

THE ROLE OF PRIVATE SECTOR INVESTMENT IN THE TOURISM DEVELOPMENT OF NAJAF GOVERNORATE

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Abstract

The contemporary world is witnessing critical economic developments on multiple levels. International productive integration began as a result of the scientific and technological revolution. There is a growing role of some international institutions such as the World Trade Organization, the International Monetary Fund, and the International Bank for Reconstruction and Development. Economic blocs such as the European Union, ASEAN, and NAFTA exist. These developments constitute tributaries that favor globalization, representing the general picture of the current global economy, which is led by advanced capitalist economies.

Keywords The European Union, ASEAN, and NAFTA exist. These developments constitute tributaries that favor globalization.

INTRODUCTION

There is no secret of the growing role played by multinational companies within the framework of economic globalization, and in particular, their role in the movement of investments at the global level and the transfer of capital from one country to another, with a type of overlap rarely seen in the past, such that some developed countries have become pioneers in importing and exporting investments. And at the same time.

Indeed, developing countries (including Arab countries) cannot distance themselves from these international variables, as they are part of the international division of labor and have their place in the global economy, albeit in different locations from one country to another and in multiple fields, including investment in the tourism field, which is one of the broadest. Assets include various sectors, including the transportation sector, accommodation, entertainment, and the health sector (medical

tourism), which clearly affects the development of the country's infrastructure in general and the infrastructure and superstructure of the tourism sector and its accompanying services.

Problem of the Study

The research problem lies in what is the role of foreign direct investment in tourism development:

The following sub-questions emerge from the main issue:

1. What are the requirements for tourism development?
2. What are foreign direct investment instruments?
3. What are the best ways foreign direct investment contributes to tourism development?

Aims of the Study

The Study aims to identify the following:

1. Identify the concepts of foreign direct

investment and tourism development.

2. Identify the most critical determinants and attractions of foreign direct investment and ways of tourism development.

3. Identifying government alternatives and facilities to support foreign direct investment, thus leading to effective tourism development.

Importance of the Study

The importance of the research is evident in studying the concepts of foreign direct investment, its most important dimensions, types, ways of developing it, and the extent of its role in tourism development.

Hypothesis of the Study

There is a clear relationship between foreign direct investment and tourism development.

Methodology of the Study

The researcher used the descriptive approach in collecting the information needed for the research and studying scientific phenomena and problems by scientifically describing them to arrive at logical explanations with evidence and evidence that gave him the ability to set specific frameworks for the problem, and this is used in determining the results of the research.

Foreign Direct Investment

1. Investment concept:

There have been many definitions and concepts related to investment as an economic phenomenon, as the idea of investment derives its origins from economics and is associated with a group of financial images, the most important of which are income, consumption, saving, and lending.

Investment is giving away money that an individual owns at a specific moment in a particular period, which may be extended or limited, and linking it to one or more assets that he holds for that period to obtain future financial flows (Ramadan, 13, 2017).

Investment is the investment of money to achieve return, income, profit, and money in general. Investment may be tangible or intangible, as the physical form is represented by buildings, durable goods, equipment, etc., and money, demand deposits, and shares characterize the ghostly form. Of all kinds...etc. (Jardan, 25, 1997).

Visanova defines investment as the acquisition of

property to obtain ongoing benefits (services and money) (Arabi, 4, 2002).

From these definitions, we can conclude a more comprehensive and general description of investment, which is:

Investment is allocating money to obtain new means of production or to renew and develop existing means to increase production capacity (Baadash, 6, 2003).

2. Investment areas:

The field of investment means the type or nature of the economic activity in which the investor saves his money to obtain a return, as the areas of investment differ from different angles, and the most critical recognized classifications are (Matar, 73, 2009):

- Geographical classification of investment areas: Investments are classified based on this criterion into local and side investments

Local investments are all opportunities to invest in the local market, regardless of the investment tool used, such as real estate, securities, gold, and economic projects.

Foreign investments: The latter represents all opportunities available in foreign markets, regardless of the investment tools used. Foreign investments are made by individuals and financial institutions, either directly or indirectly.

- Qualitative classification of investment areas, i.e., the type of asset subject to investment: fundamental or financial: investments are classified based on this criterion into financial and other real investments:

- Real investments are all investments that provide the real investor with a tangible asset such as real estate, commodities, gold...etc.

Financial investments mean purchasing a share in the capital (stock) or a stake in a loan (bond, certificate of deposit, or treasury note) that gives its owner the right to claim profits or interest and other rights guaranteed by the laws.

- Classification according to investment period: Investments in this area are classified into:

Short-term investments: These are completed investments, and their returns are reaped in a relatively short period, ranging from one to two years. We find that this type of investment has several forms, but the most widespread is in

financial assets, where we see in this regard, deposits. For less than two years, short-term credit facilities.

- Medium-term investments: This type of investment is completed in at least two (2) years and not more than seven (7) years. These investments have several forms, as this category is the most widespread, such as transportation institutions and investment in goods—and services. . . etc.

- Long-term investments: We find that this type of investment is completed in a period generally exceeding seven (7) years and includes economic assets and projects that are created to operate and benefit from them for a relatively long period, such as real estate projects that are not established for sale: real estate for rent, hotels, affiliated buildings. For the institution itself, for example, the administration building, the warehouse building.

Investment Tools

During our presentation of investment areas, we mentioned that these areas allow the investor to own, in return, the initially invested amount, which may be natural or financial. This is called the term investment tool, and the investment tools available to any investor in different investment fields are many and varied.

We will try to highlight the most important of these tools, which are in order according to the degree of use or spread (Matar, 77, 2009):

- Securities: Securities are considered one of the most prominent investment tools in the current era due to the many advantages they provide to the person investing in them that are not found in other investment tools:

Financial market instruments: The capital or financial market is defined as a market for trading securities, buying and selling, and long-term investment tools. Thus, it allows long-term financing to achieve income through stocks, property rights, and bonds as credit rights, which means projects. Investment and savings to ensure an appropriate return at the lowest costs. Below, we discuss these tools in some detail:

- Shares: A share is defined as participation in ownership, as it represents the right of its owner to a specific share at the request of a particular

institution or project, proven by legal instruments that can be traded, bought, and sold in secondary financial markets. Accordingly, shares are a means of financing the company, forming capital, and granting their owner rights.

- Bonds: The bond represents a credit right through which the borrower (the issuing party) pledges to pay a specific amount on a particular date with interest calculated at a particular rate for the benefit of the lender (the investor) and can be traded in the financial market.

☒ Money market instruments: We know that the money market is a market for generally dealing with large-sized short-term financial assets, that is, providing short-term financing, and the main advantage of these instruments is that they have a weak, if not non-existent, risk. The most important of these tools are:

- Term deposits: It is the process of depositing an amount of capital with a bank or financial institution at a specified interest rate.

- Treasury bills: They are securities issued at a specific discount and do not carry a fixed interest rate, which requires deducting the statements from the nominal value, which means selling them at less than the nominal value.

- Certificates of Deposit: Certificates of deposit represent certificates issued by banks and financial institutions as proof of depositing a sum of money with them for a specific period and with a maturity date in exchange for an interest rate. The conditions and method of calculating and paying interest are recorded on the certificate. This type is characterized by (flexibility, liquidity, multiple terms, and guarantees). , confidentiality, delivery, and version diversity).

- Bank acceptances: They represent one of the forms of borrowing, where the bank approves a specific withdrawal for the benefit of (a legal or natural person), so the retreat has a reputation that gives it credibility.

- Investing in the real estate market: Real estate trading occupies the next position of securities in the world of investment, and investment is made in two forms: either directly when the investor purchases real property (buildings, lands) or indirectly when he purchases a real estate bond, for example, issued by a real estate bank. Or by

participating in the financial portfolio of one of the real estate investment funds. Investing in real estate receives great interest from investors, whether in the local or foreign markets. Most countries have established real estate banks that specialize in granting real estate loans.

- Investing in commodities: Some commodities have economic advantages that make them a suitable tool for investment, and specialized markets have been created that are stock exchanges, the most important of which are the Cotton Stock Exchange in Egypt, the Gold Stock Exchange in London, in addition to the Coffee Stock Exchange in Brazil, and dealings between investors in these markets are carried out through Special contracts known as futures contracts, which are a contract between two parties, the producer of the commodity and an agent or broker, often a brokerage office, in which the producer pledges to the broker to deliver a certain quantity to him on a specific date in the future in exchange for obtaining insurance or coverage determined at a certain percentage of the value of the contract, and is similar to trading in commodities. Trading in securities in many aspects. Each of them has identical markets, except that guards have an unparalleled secondary market for entities. Investing in things also has a high degree of liquidity, like investing in securities, and each price is announced in markets and not subject to any bargaining. It also happens in other investment areas.

- Investment in economic projects: This investment tool is one of the most widespread tools and has several aspects: industrial, commercial, agricultural, tourism, and service. . . etc. The economic project is a fundamental investment tool because it is based on tangible assets such as buildings, machinery, equipment, and means of transportation, etc.

The operation of these assets also leads to the production of added value that increases the owner's wealth and is reflected in the form of an increase in the national product.

1. Importance of investment:

The progress of countries today is measured based on the size of their investments or assets, which is considered one of the most critical

financial factors for raising national income and the standard of living. Therefore, investments have economic, social, and strategic importance, and this importance lies in their essential role in economic growth. It is considered a significant variable which is involved in determining energy. Productivity also leads to its increase in importance because it is regarded as one of the components of aggregate demand (Bozar, 9, 2003).

2. Investment objectives:

Investment objectives can be summarized in the following points (Jardan, 22, 1997):

- Achieving returns: It is every investment, regardless of its type, as it is challenging to find someone who invests his money without it having a benefit or making a profit.
- Creating and developing wealth: the goal of an individual when he invests his money and sacrifices a measure of current consumption in the hope of creating and developing future wealth.
- Securing the expected need and providing liquidity to meet that need: the individual thus seeks to achieve future income.
- Maintaining the value of assets: The investor seeks to diversify the areas of his investments so that the value of his assets (his assets) does not decrease over time due to price increases and fluctuations.

3. Investment risks:

In general, investment risk is the uncertainty of achieving the expected return. The risk varies according to the field of investment and is generally (Baadash, 34, 2003):

- Systemic risks: They are not linked to a specific type of investment but affect all investment areas (risks related to markets and political factors).
- Unsystematic risks include changes in interest rates and deterioration in production processes and include: (business risk, market risk, price, and financial risk).

Second: Tourism investments for the private sector in Najaf Governorate:

Tracking Table (1) and Figure (1) show a noticeable increase in tourist hotels during the study period. After the number of (320) hotels in 2017, it gradually increased by one hotel for the year 2018, while the annual increase for the year

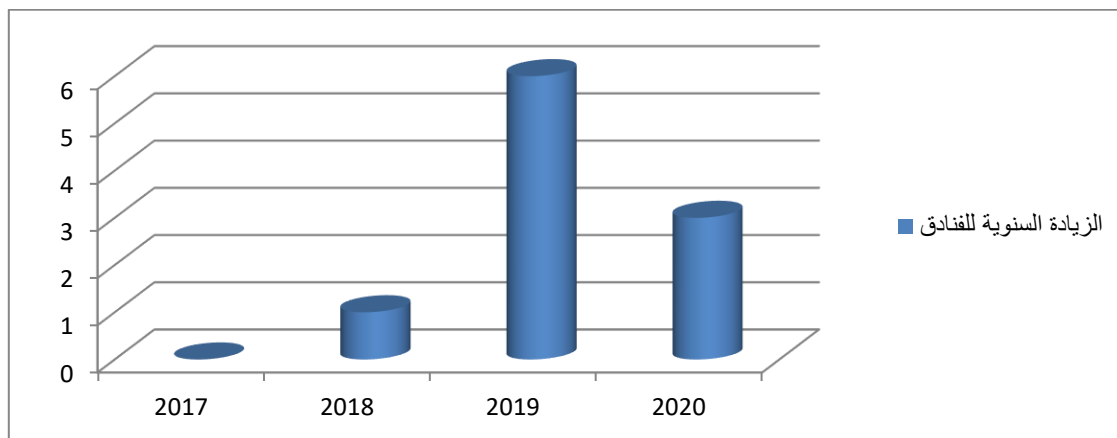
2019 amounted to about (6) Hotels until it reached about (23) tourist hotels in 2021. This increase reflects the importance of the governorate from a religious standpoint.

Table (1): The number of hotels in Najaf Governorate and their annual increase for the period (2017-2021)

Annual Increase	Number of hotels	Years
-	320	2017
1	321	2018
6	327	2019
3	330	2020
13	343	2021

Source: Ministry of Culture, Tourism and Antiquities, Tourism Authority, Department of Planning, Follow-up and Studies, Baghdad, 2021, a set of tables (23-25-26-27-30).

Figure (1): The annual increase in tourist hotels in Najaf Governorate for the period (2017-2021)



Source: Based on data from Table (1)

However, at the same time, and through the data in Table (2), we notice that the governorate is devoid of premium class hotels and their decline to a percentage of (3%) for the first class, followed by the second class with a rate of (25%), and their concentration in the other grades with similar percentages for the fourth and fifth class, as it reached about Respectively, it is about (20%, 19%), and its concentration in the third class is

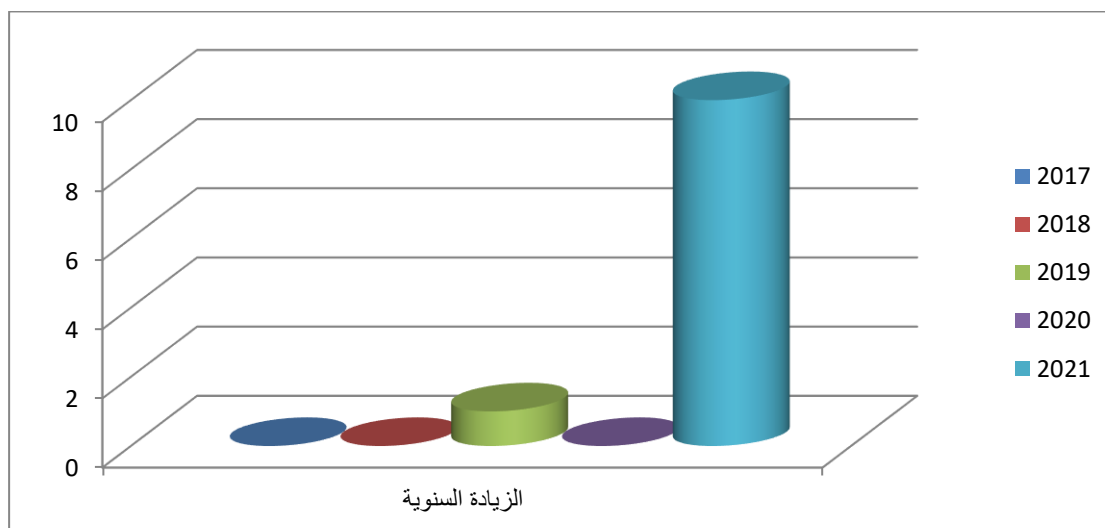
(33%), in addition to the departure of several hotels that were mentioned for the same year from the classification and which were counted by the Tourism Authority, which indicates the unsuitability of the accommodation centers in the governorate as a tourist destination that works to develop tourism and provide... Its development requirements and thus its weak contribution to the growth and development of the governorate.

Table (2): Number of hotels in Najaf Governorate according to classification for the year 2021

Total	Fifth	Fourth	Third	Second	First	Excellent	Class
248	46	49	83	62	8	-	The Number
%100	19	20	33	25	3	-	The Ratio

Source: Ministry of Culture, Tourism and Antiquities, Tourism Authority, Department of Planning, Follow-up and Studies, Baghdad, 2021, a set of tables.

Figure (2): The annual increase in tourist restaurants in Najaf Governorate for the period (2017-2021)



Based on data from Table (2)

3- Travel and tourism companies

Tourism and travel companies are of great importance in the success and progress of tourism, as they are considered one of the services that work to attract tourists from various destinations. They provide accurate information about the tourist destination area and the type of tourism programs available in it, which are compatible with the demographic and economic factors of the tourist, in addition to their role in

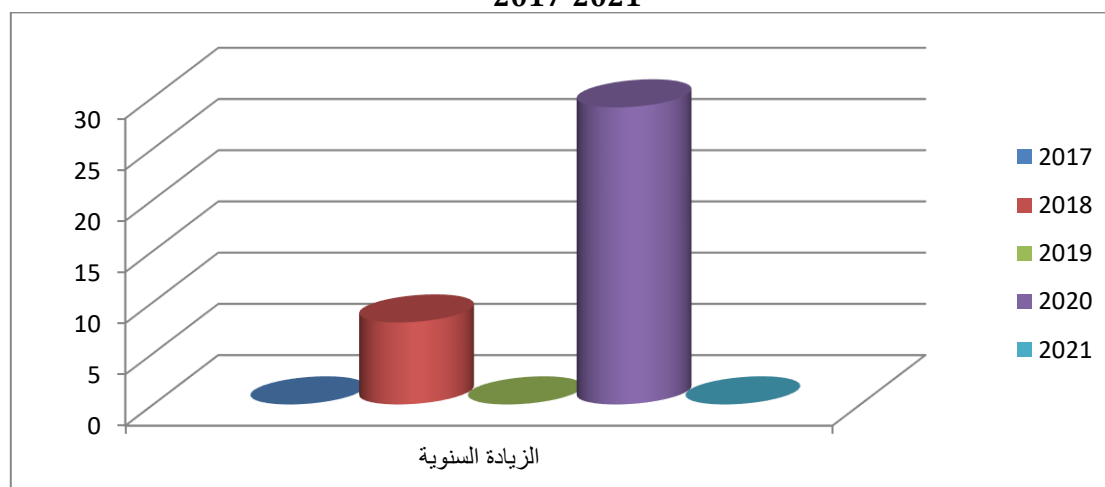
fulfilling all requirements. The tourist journey, starting from issuing airline tickets to booking hotels and implementing tourist trips according to the scheduled program, and by tracking the data in Table (4) and Figure (3), we notice that it amounted to about (112) companies for the year 2021, which is a considerable increase compared to the year 2016, which amounted to (77).) A tourist company, with an increased rate of (41) tourist companies, in addition to its growth in the following years.

Table (4): Number of tourism and travel companies in Najaf Governorate for the period (2017-2021)

2021	2020	2019	2018	2017	The Years
112	118	89	89	81	Travel And Tourism Companies
-	29	-	8	-	Annual Increase

Source: Ministry of Culture, Tourism and Antiquities, Tourism Authority, Department of Planning, Follow-up and Studies, Baghdad, 2021, a set of tables.

Figure (3): The annual increase of tourism companies in Najaf Governorate for the period from 2017-2021



Source: Based on data from Table (3)

By presenting the tourism services that Najaf Governorate enjoys, which are mainly due to private sector investments, and despite their importance in employing the workforce and stimulating trade and other economic fields to meet their needs, they do not contribute to supporting the economic development of the governorate due to several repercussions, the most important of which are:

1- The political and security situation: Although Najaf Governorate is considered one of the safest Iraqi governorates, it is affected by the general condition of the country, which negatively affects the tourism situation there and the reluctance of many countries to visit the holy shrines, in addition to the decline in visits from the countries that export them. This is an aspect of reluctance. It prevents capital owners from investing their money in projects that may be exposed to

destruction or economic stagnation.

2- The state needs to provide more robust media coverage to support religious tourism, negatively affecting the attraction of tourists from high-income countries.

3- The weakness of the tourism programs followed by tourism companies, in which Karbala Governorate leads in the number of overnight stays, which directs the daily spending of tourists towards it, which affects the lack of interest in providing tourism investments in a manner that rivals them in Karbala Governorate.

Fourth: Tourism investments that support the tourism development process in Najaf Government and private tourism investments are among the essential sources for achieving tourism development, specifically investment in the field of tourism infrastructure, improving the quality of tourism services and facilities, improving

education and training for workers, improving the level of tourism services, and providing job opportunities in this sector, as well as benefiting from the local cultural and heritage heritage in developing... New tourism products and attract more tourists. Cooperation with local communities can also be strengthened and encouraged to participate in the tourism development process.

The relationship between tourism investments and tourism development also indicates how investments in the tourism sector affect the development of the tourism industry and the achievement of tourism development so that when resources and capital are invested in tourism infrastructure and services, this can lead to an increase in the number of arriving tourists and an increase in tourism revenues and the long run. Increasing tourism revenues can lead to the development of the local economy and improve local residents' living standards. Tourism investment can also improve essential services such as transportation, sanitation, entertainment, and shopping. This helps make the area more attractive to tourists and increases tourist stays, as it is a crucial element. In achieving sustainable tourism development, which contributes to developing the local economy and improving the quality of life in local communities.

The relationship between the investment environment and tourism development also indicates how the investment environment in the tourism sector affects the achievement of tourism development, as the investment environment is an essential factor in attracting tourism investments to specific regions, and attracting tourism investments can be affected by many factors such as political and economic stability, laws and legislation: administrative procedures, legal reliability, and transparency. Whenever the investment environment is excellent and encouraging, it attracts investors to the region and enhances tourism investments. When tourism investments increase, it leads to the development of infrastructure, improvement of tourism services, and the provision of local job opportunities, which, in turn, helps achieve tourism development. It is also essential that the

investment environment is suitable for preserving the environment and local natural resources. Therefore, there must be appropriate and specific environmental policies to direct tourism investments in a way that conserves natural resources and protects the environment. The availability of a proper investment environment compatible with the environment and the preservation of natural resources plays a vital role in achieving sustainable tourism development and enhancing tourism investments in the region. Tourism investments are considered one of the main factors for promoting tourism development in Najaf because tourism is a vital sector in the Iraqi economy, as it can contribute to achieving many economic, social, and environmental goals.

It is also essential to clarify the relationship between the public-private partnership and tourism development, as the partnership between the public and private sectors in tourism development represents cooperation and coordination between the government, companies, and private institutions to implement tourism projects and achieve tourism development goals. This partnership is considered necessary for the success of developing the tourism sector and enhancing its role in achieving sustainable development. The collaboration between the public and private sectors in tourism development is characterized by several advantages, including:

1. Providing the necessary financial and human resources to implement tourism projects in Najaf.
2. Providing the workforce with the necessary experience and knowledge to develop tourism projects and improve the quality of tourism services in Najaf.
3. Encourage private investments in the city's tourism sector and stimulate innovation in tourism products.
4. Improving tourism project management and increasing the effectiveness of spending on projects
5. Improving marketing and promotion of tourism products and expanding the scope of tourism spending.

These advantages can be achieved by adopting

effective partnership strategies between the government and the private sector, ensuring an appropriate environment for developing tourism projects, and stimulating investments in this sector. This partnership can also be achieved by encouraging continuous interaction and communication between the two sides and enhancing the effective participation of local communities and other concerned parties in the planning and implementation process of tourism projects.

Below, the role of tourism investments in promoting tourism development in Iraq will be reviewed, as there is great importance for the presence of tourism investments in Iraq for many reasons, including:

1. Strengthening the city's local economy: The tourism sector can be an essential source of revenue in the city's local economy, as tourism can generate new job opportunities and increase revenues from tourists and visitors.
2. Development of tourist areas: Tourist areas in Najaf can grow and turn into significant tourist centers, which helps develop infrastructure and services and improve the economic and social conditions of the region.
3. Increasing tourism revenues: Tourism investments are one of the main factors for increasing tourism revenues, which in turn increases local output and provides job opportunities. Tourism can also increase the number of tourists coming to the city and generate more tourism revenues.
4. Improving the general image of Najaf: Tourism can help improve the public appearance of Iraq and Najaf abroad and change the stereotypical image of Iraq as a region exposed to conflicts and wars.

CONCLUSIONS

1. Najaf possesses tourism components and potentials rarely found in other cities worldwide. It is distinguished by its authenticity, diversity, and unique geographical distribution. However, these components have not been exploited in the required manner, which would enhance the city's tourism reality.
2. There is an influence relationship between the

two research variables, which are (private sector investment, the independent variable, and tourism development, the "dependent" dependent variable).

3. The tourism sector is an activity with economic, social, and cultural impacts that contributes to attracting foreign financial resources, increasing individuals' incomes, providing job opportunities, improving the balance of payments situation, achieving spatial development, and stimulating investments, all of which support tourism development.

4. There is a clear role for private sector investment in tourism development by supporting various economic activities and increasing the effectiveness of the city's and society's structural activity.

5. The state has the upper hand in supporting private and public investment because it can provide extensive facilities to attract the most significant number of investors and open investment windows optimally.

6. essential investment tools help develop tourism investments, such as investing in real estate.

RECOMMENDATIONS

1. Creating the appropriate investment climate to support local investments and trying to encourage and attract foreign investments to activate the national economy and provide an investment environment with all its components (political - security - legislative - economic) and improve the image of tourism internationally because the general situation in Iraq is still burdened with significant burdens at the political and economic levels.

2. Providing the necessary facilities to external investors and opening multiple windows to receive investment files without complexity by reducing taxes is one of the most critical determinants of investment, which helps attract the most significant possible number of investors.

3. It is necessary to provide electronic data and information, publish them periodically, and update them through government websites to allow investors to understand the country's social, security, and economic nature, contributing to the trend toward investment.

4. Interest in enhancing security and political and environmental stability because of its influential role in attracting foreign investments as it is one of the most critical determinants of tourism demand, which enhances the strength and strength of the tourism offer to investors.

5. Increasing investment allocations for the tourism sector in the state's general budget, due to the importance of this vital sector in bringing about advanced tourism development by allocating the financial amounts necessary to advance the reality of tourism in development plans, programs and projects in Iraq, and ensuring the participation of specialized national and foreign expertise and improving and expanding tourism services.

6. The process of developing the tourism sector requires a long-term plan so that it is part of the economic development process due to the interconnection between the tourism sector and all other economic sectors while demonstrating the necessity of economic integration between all sectors and finding practical and quick solutions to the obstacles of the investment process in the tourism sector. Successful development in Tourism in any country must focus on areas in which this country has a comparative advantage for all types of tourism to compete in international tourism markets.

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