that occurred due to tourism development in a destination like economic changes [6,16] and social changes [16,17]. The development of tourism can improve the local's satisfaction toward tourism and generate more employment opportunities [18]. Development of tourism leads community not only to positive attitudes but also to negative perception at the local level [19,20]. Local communities after receiving the impacts of tourism development should choose their action and the right approaches to encountering with the development process [21]. Based on authentic pieces of evidence, the principal key for achieving a successful tourism development is improving the positive local community's attitude about tourism [22]. The process of tourism development can affect community to develop their livelihood portfolio [23].

2.2. Social Impacts of Tourism Development

Realizing the social impacts of tourism development on the local community is necessary for tourism authorities, to reduce the level of local's antagonism against the tourist and tourism development [24]. When a community experiences the development due to tourism, the quality of the local's life will be affected by the consequences of tourism development [25]. Tourism as an industry is altering the local community structure more than the personal life in a positive way [26]. Tourism development may cause overcrowding in public area, traffic congestion, prostitution, gambling and destructing of local's traditions, and other social problems in the local community [27,28].

Social impacts of tourism may have a fundamental influence on the local community [29,30]. Tourism development also has the social benefits for the local community like improving the locals' quality of life, increasing the social sense of the community and enhancing the soul of the community and pride [31]. Some of the positive impacts of tourism are improving community camaraderie, social responsibility, community pride and social excitement [32,33]. The positive social impacts of tourism considered as developing of the urban structure, increasing the community cohesion and consolidation, the socio-cultural interaction, the economic benefit, the community visibility and improving in local's knowledge and more entertaining opportunity for the local community and also negative social impacts of tourism are dividable in the five initial construct: social conflict, traffic congestion, security risks, environmental concern and economic costs [30]. To promote the local's lives and well-being, government and authorities in the destinations are trying to measure the social impacts of tourism by implementing new initiatives [24,34]. Based on this literature, the social impacts of tourism development determined as follow (Table 1).

In the term of influence on the local community, the positive social impacts are based on improving the residential facilities, conservation of local's traditions, improving the sense of place and civic pride, education and local experiences [35,36,37,38]. There is a reliable and positive relationship between the extent of community in tourism development and the perception of locals to the tourism development [39]. Understanding of the local community attitude toward the tourism development will dedicate the precious and valuable knowledge to authorities for planning and decision-making in tourism [40].
Some of the scholars indicated that tourism development might not be a suitable option for economic growth. Also, the social development in the developing countries due to the foreign ownership of community assets, economic effects of tourism development on host community are the potential of generating employment opportunities [18,48,49,50] and also creating a high level an income for local community [18,49,51]. On the other hand, tourism development has some negative economic impacts on community like seasonality in tourism [48], increasing the cost of living for most residents [18,48,52], inflation and raising the price of goods, service, house and other life necessities [48].

The local community will support tourism development until they believe that the economic benefits of tourism activities in their community are still more than the costs [53,54]. Some studies suggested that perception of the local community and their attitude toward economic impacts of tourism development is positive [22,55], and toward social, environmental and cultural is negative [51]. In developing countries, the economic impact of tourism development recognized as positive stimuli for improving economic growth and enhancing resident's quality of life [29].

The volume of economic benefits for destination depends on the structure of the local economic system and the degree of good governance in the community [46]. For example in Turkey, tourism as a development strategy created economic growth and increased the rate of the economic development in turkey but, it had been caused the social inequity [19]. When tourism initiates growing inside the destination, the demand for the scarce resource in the destination will increase [56].

Nowadays, attitudes toward the tourism as a powerful instrument for generating the economic growth is not just restricted to the developing countries that deprived of the other resources for development; even oil-rich countries like the United Arab Emirates and major developed countries like Japan believed in tourism as the economic growth stimulates and trying to invest more in the tourism industry [57]. Undoubtedly, the positive economic impacts of tourism development are: decreasing the economic gap between developed and less developed areas; enhancing the government earning from foreign currency; generating employment opportunities, bringing new investment, acting as the original sources of income for residents and also revenues for governmental [57]. Also, increases the local's revenue through improving the natural and cultural attractions [57,58]. Based on the literature, we can classify the economic factors as follow (Table 2).

### Table 1. The social impacts of tourism development

<table>
<thead>
<tr>
<th>Writer(s)</th>
<th>Issue/Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yuruk, 2017</td>
<td>increasing the social sense of the community and enhancing the soul of the community and pride</td>
</tr>
<tr>
<td>Kim et al., 2015</td>
<td>Developing of urban structure, increasing community cohesion and consolidation, socio-cultural interaction, economic benefit, community visibility and improving in local's knowledge and more entertaining opportunity for local community. Also, social conflict, traffic congestion, security risks, environmental concern and economic costs</td>
</tr>
<tr>
<td>Inoue and Havard, 2014</td>
<td>improving community camaraderie, social responsibility, community pride and social excitement</td>
</tr>
<tr>
<td>Tovar and Lockwood, 2008</td>
<td>affecting local community structure more than personal local life in positive way</td>
</tr>
<tr>
<td>Gursoy, 2002</td>
<td>the quality of local's life will be affected by consequences of tourism development</td>
</tr>
<tr>
<td>Kim, 2002; Ahmed, 1992</td>
<td>overcrowding in public area, traffic congestion, prostitution, gambling and destructing of local's traditions</td>
</tr>
</tbody>
</table>

Source: Survey data author, 2018.

### Table 2. The economic impacts of tourism development

<table>
<thead>
<tr>
<th>Writer(s)</th>
<th>Issue/Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mihalic, 2013</td>
<td>decreasing the economic gap between developed and less developed areas; enhancing the government earning from foreign currency; generating employment opportunities, bringing new investment, acting as the new sources of income for residents and also revenues for governmental and also will increase local's revenue through the exploitation of the society's natural and cultural attractions</td>
</tr>
<tr>
<td>Lepp, 2007</td>
<td>positive stimuli for improving economic growth and enhancing resident's quality of life</td>
</tr>
<tr>
<td>Bujosa and Rossello, 2007</td>
<td>seasonality in tourism</td>
</tr>
<tr>
<td>Saveriades, 2000; McGeehe and Andereck, 2004; Bujosa and Rossello, 2007</td>
<td>increasing cost of living for host residents</td>
</tr>
<tr>
<td>Saveriades, 2000; Horn and Simmons, 2002; Bujosa and Rossello, 2007; Andereck and Nyaupane, 2011</td>
<td>the potential of generating employment opportunities</td>
</tr>
<tr>
<td>Haralambopoulos &amp; Pizam, 1996; Saveriades, 2000; Andereck and Nyaupane, 2011</td>
<td>create high level an income for local community</td>
</tr>
</tbody>
</table>

Source: Survey data author, 2018.
Some piece of evidence suggests that in the developing countries, the local community tend to underestimate the negative impacts of tourism development and on the other hand, overestimate the positive impacts of tourism [59].

The local community often perceived positive economic impacts of tourism as more effective and tend to support the tourism development [60]. For measuring the economic impacts of tourism, it is important to focus and emphasize only on the aspect of tourism development that directly influenced on the local community or social amenity and welfare [61]. While recent surveys are more focused on the economic costs and the benefits of tourism development in the specific destinations, but rarely paid attention toward the local's attitude that will generate the significant effect on development process [62].

2.3. The Social and Economic Impact of Tourism on Local Satisfaction

Literature as mentioned earlier indicates that those residents who economically depend on tourism have more positive perceptions about it compared to those who do not benefit financially from tourism. The possible moderating influence of tourism economic dependency on the perceived impacts of tourism and satisfaction [24] is yet to be appraised. This general conceptualization of residents' perception is opted for as it encompasses other related terms that have been used in the literature, including residents' opinion [63,64], residents' reactions [65], and residents' attitudes [11].

Perceived economic benefits were measured by five items including the diversifies of the local economy, employment opportunity, improving local market, increasing the amount of investment, and revenues for local and governments) adopted from existing literature [7,25,66]. Four items (including tourism impacts to increasing visitors, quality of life, cultural interaction, and preservation of the local culture) were used to measure the perceived socio-cultural benefits [21,66].

Based on the literature review the conceptual model of Social and economic impact of tourism on local satisfaction concluded as follow (Figure 2):

Kim et al. (2013) argue that the residents' perceived effects of the tourism development have impacts on the satisfaction of life domains, which in turn influences overall life satisfaction. Recently Liang and Hui (2016) further examined life satisfaction's effect on support for tourism development [67,68]. Third, we applied the broaden-and-build theory [69]. In studying life satisfaction of residents in the tourism context, this is among the first studies that apply broaden-and-build theory in hospitality and tourism literature [67]. Residents' perceptions of tourism impacts affect their sense of well-being in various life domains, which in turn affects their overall life satisfaction [2]. Woo et al. (2015) showed that residents' life satisfaction further affects support for tourism development.

3. Results and Discussion

In this research, we examined the influence of the two dimensions of the tourism development (social and economic factors) on local satisfaction. Cottrell and Vaske (2006), in their research, found that all four sustainability dimensions of tourism (social, environmental, economic and institutional) were significant predictors of satisfaction in the Hoge Veluwe National Park, the Netherlands and results showed that the economic dimension was the strongest predictor of local satisfaction. A similar study of Central Balkan National Park, Bulgaria showed that only the social impacts of tourism had a significant effect on the resident satisfaction [70]. To find these relationships, we examined the aspects of the tourism development on the local satisfaction in Isfahan city. The questionnaire designed in the five-point Likert Scale and the respondent asked how strongly they agree or disagree with each question. Based on the demographic profile of respondents, Males made up 59% of sample size and Females made up 41% of it. The quantitative data were analyzed by Statistical Package for Social Science (SPSS) 22 whereby mean scores and standard deviations (SDs) were obtained.

![Conceptual model of the tourism development impacts on local satisfaction](Source: Survey data author, 2018)
Based on the theory we examined two following hypotheses:

H1: two dimensions of tourism development (social and economic) have impacts on local satisfaction

H2: economic dimension create a greater impact on local satisfaction than the social aspect of tourism development

The test of KMO conducted for verification of the sample size and the value of KMO was equal to 0.79 that showed the acceptable value of sample size for evaluation of the Factor Loading. All factors of the social and economic dimensions of tourism development examined based on the Factor Loading method as shown in Table 3.

The Cronbach's alpha value calculated for each factor separately and the results showed acceptable value for Cronbach's alpha (α > 0.5). Also the Factor Loading results was bigger than 0.3 (FL>0.3) that was indication of acceptable value of Factor Loading. Based on the conducted research of Cottrell and Vaske (2013) the method of Factor Loading implemented on local satisfaction factors (Table 4). All factors of local satisfaction considered based on Cottrell and Vaske (2013) research.

The results show the acceptable value for Factor Loading (FLs>0.3), and also, the Cronbach's alpha was bigger than 0.5 (α > 0.5), that shows good level reliability for collected data. In the next level for evaluating the relationship between factors of local satisfaction and social and economic dimensions of tourism development, the simple linear regression implemented (Table 5).

The results support two hypotheses (H1 and H2) about the relationship between the aspects of tourism development and the local satisfaction in the Isfahan city. Based on the first hypothesis, assumed that the social and economic aspects of tourism development have an impact on local satisfaction and the results show the strong relationship based on a simple linear regression between social and economic aspects of tourism development and local satisfaction factors (r>0.5). Also, the standard coefficient value shows the positive relationship between these factors. The second hypothesis assumed that the impact of an economic factor on local satisfaction is greater than the social factor, and the result shows a strong relationship between factor Sat2, Sat3, and Sat5 with the economic factor. This means the local community of Isfahan believes that tourism development in Isfahan improved their quality of life, benefited them and became the principal part of their life and ought to improve further. The perception of the local community about the economic impact of tourism development in Isfahan is positive and directly influenced their attitude toward the tourism. Study findings support the results of Cottrell and Vaske (2013) and Huayhuaca et al., 2010, that the economic dimension of tourism has greater impacts on local satisfaction.

### Table 3. The economic impacts of tourism development

<table>
<thead>
<tr>
<th>Tourism development dimensions</th>
<th>Factors</th>
<th>Factor Loading</th>
<th>Cronbach's alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>Soc1-Tourism development increased recreational facilities for local community use</td>
<td>0.75</td>
<td>0.71</td>
</tr>
<tr>
<td></td>
<td>Soc2-tourism development improved quality of life in Isfahan city</td>
<td>0.69</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Soc3-tourism development enhanced cultural interaction in Isfahan city</td>
<td>0.79</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Soc4-tourism development increased local awareness about cultural preservation</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>Economic</td>
<td>Econ1-tourism development diversifies the local economy</td>
<td>0.79</td>
<td>0.82</td>
</tr>
<tr>
<td></td>
<td>Econ2-tourism development creates new job opportunity for local community</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Econ3-tourism development creates new local markets for local products</td>
<td>0.71</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Econ4-tourism development creates new opportunity of investment</td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Econ5-tourism development brings new revenue for local community</td>
<td>0.92</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey data author, 2018.

### Table 4. Factor loading of the local community satisfaction

<table>
<thead>
<tr>
<th>Factors</th>
<th>Factor Loading</th>
<th>Cronbach's alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sat1-I can influence tourism development in Isfahan city</td>
<td>0.66</td>
<td>0.79</td>
</tr>
<tr>
<td>Sat2-Tourism development benefits me</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td>Sat3-It is important to have tourism development in Isfahan city</td>
<td>0.67</td>
<td></td>
</tr>
<tr>
<td>Sat4-The attractiveness of Isfahan city has been improved because of tourism development</td>
<td>0.69</td>
<td></td>
</tr>
<tr>
<td>Sat5-My quality of life has improved because of tourism development</td>
<td>0.63</td>
<td></td>
</tr>
</tbody>
</table>

Source: Cottrell and Vaske (2013).

### Table 5. Linear regression results of relationship between local satisfaction and aspects of tourism development

<table>
<thead>
<tr>
<th>Tourism development aspects</th>
<th>Local satisfaction factors</th>
<th>R</th>
<th>Sig</th>
<th>Standard coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Sat2</td>
<td>0.79</td>
<td>0.00</td>
<td>0.46</td>
</tr>
<tr>
<td></td>
<td>Sat3</td>
<td>0.86</td>
<td>0.00</td>
<td>0.31</td>
</tr>
<tr>
<td></td>
<td>Sat5</td>
<td>0.82</td>
<td>0.00</td>
<td>0.29</td>
</tr>
<tr>
<td>Social</td>
<td>Sat4</td>
<td>0.67</td>
<td>0.00</td>
<td>0.40</td>
</tr>
<tr>
<td></td>
<td>Sat3</td>
<td>0.59</td>
<td>0.00</td>
<td>0.56</td>
</tr>
</tbody>
</table>

Source: Survey data author, 2018.
4. Conclusion

Tourism has undeniable impacts on local life and is important to consider the positive and negative impacts of tourism development on society for future planning and decision-making. Decision-makers should evaluate all the economic, environmental, social, technological, political and other impacts of tourism development in the destination. This process is available through miscellaneous study and models in the field of tourism that enables authorities to implement them and find the most effective solution for the tourism in the specific destination. The conceptual model of this study provided a comprehensive understanding of the economic and social impacts of tourism on local satisfaction that consequently influence on the future of tourism in the specific area. The dissatisfaction and lack of interest of local people toward tourism increase the antagonism between the local community and tourist and create different problems for tourism authorities and the tourism industry.

For this reason, evaluation and considering the attitude of people toward tourism is a vital part of tourism planning. The results show that the economic aspect of tourism creates a great effect on local attitude and perception and is the biggest incentive for the local community. The finding of this study supports this idea that the local community of Isfahan city believes that tourism benefited them and improved their quality of life and they ought to support the development of tourism in this area. The past research in the field of tourism has focused on the different factors of tourism development, but it's necessary to improve future concentration for evaluation of the relationship between these factors and community.

References


[67] Zhibin Lin, Ye Chen, Raffaele Filieri, 2017 Resident-tourist value co-creation: The role of residents' perceived tourism impacts and life satisfaction.


© The Author(s) 2019. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (http://creativecommons.org/licenses/by/4.0/).